

**Transformation of social welfare policy in Mongolia:
1990-2010**

Bolormaa Gochoosuren

**A thesis submitted to
Auckland University of Technology
in partial fulfilment of the requirements for the degree
of Master of Arts (Policy Studies)**

2013

School of Social Sciences and Public Policy

Table of Contents

List of Tables	iii
List of Figures	iv
List of Abbreviation	v
List of Appendices	vi
Attestation of authorship.....	vii
Acknowledgements.....	viii
Dedication	ix
Abstract.....	x
Chapter 1 Introduction.....	1
1.1 Overview	1
1.2 Purpose, significance and research question of thesis.....	3
1.3 Framework of examining welfare policy	4
1.4 Methodology and method.....	5
1.5 Thesis outline	5
Chapter 2 Theoretical Perspective	7
2.1 Introduction	7
2.2 Welfare theory	7
2.3 Socialist idea of the ‘Soviet’ type welfare.....	11
2.4 Western philosophy	13
2.5 Examination of theory of social welfare in Mongolia.....	16
2.6 Conclusion.....	18
Chapter 3 Methodology	20
3.1 Introduction	20
3.2 Conceptual framework and research design.....	20
3.3 Methods of data collection and analysis.....	21
Chapter 4 Social Welfare Policy in Mongolia	24
4.1 Introduction	24
4.2 Background	24
4.2.1 The Socialist period from 1921 to 1990.....	25
4.2.2 After the Democratic Revolution and during the transition period.....	27
4.3 Concepts, ideas of the social welfare	32
4.3.1 Aim.....	32
4.4 Needs, poverty, and inequality	33

4.4.1	Needs of social welfare	33
4.4.2	Poverty measurement	35
4.4.3	Social assistance programs.....	37
4.5	Conclusion.....	41
Chapter 5	Current social safety net in Mongolia	43
5.1	Introduction	43
5.2	What is the system of social welfare in Mongolia?.....	44
5.3	Who are the beneficiaries?	50
5.4	Social assistance: type and benefit rate at macroeconomic level	51
5.5	Current social assistance policy changes, problems.....	54
5.6	Impact on families and households	57
5.7	Conclusion.....	60
Chapter 6	Comparison with similar developing countries	64
6.1	Introduction	64
6.2	Comparison of transition phenomena.....	65
6.3	Comparison of welfare system and policy changes	75
6.4	Comparison of policy outcomes after 2000.....	81
6.5	Findings and conclusion	87
Chapter 7	Findings, recommendations and conclusion.....	90
7.1	Introduction	90
7.2	Findings	91
7.3	Recommendations	97
7.4	Limitations and recommendations for further research.....	98
7.5	Conclusion.....	98
	Glossary of Terms	100
	Appendix 2	103
	Appendix 3	105
	Appendix 4	106
	Appendix 5	107
	Appendix 6	108
	Appendix 7	109
	Appendix 8	120
	Appendix 9	121
	Appendix 10	126
	References	127

List of Tables

Table 1: Economic indicators.....	29
Table 2: Demographic response.....	30
Table 3: Timeline of Social Welfare Development in Mongolia.....	33
Table 4: Human development indicators of Mongolia	34
Table 5: Poverty rates (%).....	36
Table 6: Some social assistance projects and programs in Mongolia.....	39
Table 7: Party-led governments since 1992	45
Table 8: List of Social Welfare Laws in Mongolia.....	50
Table 9: Cost of national social protection (as % of GDP): Model calculations	54
Table 10: Social assistance expenditure and poverty rate in Mongolia.....	55
Table 11: GDP per capita (constant 2000 US\$).....	67
Table 12: Annual registered unemployment rate, by countries (average per cent of labour force).....	69
Table 13: Political and Economic Liberalization, 1989-2011	71
Table 14: Social assistance schemes in some CEE countries and Mongolia.....	78
Table 15: Average annual HDI growth rate by post socialist countries	83
Table 16: Characteristics of Summary Indicators	84
Table 17: SPSI explanations	85
Table 18: Country SPSIs Values—Actual and Scaled.....	87

List of Figures

Figure 1 Four perspectives on social welfare.....	9
Figure 2: Conceptual framework	21
Figure 3: Social Consumption Funds: Their Composition and Use	26
Figure 4: Economic Growth, by percent	31
Figure 5: The GDP share, by percent, 2009	31
Figure 6: Organization chart of the Ministry of Social Welfare and Labour	48
Figure 7: Organization chart of the Labour and Social Welfare Service Office.....	49
Figure 8: Social protection expenditure by category of program	85
Figure 9: Social protection expenditure as percentage of GDP, by countries	86

List of Abbreviation

ADB	Asian Development Bank
CEE	Central Eastern European
CMEA	Socialist Council for Mutual Economic Assistance
EGSPRSPs	Economic Growth Support and Poverty Reduction Strategy Papers
GDP	Gross Domestic Product
GNP	Gross National Product
HDI	Human Development Index
IMF	International Monetary Fund
ISSA	International Social Security Association
KRUS	<i>KASA ROLNICZEGO UBEZPIECZENIA SPOLECZNEGO</i>
MCF	Microcredit finance
MDG	Millennium Development Goals
MNT	Tukrik /Currency of Mongolia/
MPRP	Mongolian People's Revolutionary Party
MSWL	Ministry of Social Welfare and Labour
NZAID	New Zealand Aid International Development
NZD	New Zealand Dollar
NZFAT	New Zealand Foreign
ODA	Official development assistance
OECD	Organization for Economic Co-operation and Development
PPP	Purchasing power parity
SER	Social expenditure ratio
SPCOV	The total number of beneficiaries in social protection programs
SPDIST	The number of poor beneficiaries in social protection programs
SPEXP	Social protection expenditure
SPI	Social Protection Index
SPIMP	Social protection expenditure going to the poor
SSA	Social Security Administration
UK	United Kingdom
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
USA	United State of America
USSR	Union of Soviet Socialist Republics

List of Appendices

Appendix 1: An overview of typologies of welfare states

Appendix 2: Population in Mongolia, thousand persons

Appendix 3: The Social Security Fund in the USSR: Sources of Financing and Use of Resources

Appendix 4: Social welfare expenditure in Mongolia

Appendix 5: Social welfare expenses changes between 2003 and 2010

Appendix 6: Changes in types of social welfare services, allowance and assistance in Mongolia

Appendix 7: Post-communist countries by Esping-Andersen typology (early 1990s)

Appendix 8: Reforms in social welfare in post-communist countries

Appendix 9: Human development index in the post socialist countries

Attestation of authorship

“I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person, nor material which to a substantial extent has been accepted for the qualification of any other degree or diploma of a university or any other institution of higher learning, except where due acknowledgement is made in the acknowledgements.”

Signed by:

Bolormaa Gochoosuren

Acknowledgements

The completion of this thesis is the culmination of two wonderful learning years that I have experienced whilst studying at the Auckland University of Technology. Although this journey has been very challenging, it has also been incredibly empowering for me as I learned more than I could have imagined. I have shared this journey with kind, passionate people, and without their guidance, support and encouragement I would not have succeeded. To my supervisor Oksana Opara, I extend my deepest thanks for her guidance, encouragement, and unfailing support throughout the duration of this project. Her advice and assistance, both concerning my thesis, academic future, and personal life have been greatly appreciated. Special thanks go to Peddie's family. Without your support I would not have completed my thesis.

I wish also acknowledge NZFAT for the provision of the NZAID scholarship at the Auckland University of Technology. This funding was crucial in supporting my study and thesis experience.

In addition, I wish to thank my fellow post graduate students. Special thanks to Adam Paterson. I have learned a great deal from him as my peer and friend. Finally, I wish to thank my dear husband and two wonderful sons who have encouraged me and travelled the globe to be with me on this journey in Auckland. There are few words that adequately convey how deeply grateful I am to you for your love and support.

Dedication

To my beloved Mum, Dansrangiin Sunjidmaa.

It is to you that I dedicate this piece of work. She passed away from liver cirrhosis whilst I was studying in New Zealand. You always will be alive in my mind. Thank you for your love and encouragement throughout my life. I will always remember you.

Abstract

The welfare state in Mongolia is relatively new, along with the development of an open market economy. Due to the welfare state being so recently established in the mid-1990s, Mongolia faces a range of diverse pressures and challenges as a result of changing economic, social, and demographic circumstances: transition from recently being a planned economy; financial challenges for the government; decline in the relative standard of living; an increase in poverty; deterioration of the general measures of health in the population; and, growth in the numbers of unemployed. Since 2004, the rapid expansion of social welfare programs has been a new phenomenon for Mongolia, which was partly made possible by economic growth in tandem with new political will to represent the needs of the people, in order to influence political capital gained during elections.

The purpose of this study is to analyze the structure and context of these changes and challenges that are occurring in Mongolia. In addition, this study aimed to explore the various driving forces that have formulated Mongolian welfare reform over the last two decades. This study also compared these welfare developments with those in other post-communist countries which have experienced similar economic transitions.

The study found that the welfare state in Mongolia has rapidly transformed the society when compared with other previously socialist countries. Overall, it has several similarities to the post-communist countries of Central Eastern Europe and to Russia, in terms of being an economy in transition as well as other challenges stemming from the process of transformation. The development of social welfare in Mongolia has mainly resulted in the increase of political promises rather than systematic and outcome-based policy change during the period 1990-2010. The social welfare system has not achieved great success as yet. The social welfare system in Mongolia is still young and needs to be improved at all levels and stages of policy and decision-making, as well as during the implementation stage.

Chapter 1 Introduction

1.1 Overview

Over the last few decades there was a worldwide trend in reduction of poverty. However, inequality increased in many countries around the world, even though economies developed quickly (United Nations, 2010). Still, the increase of risk of falling into poverty and inequality requires better social policy from governments (The World Bank, 2011a). Why is social policy required for people? There are several responses to this question. Typically it appears that, in the modern world, social right has become a part of human rights. This means people have the social right to live better, to be better educated and have healthcare, as well as receive social services (Cerami, 2006). Sen suggested that “[s]ocial opportunities such as education and health care and other social care can influence the individual’s substantive freedom to live better” (Sen, 1999, p. 39). Sen (1999) further explained that:

Economic growth can help not only in raising private incomes but also in making it possible for the state to finance social insurance and active public intervention. Thus the contribution of economic growth has to be judged not merely by the increase in private incomes, but also by the expansion of social services (including, in many cases, social safety nets) that economic growth may make possible. Similarly, the creation of social opportunities, through such services as public education, health care, and the development of a free and energetic press, can contribute both to economic development (1999, p. 40).

Thus, social policy is seen as developing in parallel with economic development. Many countries, including developed as well as developing countries have changed and amended their social policy in response to globalization over the last two decades (Mares & Carnes, 2009). Overall social expenditure has increased in all regions of the world, although the social welfare system in developing countries has been developing more quickly than in developed countries in the last two decades (Cichon et al., 2004). However, social policy also heavily depends on national economic development and political decisions.

Since the 1990s, there were rapid changes in many developing countries. Mongolia was one of these countries. It had been isolated from world development for many decades under socialism. Mongolia had a typical social policy based on Marxist ideas. In the centrally planned economy, the state was the only holder of public policy and provided

full employment, free education and health care, and housing for people. A centrally planned economy was the very opposite from open market economy. In the early 1990s, Mongolia chose a free market economy instead of the centrally planned economy of the previous era. As a result of transition, there emerged a new type of welfare state in Mongolia, like in the other post-communist countries in Central and Eastern European countries (Cerami, 2006; Giddens, 1994).

When its market economy was initiated, Mongolia was struggling with a shortage of social assistance, and experienced rapid growth of unemployment because financial assistance had stopped from the Soviet Union. The government cut social expenditure as a consequence of the state budget deficit. This led to poverty and inequality. However, the earlier social policies did not show efficient outcomes even though the government attempted to eliminate social problems when it started the transition. In theoretical terms, Mongolia had chosen the concept of liberal social welfare, which was based on a mix of social insurance and social assistance. Both right and left-wing governments have pursued social welfare policy with liberal principles in the last fifteen years. In general, social policy refers to education, health, pension, employment, social welfare and other social services. However, this study explores only the social welfare policy changes in Mongolia.

- The first post-communist reform of the social welfare legislation was approved by the Parliament in 1995. In terms of reform, the independent social welfare system was established in 1997; therefore it has a relatively short social welfare history in terms of other comparative open market economies. The social welfare policy was changed in relation to the market economy. Social assistance programs have been changing over recent years. The pension and childcare assistance were universal, with most forms of assistance categorically targeted in Mongolia. Social policy and its expenditure have been increased with a high economic growth rate since 2004. For example, social benefits rose rapidly in recent years under universal coverage. The government spent 627.6 billion tugrig (approximately 1NZD=900 tugrig) for 81.5 percent of the total population in 2009. There are a number of allowances available: for instance, for every new born child, every child under 18, and an allowance for marriage. These benefits are paid out in cash. The expansion of social welfare was necessary for Mongolians after painful and severe transition on the one hand. On the other hand, research found that a significant portion of social assistance goes to the

non-poor. Seventy percent of all non-poor households receive some form of social assistance, but a substantial portion of the poor are excluded from these programs—40% of the country's poor do not receive any form of social assistance. This turned out to be the most significant problem in terms of social rights of people (National Statistics Office of Mongolia, 2009). What is more, this unfortunate imbalance in policy involved huge expenditures for the Government and disenfranchised a significant portion of poor households from the needed government assistance (Asian Development Bank, 2008b). The growth of social expenditure is another important issue which may be at risk in terms of long-term sustainability.

- Meanwhile, poverty has become an increasingly significant issue in Mongolia. The expansion of social expenditure in theory should reduce poverty and inequality. However, the poverty rate has increased to 38.7% in 2009 (from 36.1% in 2005), even though the government social expenditure has increased by millions of tugrugs over the same time. It is therefore, important that these changes are considered in the context of implications for social policy. In particular, the following aspects should be included: a social welfare policy dimension in public policy decision-making that should consider a minimum standard of living in Mongolia; a statement of theoretical position on social welfare by the State; a review of social welfare rates at the macro-level; the context of social, political and economic change; and, further recognition of the impact of social welfare policy on families and their labour market participation rates.

1.2 Purpose, significance and research question of thesis

The overall aim of my research is to explore social welfare policy changes (mainly in social assistance and family support) in Mongolia. The purpose of this research is:

- To explore the transformation of social welfare policy and system development in Mongolia during the last 20 years;
- To investigate the theoretical points of view of socialist welfare and the western type of welfare systems;
- To compare pathways of social welfare policy in similar development levels of former socialist counties;

- To suggest ways, in which strategies and policies might be improved, based on other post-communist countries in transition in terms of poverty reduction.

The context of policy development will also be explored. This thesis will attempt to describe the development pathways of social welfare in Mongolia, including before and after the democratic revolution; in other words, old socialist social policy, and reforms during the transition period and up to the formation of recent social welfare policies. It will consider theoretical perspectives together with western and socialist perceptions. Importantly, it will also compare social welfare development in similar countries, such as with the former command economy of Russia and Central Eastern European countries and it will discuss and identify how Mongolia's social welfare development differs from other similar countries.

Moreover, in this study it is intended to show that, despite the still increasing rate of social assistance, poverty is not reduced and has even increased in Mongolia. This suggests an underlying question as to what is wrong and whether the fault lies within the social welfare system or, presumably, with the market-led model of the economic development itself. This question merits study because the research is designed to assist policy makers and stakeholders to better understand the ideas, concepts and changes occurring in Mongolia, including perspectives of social welfare policy in terms of poverty reduction.

This study would fill the gap indicated by a lack of data available and appropriate literature reviews on the subject. The changes in social assistance policy and the welfare system in Mongolia have not been fully explored by academic scholars. This study may prove significant in contributing to the underdeveloped area of research related to the social assistance policy impact on poverty reduction in Mongolia.

1.3 Framework of examining welfare policy

This research follows the standard paradigm of study: formulation of problems and issues; preparation for research; conceptualization; technical analysis; recommendations; and dissemination of the research (Majchrzak, 1984). The main issue is social welfare policy and its impact during the last two decades in Mongolia. The study investigates and analyses policy changes and identifies the position of social welfare development by examining theoretical concepts and by comparing Mongolia

with similar former communist countries in Central and Eastern Europe. The study is based on secondary data and collected information about social welfare policy in Mongolia, as well as academic literature on international case studies. The chapters have specific research questions which are aimed at answering the main research question. The thesis analyses factors which affect the social welfare policy through practical and theoretical synthesis of collected data. Following is the analysis and results of the research, which provides evidence in relation to previous and current policy implementation, and outcomes and impacts of these policies on society. Finally the thesis evaluates and reports the findings of the research. In conclusion, the summary includes assessment of the state of social welfare in Mongolia and gives some recommendations.

1.4 Methodology and method

The approach of the study is from a perspective of critical review and interpretation, by using government social assistance policies in Mongolia in the past two decades. Thus, this study uses secondary quantitative and qualitative data from government and international documents, and relevant policy and academic research. This is an exploratory study which relies on secondary research, such as reviewing available academic literature, government policy documents, and papers of international organisations. It also explains changes in social welfare development in Mongolia and reports the position of Mongolia amongst countries at a similar level of development.

In this research, the literature review is to investigate relevant theoretical aspects of social welfare, and practical policy issues in Mongolia as well as in Central and Eastern European countries. Current and previous implementation of social protection policy, and its changes and impacts in Mongolia will be discussed. A literature review helps the understanding of a socialist idea of social welfare policy and social protection during the period of transition. Moreover, it discusses commonalties and differences between similar level countries in Central Eastern European countries and Mongolia.

1.5 Thesis outline

This thesis is presented in seven chapters.

Chapter One introduces the study and briefly explains the background issues, aims, purpose and research questions that guided the researcher conducting this study. It also

includes a framework for examining welfare policy, methodology and methods, and thesis outline. Chapter Two presents theoretical perspectives, including welfare theory, typologies of western welfare states and socialist ideas of social protection. It gives the theoretical conceptual understanding of both a market economy and a planned economy in the Mongolian case. Chapter Three shows what methodology and method were used in the research. Chapter Four describes the overall background of social policy before and after the transition period in Mongolia. It explains the aims and concept of social welfare policy, its needs, and poverty and inequality which emerged over the transition period. Chapter Five indicates the current main social welfare policy, what the system is, and who the beneficiaries are. Chapter Six explores and compares social welfare policy between post-communist countries in Central and Eastern European countries and Mongolia, in terms of changes of the transition period and social protection system, and social spending. Chapter Seven summarises the findings of the previous chapters and draws conclusions regarding the social welfare policy changes in Mongolia over the last two decades. This chapter also includes some recommendations based on the findings of the research. It includes statistical data which was used in the analysis and compiled in the statistical tables presented in Appendices. Finally, the references are presented, followed by the appendices.

Chapter 2 Theoretical Perspectives

2.1 Introduction

Theoretical perspectives and academic literature give a general framework of understanding of the issue. Therefore, this study starts with basic theoretical issues. This chapter explores theoretical perspectives including original welfare theory, a typology of the western welfare state, and socialist ideas of social welfare. It gives theoretical conceptual understanding of social welfare policy in both a market economy and a centrally-planned economy. The structure of this chapter outlines what welfare theory is, next the idea of “Soviet” type of welfare is discussed, then a summary is given of the western welfare state concept and its typology as defined by Richard Titmuss and Esping-Andersen (Esping-Andersen, 1990). Before the conclusion the chapter discusses what type of theory can be tested in an inquiry into social welfare development in Mongolia.

The collapse of the Soviet Union and transition to market economy of the post-communist countries produced a variety of changes which became a focus of academic research examination and analysis. There are still on-going debates about the theoretical perspective for social welfare in Central and Eastern European countries. The transition started in the early 1990s; however, it has been a slow process in some countries depending on political and other relevant factors. A recent study by Cerami and Vanhuysse (2009) made a valuable contribution to the theoretical discussion of the issue of the transition period, in terms of social policy in the post-communist countries.

2.2 Welfare theory

Fitzpatrick (2001) suggested:

Welfare theory is a means of gaining both a transcendent and an immanent knowledge of the concepts and principles that underpin the design and delivery of social policies in order to understand the ways in which those policies affect the well-being of individuals and society as a whole. (p. 4)

Generally, social welfare means service and assistance activities for human well-being from the government and other organizations. There are different forms or regimes in the welfare system depending on a country’s political and economic development situation. Thus, it could be said the welfare state is defined by the political regime. The welfare state regime is a theoretically and practically complex issue, indeed because

there is still no available conceptual apparatus for understanding the needs of people (Cerami, 2006).

The theoretical perspective provides understanding of a starting point, as well as identifying the goal of social welfare policy. It also explains how and why the welfare state is changing over time. By using the Bentham, Pigou, Pareto and Rawls definitions Fitzpatrick (2001) suggested that the concept of social welfare has four key theories (see Figure 1 below), by illustrating the following four dimensions:

1. Individual welfare can be measured by utility (Bentham, 1984, as cited in Fitzpatrick, 2001).

The philosopher Bentham suggested that welfare is equal to consumption, which is happiness. Because happiness is different for everyone and any society, well-being and satisfaction also could be different. Thus, utility is the measurement of social welfare.

2. Welfare should be indicated in monetary form (Pigou, 1965, as cited in Fitzpatrick, 2001).

The welfare economist Pigou argued that individual desire depends on a person's wealth. If there is greater desire then it is necessary to pay more. Therefore, according to Pigou, individual welfare is closely connected market choice and it can be measured by economic indicators.

3. Ideally, changes in welfare to make one sector better off should not disadvantage others (the Pareto Principle, as cited in Fitzpatrick, 2001).

Pareto suggested that 'optimum efficiency' means welfare should keep equilibrium between people and society when changes are made. Fitzpatrick explained this concept as follows: "social welfare is biased in favour of the status quo: if a change makes just one person worse off, the change is unjustified no matter how unequal the society in question and how rich the 'worse-off' person remains" (Fitzpatrick, 2001p.13).

4. Welfare should reduce unjust inequality (Rawls, 1972, as cited in Fitzpatrick, 2001)

Rawls, the political philosopher, believed the distribution of resources by the state tends to be unfair; it should aim to support the vulnerable. Therefore, social welfare requires removal of unjust inequality.

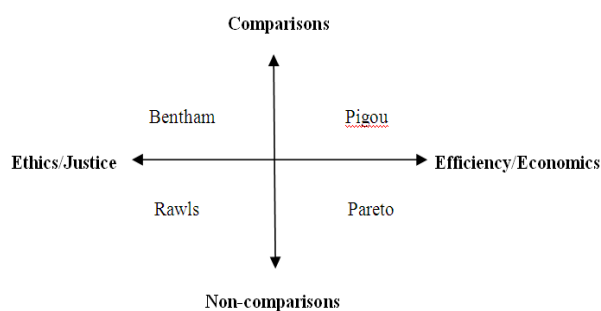


Figure 1 Four perspectives on social welfare

Source: Retrieved from (Fitzpatrick, 2001, p. 14)

There are economic, social and ideological justifications for the welfare state (Fitzpatrick, 2001, p. 81). The economic account used here is Keynes formulation in which the welfare state depends on economic growth, high levels of demand, and macro-economic stability of the free market economy (Keynes, 1954, as cited in Fitzpatrick, 2001). Keynes stated that full employment in a market economy manages welfare without state intervention. The failure of the market economy to achieve full employment meant that the expected outcome did not eventuate. In terms of the social account, Glennerster and Hills' study in 1998 interpreted the welfare state as having redistributive and justice-enhancing properties (as cited in Fitzpatrick, 2001, p.82). Social aspects of the welfare state are more complex than economic models suggest. A consideration of market capitalism suggests employment and welfare benefits are different for men and women. Fitzpatrick explained social insurance as typically collectivist in communist and post-communist settings, while most English-speaking countries prefer individualist welfare. Thus, in fact, a social welfare state often combines some measure of both of these characteristics (Fitzpatrick, 2001).

A recent study by Cerami (2006) suggests that theory of welfare in the present time is defined by human actions in the specific socio-economic and political context. It is a necessity of modern societies, related to developments and modern institutions such as the right to work, to education, to health and to a normal life. It has been built with human rights in mind too (2006, pp. 44-45). Cerami (2006) and Cerami and Vanhuysse (2009) made a useful contribution theoretically and practically among academic studies, in terms of socialist and post-communist social policy. Discussion about these studies is considered later in this chapter.

In terms of ideology, reference is necessary to the development level of countries in the world. Nowadays countries of the world are divided into three development classifications: the mainly high developed western countries, Japan, and South Korea; the former Soviet Union, and Eastern European socialist countries; and developing countries. Despite a relatively brief history, the welfare state appears to have an extended set of theoretical models. Because of the collapse of the Soviet Union, transition of Eastern European and post socialist countries to the market economy and the process of globalization is still an area of rich debate. This chapter will discuss theoretical concepts of the welfare state in Western countries, and the Socialist welfare regime of the Soviet Union. Then, there is a question which emerges from the welfare state. Why and how it was developed? Indeed, the theoretical idea of social policy initially emerged from Western countries using both capitalist and socialist concepts. Western countries have maintained capitalist ideas and principles in their welfare state development, as well as in social development. At the same time the Soviet Union and other socialist countries attempted to embody ideas of Marx and the socialist revolution.

During the Cold War, there was competition between the two systems of capitalism and socialism, politically, socially and economically. However, social welfare development has been enriched by various ideas, and resulted in successes as a result of this competition. The perceptions of both systems aimed to help human well-being through the provision of employment, social care, health and education. In the different political systems there was a difference in the extent to which the vulnerable in their societies were protected.

In terms of socialist ideas there were many distortions in the socialist welfare system which perhaps contributed to the collapse of this regime (Esping-Andersen, 1996). Ettrich stated a lack of democracy was a central problem in the long run (as cited in Cerami, 2006). Also Fukuyama suggested that the consequences of the failure of the Soviet Union was that no supporting finance in difficult times was provided (as cited in Giddens, 1994). Possibly, this 'Soviet type' experience provided a lesson to other countries. Moreover, only the well-developed economies of western countries were able to support their welfare states to be strong. Nevertheless, nowadays there are emerging numerous problems in the welfare state, not only in developing countries but also in the developed countries.

2.3 Socialist idea of the ‘Soviet’ type welfare

Socialism as a left-wing ideology against capitalism was developed by Karl Marx. This was a very different idea of economy and social welfare in terms of rights of the government, structure of classes and in many other ways. This socialist ideal appeared to have its origin in the French revolution, was further developed by Marx and implemented in Russia in 1917.

Giddens (1994) stated that socialism prefers radical egalitarianism, which has features such as no private property, no individualism and only collectivism. The socialist idea is against valuing tradition and was typically seen as a form of Enlightenment. Marx believed since people set up problems, they should be able to resolve the problems themselves. Also, socialism views itself as a society without exploitation, and as a form of control which reduces inequality. The socialist economy was planned and centralized. Its main weakness in retrospect was that it did not give sufficient attention to the effect on production. Socialism had always aimed at equal consumption by everyone in the society.

In general, socialism retained the principle of equality for everyone in access to welfare. In theory it was entirely good for people in terms of well-being and it was expected to succeed. In fact, the Soviet type of socialism was a huge bureaucratic mechanism in itself. The state was monopolistic and directly controlled people, their lives and social issues. This social protection was termed by Esping-Andersen (1996) as service heavy, transfer light. Also Esping-Andersen (1996) saw socialism in the Soviet Union as having five major ‘distortions’. The first distortion was that social benefit was not based on the needs of recipients. The social service was bad quality because it worked through enterprises without direct reference to the needs of consumers. Second, the state enterprises which were well organized vertically and horizontally had monopolistic power in distribution of these benefits. Third, labour mobility was as not as free as in a market economy. Workers could move only with the permission of local system management or under management of enterprises. Fourth, people were divided into job stratifications by for example gender and ethnicity. The fifth distortion was that the old-age pension was set at a very low rate. The pension age was extremely low compared with international standards: 60 years for men and 55 years for women. This situation caused difficulties for social policy reform after 1989. Finally, Esping-Andersen suggested that social policy in old ‘Soviet’ type countries should be reformed. There

were reasons including growth of social needs, increase of poverty and inequality and its financial affordability.

In the transition period, most post socialist countries started to follow the Western social welfare regime as Deacon had attempted to define it. Deacon's study in 1992 stated that Bulgaria, Poland and Romania could be seen as similar to post-communist conservative corporatist, while Czechoslovakia is social democratic, and Hungary and Slovenia are more seen as liberal capitalist welfare regimes. However, this was not confirmed by empirical evidence and this assumption is no longer in favour (as cited in Cerami, 2006, p. 55). The welfare state transformations in post-communist countries were complicated in every country depending on their circumstances. Cerami's study found a synthetic theoretical model of welfare by looking at path dependency theory, new-institutionalism and neoclassical sociology and defined that as different from Esping-Andersen's typology (Cerami, 2006; Cerami & Vanhuysse, 2009). This synthetic theory of Cerami provides a description of transition of welfare:

...As "developmental path dependent" in that it is certainly a process characterized by legacies, but it is also in continuous evolution. The concept of "embeddedness" reintroduced by the new-institutionalist and, more recently, by neoclassical sociology has been particularly helpful in elucidating the limits that external actors may face when influencing internal policy outcomes (Cerami, 2006, p. 85).

In other words, Cerami identified "the emergence of a peculiar Eastern European welfare regime [as] coming from the fusion of pre-communist (Bismark social insurance), communist (universalism, corporatism and egalitarianism) and post-communist features (market-based schemes), and maintained together by a strong support for redistributive policies" (Cerami, 2006, p. 226). The post-communist countries followed a different path to welfare, with an emerging specific structure of social rights. The increase of social spending and establishment of new institutions differed from communism. "In the East and Central European communist regimes the system of fringe benefits became much more diversified and extensive than in market economies" (Szikra & Tomka, 2009, p. 23). However, these forms of social assistances were driving direct political aims. Szikra and Tomka emphasised that the Central and Eastern Europe welfare system became more diverse and mixed than Western because both traditional pre-war development and state-socialism also had influences.

When the Soviet Union suffered a collapse of its socialist regime, most Eastern European countries and Mongolia had changed their centrally planned economy to the free market economy although China and Cuba did not follow this pattern.

2.4 Western philosophy

Historically, social welfare in developed countries relies to a large extent on development experience in terms of theoretical perspectives compared with developing countries. Nevertheless, in western countries, social welfare has gradually become associated with the welfare state since World War II. Social rights were created in the twentieth century according to Marshall (as cited in Giddens, 1994, p. 70). A welfare state is an entire structure of government which aims to provide social welfare for people through taxation and social transfers. In other words, Ringen (2006) stated it is social and tax policies based on democracy.

There were many discussions and arguments suggesting a variety of theoretical positions among the western scholars. Richard Titmuss's study in 1974, developed a welfare state classification of three groups: "Residual Model" in promotion of social equality in the US and Great Britain; "Industrial Achievement Performance" related to work performance in Germany, France and Italy; and "Institutional Redistributive" models with universal basis in Scandinavian countries (as cited in Cerami, 2006, p. 52). The popular definition of a welfare state regime by Esping-Andersen (1990) mostly contributed the foundation of typology. According to Esping-Andersen (1990) there are three models in the social welfare system including liberal, conservative and social democratic in European countries. Traditionally, it can be seen that the trading class supported the liberal position and they attempted to establish self-regulated markets. The land-owning class mostly supported a conservative position, seeking a solution in the maintenance of the past, whereas the working class encouraged a social democratic position which is/was intent on seeking new solutions. Thus, it is apparent that the institution of social welfare was established for reducing and mitigating problems only for the working class (Giddens, 1994). Since the working class was the poorest among the other classes, they were more motivated to seek new solutions.

According to Art and Gelissen (2002), in contemporary Europe, the welfare state is divided into four regimes: Nordic (Denmark, Finland, Norway, Sweden, and the Netherlands); Continental (Austria, Belgium, France, Germany and Luxemburg);

Anglo-Saxon (Ireland, Great Britain); and Mediterranean (Greece, Italy, Portugal, and Spain). Nordic countries are best example of social democratic welfare states which promote an equality of the highest standard with the principles of universalism. The continental countries tend to establish conservative welfare states whereas liberal welfare states are incorporated in Anglo-Saxon countries. The Mediterranean regime is very close to the corporatist welfare state regimes and the continental model. Thus, it is a mixture of conservative and liberal (Arts & Gelissen, 2002).

Esping-Andersen (1990) did not define the Mediterranean model separately from other regimes. He argued that because this model is similar to the continental model, thus it could be expected to be conservative. However, Leifbreid added the Mediterranean as fourth regime (Leifbreid, 1992, as cited in Arts & Gelissen, 2002). Castles and Mitchell (1993, as cited in Gelissen, 2002) classified welfare regimes as Liberal, Conservative, Non-Right classification concerned mainly gender and family based issues. There were different types of welfare state, for example: using the regulatory principles put forward by Becker (1996, as cited in Gelissen, 2002); by the eligibility, benefit formulation, financing regulations and organizational-managerial arrangements of Ferrera (1996, as cited in Gelissen, 2002); by using Hegemony and Radical, by using the amount of social expenditure, the benefit rate and taxes; Siaroff's (1994, as cited in Gelissen, 2002) Bismarck and Beveridge's model; and the quantity of welfare state expenditure model of Bonoli (1997, as cited in Gelissen, 2002); and by benefit principle, governance of social policy program and bases of entitlement of Korpi & Palme (1998, as cited in Gelissen, 2002) (see Appendix 1).

After World War Two, conservative and liberal parties were forced to expand welfare state capacity to deal with wartime losses. However, the conservative governments argued that widening of social welfare led to laziness and reduced incentives to work. The Golden age policy was consequently removed since the end of 1970s. The conservative policy was more similar to that of the radical right. As a consequence, conservative governments tended to implement more limited social policy.

Since 1997, an ideology called the Third Way emerged as the most prominent. The Third Way typified policy that has been implemented in the UK, the US, Australia and New Zealand with Labour governments. It has combined neo-liberal and traditional social democratic social policies. In other words, the Third Way is a middle way of capitalism and socialism, with market and state resource allocation and old left and new

right ideologies together. This policy has increased social expenditure as well as taxation even though benefits were targeted. In reality, there was a big difference between the two parties in terms of social welfare; for instance, the advocates of classical social democracy preferred a broad welfare state, protecting citizens “from cradle to grave” whereas neo-liberals have viewed the welfare state as safety net (Giddens, 1998, pp. 7-8). Giddens (1998) also explained what were problematic issues of the third way politics. These were issues of understanding of globalization, the sense of individualism, existence of left and right influences; the alteration of political agency and resolution of environmental problems. He suggested that values of the Third Way were equality, protection of the vulnerable, freedom as autonomy, no rights without responsibilities, no authority without democracy, cosmopolitan pluralism and philosophic conservatism (1998, p. 66).

The collapse of the socialist system influenced communist and socialist parties around the world. For example, the communist parties in the Western countries have changed their names and principles in reaction to the failure of the Soviet Union. They became advocates of social democracy and moved towards individualism instead of the collectivist idea. The Third Way policy also was linked to the changes in both systems. At the same time most European countries have suffered high unemployment, while North America saw a rise of inequality. Hence, for the last three decades, the western countries have amended the welfare state from the right ideology to centre left. This social liberalism advocates freedom for the individual, high levels of employment and fair distribution of wealth. Also in this system, social right is within the market economy, not against it.

Beside the Esping-Andersen (1990) classifications, new types of welfare states were emerging in Latin America, East Asia and East Central Europe. The East and Central European countries and some Latin American countries like Chile and Argentina have chosen a liberal strategy based on privatization of social insurance, the provision of a social safety net and targeted, means-tested assistance. Brazil and Costa Rica have taken a universalistic approach for social welfare. Meanwhile the East Asian countries have a very different type distinct from other countries. It evidently borrows from the European continental model and demonstrates an orientation towards family and special groups in the society (Mares and Carnes, 2009; Rudra, 2007).

In addition, in the twenty first century the design of the welfare state has been changed related to the decline of fertility, changes of family pattern and aging problems in Europe. Priority was given to provision of more flexible employment and childcare for mothers, support for elderly workers and postponement of leaving work to take up pensions, more education for youth and children, improvement of life and work balance and re-conception of 'equity' (Esping-Andersen, 2006).

Meanwhile, there were resurgent discussions and arguments about the welfare state relationship to globalization, global warming and development of information communication technology. According to these changes, the governments' concept of social welfare policy was enriched and mixed with new ideologies by studying the policies of other governments.

Moreover, class structure has changed in most western countries. This is because the working class had expanded as a middle class, which included mainly small employers and managers. There was a decline in trade union membership and an emerging preference to be more individualistic than used to be the case previously. Also the mobility of work type and labour participation of women had increased through the society (Fitzpatrick, 2001). These conditions resulted in what was, in effect, a new welfare state in the Western countries.

2.5 Examination of theory of social welfare in Mongolia

Social welfare in Mongolia has followed a similar pathway to that described by Cerami (2006) in that development of social welfare depended on political, economic and historical developments. In the socialist era, a single communist party led the whole country. Welfare issues were under control of the state. Everyone had the same right of access to this system. It was truly a pure social welfare policy of socialism. The society was divided into herders, working class and intelligentsia which effectively set up the three classes in Mongolia. However, during socialism, this was termed intelligentsia strata not class. Universal provision of social welfare was regulated. Every member of the society had equal right to work and to get benefits through state owned enterprises. As a result of peaceful democratic revolution, Mongolia has changed its social policy to take into account right-wing principles. The government had implemented price liberalization, privatization and reduced social expenditure. In 2000, the Mongolian People's Revolutionist Party won the election. The old communist led government has

continued the policies as the Mongolian Democratic Party; however, social policy has expanded somewhat.

Giddens (1994) stated that in the 1990s conservatism became radical whereas socialism became conservative. It is evident that after the fall of socialism most post-socialist countries have chosen a free market economy instead of a centralized planning economy. Similar to Central and Eastern European countries, Mongolia has carried out a privatization program. The new policy gave more emphasis to private properties and market relationship in the economy.

In Mongolia, there still remain some collectivist features in their social development which were inherited from the previous socialist culture. It is evident in that there is a family and kinship network and in local people's familiarity to each other.

When the market economy started, Mongolians were shocked at the serious shortage of social assistance and the rapid growth of unemployment. The government has cut social expenditure relative to the state budget deficit. This led to poverty and inequality. In the early 1990s social welfare just survived under a reduced budget from the government. However, the earlier social policies did not show efficient outcomes, even though the government attempted to alleviate social problems. From a theoretical viewpoint, Mongolia has chosen liberal social welfare based on a mix of social insurance and social assistance. Social welfare policy is implemented by the government, and its agencies execute their responsibilities. Mongolia has both right-wing as well as left-wing parties, and followed liberal principles in the implementation of the social welfare policy over the 15 years. In 2000, an election agenda was introduced by the Mongolian People's Revolutionary Party which offered assistance to poor people for the first time in Mongolia. However, the outcome of this assistance did not sufficiently reduce poverty.

However, Giddens (1998) stated that it is possible that a small and homogeneous country can successfully develop a new welfare state. Unfortunately Mongolia still has problems with social policy in terms of expenditure and targeting. The welfare state in Mongolia has, relatively, a very short history. The social welfare law was approved by the Parliament in 1995. Theoretically, the Mongolian case proved the necessity for welfare theory and its ideology of a welfare state regime, and they tried to use a mixture of right and left ideologies in the evolving welfare state. In other words, it is similar to 'Third Way' policy and very similar to Cerami's (2006) definition of welfare in Central

and Eastern Europe. In effect, social welfare emerged out of a chaotic situation after the transitional shock. The social policy in Mongolia was developed with universalism, egalitarianism and market based schemes like those in other former communist countries. In the early stages of transition, Mongolia had a serious problem with fiscal deficits. In that period, the former communist party-led government decided to find ways in which follow the directions of international organisations such as the International Monetary Fund, World Bank and United Nations. Their guidance pointed to a welfare system with principles associated with neoclassical ideology. Generally, the development of a welfare state might be a reflection from Central and Eastern European countries. Both right and left wing political parties and the government implemented redistributive policy especially in cash transfers and family support. With economic growth, the government has increased social assistance since 2004. At the present, pensions and child allowances are universal and other forms of social assistance are selective. However, with the un-affordability of social expenditure, the Ministry of Social Welfare and Labour introduced a new reformed policy in 2010, which targets eligibility by using proxy means-testing in social assistance. The social welfare system was established to fit the market economy and its policies became more diverse than in the socialist period. Most social policy was related to the need to support family and children. Social expenditure has increased year-to-year since 2004.

2.6 Conclusion

In conclusion, social welfare refers to financial and other types of aid and assistance for human well-being from the government and other organizations. There are different forms or regimes in the welfare system depending on a country's political and economic development situation. This can be considered using four key theories. These are: utility of the individual (Bentham, 1984, as cited in Fitzpatrick, 2001); monetary form (Pigou, 1965, as cited in Fitzpatrick, 2001); welfare focused on improving the situation by means that do not disadvantage others by Pareto (Aron, 1970, as cited in Fitzpatrick, 2001); and reduction in unjust inequality by Rawls (1972, as cited in Fitzpatrick, 2001). Cerami (2006), defined the welfare state by human actions in the specific socio-economic and political context, which connects better to human rights in the modern world.

The Soviet type of welfare was developed in Mongolia since the country was established earlier in the twentieth century. These socialist principles were egalitarian in

that everyone had the same right to access free education, healthcare and social care, housing and work. There was no allowance for individualism and private ownership, only collectivism, and all control depended on the state. The state managed the centrally planned economy and controlled financial and human resources. This huge bureaucratic and non-democratic situation, and instability of financial issues, eventually led to the downfall of the Soviet type countries. With the collapse of the command economy, the pure ideology of socialism and capitalism was no longer used and the result was a form of the third way. Most of these countries are now developing economically and achieving a relatively low but rising level of income.

The most familiar Western typology of welfare states was defined by Esping-Andersen in 1990. Liberal, conservative and social democratic welfare regimes were associated mainly with Western European countries in relation to their economic performances, difference of class, and political developments. Deacon (2000) attempted to define the transformation of welfare regimes in some Central and Eastern countries by using the Esping-Andersen classification in the early transition period. However, Deacon's classification proved inadequate, because the emerging welfare regime was different from the Western regimes in terms of context, structure and policy. Cerami formulated a new theoretical concept of transition countries by synthesising path dependency theory, new-institutionalism and neoclassical sociology in which the measured data appeared to fit the model (Cerami, (2006; 2008).

Chapter 3 Methodology

3.1 Introduction

This chapter summarizes the conceptual framework and methodology of the study. This is an exploratory study which relies on secondary research, such as reviewing available academic literature, government policy documents and papers of international organisations. It also explains changes in social welfare development in Mongolia, and identifies Mongolia's position among countries of a similar level of development. In general, “policy issues typically involve great complexity that can easily confuse and distract” (Weimer, 1998, p. 116). Thus, this study requires careful examination.

3.2 Conceptual framework and research design

In general, policy research aims to better understand changes in the world and to find evidence-based, improved models (Etzioni, 2006). Policy study aims to understand activity, but the study can also suggest long-term goals that may even be world changing. Policy study covers diverse issues including theoretical perspectives and describes any topic, problems which exist, and expands the policies (Hakim, 1987). Employing this definition suggests a purpose for this study: namely to identify what has transformed social welfare in Mongolia, and to assess the present and likely future directions for policy implementation. In other words, it is an examination, by analytical and critical review of the various policies which chart the process of development of social welfare. It is designed to cover antecedents/causes and consequences/effects of social welfare development in Mongolia (Hakim, 1987).

The conceptual framework helps to define the aim of this thesis. In the conceptual framework, social welfare development was effectively based on Marxist ideas. In the post-communist period, welfare development started to change in relation to the development of the market economy in Mongolia. However, interestingly, the social welfare development also appears to have a similar pathway of development in other post-communist countries. By examining these factors a conclusion on the position of social welfare in Mongolia can be drawn.

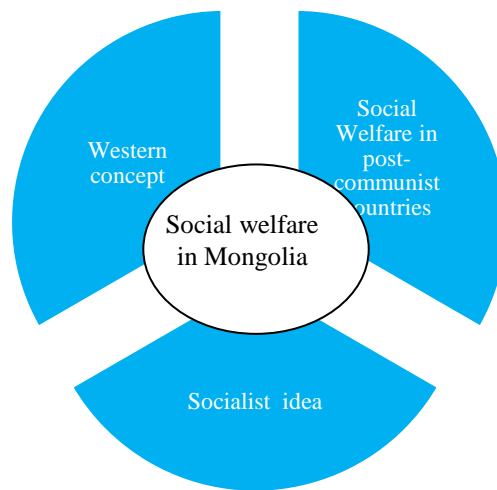


Figure 2: Conceptual framework

This study has followed the classical stages of any research design in social sciences: examination of previous theoretical frameworks, formulation of concepts, selection of area of study, data collection, analysis of the empirical material, and explanation of findings (Cerami, 2006, p. 35). Finally, some policy recommendations are made based on research findings.

This study starts with theoretical concepts such as general welfare theory, socialist ideas of social welfare, and the western typology of welfare state. It also discusses the new synthetic theoretical paradigm of Cerami, which was developed recently (Cerami, 2006; Cerami & Vanhuyse, 2009). Next this study explores social welfare policies which were undertaken before and after transition in Mongolia. This stage describes the aims and implementation of the social welfare policies and looks at what outcomes and impacts have emerged in Mongolia. The final stage of this study is a comparison with countries at a similar level which suggests where the social welfare of Mongolia should be positioned in terms of international development.

3.3 Methods of data collection and analysis

Policy analysis is defined as “an applied social science discipline which uses multiple methods of inquiry and argument to produce and transform policy relevant information that may be utilized in political settings to resolve policy problems” (Dunn, 1981, p. 35). However, as Coleman’s study in 1975 stated, “there is no single, comprehensive methodology for doing the technical analysis of policy research” (as cited in Majchrzak, 1984, p. 58). This study used Dunn’s method of a combination of problem structuring, implementation of policy, and recommendation by taking policy-relevant information

such as problems, alternatives, decisions of policies, outputs and outcomes (Dunn, 1981). It should be stressed that this is secondary data analysis which is based on analysis of data collected by another researcher or organisation from a variety of sources. In particular, the data in the comparison in Chapter Six of this study is from the international database of the United Nations Development Program, and the research of the Asian Development Bank (Baulch, Weber, & Wood, 2008; The UNDP, 2010).

The choice of research design, data collection and analysis depends on the research question (Bryman, 2007). Accordingly, this research methodology covers the development of the research questions, the instruments and the implementation process by identifying the practical methods used for collecting and analysing data. The theoretical perspective was discussed in Chapter Two of this study.

The research critically reviewed relevant policy documents from various studies, official documents and other sources on the social assistance policy and its political, economic and social setting in Mongolia. This research used data from secondary sources and findings of surveys by Naranhuu et al(2009) and Suvd, Altantsetseg and Bayarmaa (2010). The main method was to use information from relevant policy documents and research papers of the government and international organisations. The study critically analyses social welfare policies which have been implemented by the government over the last two decades in Mongolia. By taking a comparative approach, it compares and contrasts commonalities and differences with social welfare policies of post-communist countries of the Central and Eastern Europe. The current social welfare policy in Mongolia depends on its own previous pathway as well as the international organisations' influence based on a market economy, and as a result it can be expected that features of both will be found.

To undertake this analysis, the surveys which were carried out by the National Statistical Office of Mongolia, administrative data from the Ministry of Social Welfare and Labour, and social expenditure data from the Ministry of Finance were used. For the comparison analysis, international data was used, which was produced by the UNDP, the World Bank and the Asian Development Bank. For the comparison the study used measures of input or effort of the government (social expenditure), and output (outcomes such as poverty reduction rate, inequality and human development index).

In general, the secondary analysis was managed by selecting and summarizing extensive information in the literature review. There were limitations of time frame and data availability in this study. Firstly, because time was short for detailed researching in terms of social assistance in every country case, and because there are more twenty countries are included in this study, the study has some limitations. Twenty years is also short period which could not fully describe incremental changes for social policy study. Secondly, a significant difficulty was lack of data in some aspects of social welfare in post-communist countries, especially the former Soviet Union countries. The data availability was much better for Central and Eastern European countries than for other post-communist countries. In particular, data on social assistance expenditure, including cash transfers and family benefits, are not available for analysis and comparison with Mongolia. It is important to note that official statistics are not available in some countries, which do not conduct surveys and research. This indicated that professional skills are still needed in production of official statistics in developing countries, to define and learn more about their own social problems.

Chapter 4 Social Welfare Policy in Mongolia

4.1 Introduction

This chapter describes the overall background of social policy before and after the transition period in Mongolia. It explains the aim and underlying features of social welfare policy, its needs, and the poverty and inequality which emerged in the transition period. It argues that social welfare in principle worked well in the socialist period. However, currently social welfare is still under development in Mongolia. There is still some confusion from earlier market operation because of the unfamiliarity with the market economy and the emergence of unexpected problems. Social welfare was nevertheless established in the transition period, and the government keeps reforming social welfare policies relating to poverty reduction and the financial crisis. The chapter discusses social welfare policies and implementation of many programs and projects which were part of the assistance from international organisations. Unfortunately there were no clear outcomes for most of them in terms of poverty reduction. Therefore, Mongolia needs to improve and renovate its own pathway in real terms in a market economy. Finally, the chapter concludes with a discussion of achievements in the command economy and transition period in Mongolia.

4.2 Background

Mongolia is a North Central Asian country which had a 2.7 million total population in 2010 (see Appendix 2). It has territory of 1.6 million square kilometers. Nowadays some Mongolians still keep a nomadic living style based on that of the ancients. Mongolians are proud of their long history. At beginning of the twentieth century the Russian Socialist Revolution was a heavy influence in Mongolia, which was previously a feudalist, poorly developed country. In 1921, Mongolia became a communist country after the Arat (Public) Revolution demolished old traditions and a new way of socialist development was chosen. However, Mongolia was isolated by virtue of the “Cold War” until 1990 (May, 2009, p. 63). Today Mongolia is a democratic country with an open free market economy. The Mongolian case is an example of a small democratic country attempting to develop an independent economy while keeping a balance of foreign policy with two very powerful neighbors and other countries.

4.2.1 The Socialist period from 1921 to 1990

From 1921, Mongolia started to develop as a socialist country with Marxist principles, both economically and socially. The first socialist government set up the first resolutions of “Assistance and Recovery for the Impoverished” and “Benefits for War Widows and Families” in 1921 as part of its social assistance policy. Its first nursing home was established in 1924. The first Pension Act of 1958 was based on a benefit for public military service-men and their families established in 1955.

From 1921, for almost 70 years, Russia played an important role in Mongolian social and economic development. From 1962 until 1991, Mongolia was a member of the Socialist Council for Mutual Economic Assistance (CMEA), like other former socialist countries. The Council for Mutual Economic Assistance and the USSR fully provided economic and technical aid to Mongolia (Goyal, 1999). During the socialist period Mongolia had a centrally planned economy governed by the Mongolian People’s Revolutionary Party (MPRP) and its political bureau. There was a social security system in Mongolia, like other socialist countries, as opposed to a social welfare system (see Appendix 3).

The main contributor to the social security fund was the state itself. People were also levied a small amount from their wages. In the 1970s the state budget allocated nearly 90 percent of social security funding (Lukianenko, 1978). However, Mongolia had remarkably healthy people and a high level of education compared with other transition countries, which had been developed in the socialist era.

There were issues of economic and social plan management, implementation and allocation of human, financial resources became matters of state (Cerami, 2006, p. 47). The central government was responsible for pension allocation, education and healthcare of its citizens. State socialism perhaps eliminated poverty by building a welfare state (Smith, n/d, p. 18). The state universally guaranteed access to full employment. Everyone in the society was covered by the pension and eligible for social allowances. There was, effectively, no poverty and unemployment because the socialist system is egalitarian and is controlled to the extent that everybody is the same in terms of income and property. In general, poverty did not explicitly exist in the socialist period. It could be said that everybody had a similar standard of living. Also there was a very strict regulation from the state which discouraged people from dealing with private businesses. The given reason was that if people had good businesses they could then

became richer than others. This might then destroy the egalitarian system or socialist principle. Thus, the Mongolian state was responsible for implementing all the principles of socialist living and providing a wide range of benefits to all of its citizens, ranging from medical care to educational and welfare benefits (May, 2009). At the same time, social welfare policy was implemented under subsidies from the Soviet Union. The state budget did not cover the full extent of social spending in Mongolia. Mongolia exported natural minerals, meat and other raw materials of livestock to Russia. In the socialist system, there was a social contribution fund which provided social security services for everyone in the society. This fund was established under the state budget, from which payment was made to individuals depending on their wage level. Health care, education, social security, child care, housing and other supplements were financed from the social consumption fund. These social consumption funds were allocated in the state budget.

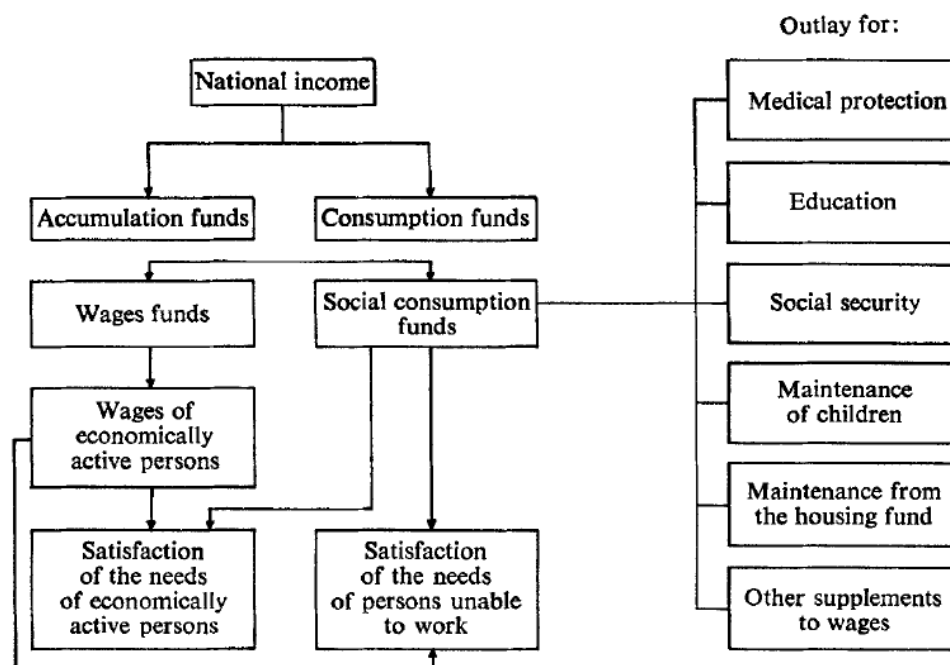


Figure 3: Social Consumption Funds: Their Composition and Use

Source: Retrieved from Lukianenko (1978, p. 420)

All socialist countries had similar social systems: a large part of state budget was spent on direct benefits. The social funds were planned on the basis of five year periods with annual increments. Generally, Mongolians were never worried about their social welfare because employment, pensions, universal education and health care were guaranteed by the central government (see Appendix 3). Health care and education were free for people. People enjoyed new apartments which were provided by the government. The Mongolian Trade Unions were responsible for monitoring social welfare provision in all

aspects, such as pensions, education, housing and health. In 1984, the Mongolian Trade Union covered 95 percent of all workers in the country. In the countryside, rural collective farms provided disability and survivor benefits (Sanders, 1987). The government funded pensions, maternity leave, and allocated child benefits in direct cash transfers. There was a strong safety net to protect children's health and development.

4.2.2 After the Democratic Revolution and during the transition period

The “perestroika” and “glasnost” of Russia hugely influenced Mongolians. Mongolians could not live as they had done, with everything under state control. It was understood that Mongolia would have to make changes and live differently. Thus, in 1990, Mongolians had their own democratic peaceful revolution and changed their constitution. Since then the government has changed political policies to meet the needs of the range of parties. There were dramatic changes in socio-economic condition as well as in politics. Mongolia became only the nation post-Soviet in Asia which successfully made the transition to democracy (Rossabi, 2005; Sindelar, 2009). The governmental structure was changed and establishment of a market oriented economy was begun.

For the first time a democratic president was elected directly by the people in Mongolia. The new president Ochirbat Punsalmaa expressed the view that Mongolia would continue to develop democracy and free-market reforms. As priorities, Ochirbat Punsalmaa listed the strengthening of public order in the country, social protection for the most vulnerable groups affected by a market economy, and the hastening of privatization and other elements of the reform package (Bilskie & Arnold, 2002). The democratic revolution gave to people opportunities, such as freedom of speech, protest, press, religion, and other basic human rights, as well as the right to vote and own property and engage in private business activity. In 2000, the re-election of the Mongolian People's Revolutionary Party caused Western analysts to worry that there would be a reversal of the economic reforms. However, the MPRP chairman, Enkhbayar Nambar promised to continue the privatization programs and not abandon the economic reforms.

After the democratic revolution in 1990, Mongolia was recognized as a poor agricultural and undeveloped country. Mongolia had largely freed itself from Russian influence. However, there were mounting financial difficulties in many areas in Mongolia as a consequence of the transition. The economy was collapsing. Import

flows were interrupted and the price of goods had gone up in Mongolia. Inflation rose to 325% p.a. in 1992. Production and agriculture suffered from a shortage of petroleum oil, machinery and other necessities (Bilskie & Arnold, 2002). In the absence of financial oversight from Russia, there was no effective means of regulating the financial system.

The Government made a decision on quick privatization of state properties in 1991. The government distributed vouchers to every citizen when the privatization program started. This was the only way for citizens to acquire state assets. People bought state properties by purchasing these vouchers. Since this time private ownership has been widely established through the business sector. Unfortunately, for the most part, old directors of the state properties became owners of the new private enterprises. Ordinary people were left without their own businesses. In other words, the general population was unable to benefit from, or even understand privatization. In rural areas, people did at least now own their animals free of charge, and in cities people got their houses and apartments as a result of privatization. The government has encouraged private business by changing the legislative environment to make it more flexible, providing bank loans and foreign direct investment.

Mongolia took membership of international organizations: the World Bank in 1991; the International Monetary Fund in 1991 and the World Trade Organization in 1997 based on mutual agreement between them and began to follow their advice. In 2000, Mongolia received over 20% of its gross domestic product or US\$ one billion from Western nations, aid from the World Bank, and the International Monetary Fund (Bilskie & Arnold, 2002). Also Mongolia has taken international aid from donor countries such as Japan, USA, Denmark and Germany.

Fortunately, before the economic transformation, Mongolia had unique features in health, education and the collective style of life in the socialist period. Despite some difficulties as a consequence of living under socialism, the health and education standards for Mongolians were considered to be good. Mongolia achieved successful results in increasing average life expectancy through eliminating some diseases and reducing child mortality. Also Mongolians had experienced very successful outcomes in their education system. For example, the study by Hodges et al. (2007) found “by the end of the 1980s, adult literacy, which was only 17.3% in 1940, had reached 97.0% by 1989, largely as a result of a massive expansion of primary and junior secondary

education. In 1989, 96 percent of the working population (aged 15 and above) were literate, and 7.5 percent had higher education (Griffin, 1995, p. 63).

Table 1: Economic indicators

	1980	1985	1987	1989	1990	1995	2000	2005	2009
GNP (%)	7.1	5.8	3.4	n/a	n/a	n/a	n/a	n/a	n/a
Real GDP growth (%)	n/a	n/a	4.5	7.3	-2.5	6.3	1.1	7.3	-1.6
Inflation (end period, %)	n/a	n/a	n/a	n/a	n/a	53.1	8.1	9.5	8.0
Government revenue (% of GDP)	n/a	n/a	n/a	n/a	50.9	25.6	34.5	33.2	32.9
Government expenditure (% of GDP)	n/a	n/a	n/a	n/a	61.9	26.1	34.5	30.3	38.3
Overall budget balance (% of GDP)	n/a	n/a	n/a	n/a	n/a	-5.9	-7.7	2.9	-5.4
Exchange rate (Tug per US\$)	n/a	n/a	n/a	n/a	n/a	446.96	1097.0	1205.3	1440.8

Sources: Jeffries (2007, p. 84); National Statistics Office yearbook, various years

It should be noted in the table above that before the 1990s, Mongolia estimated Gross National Product (GNP) instead of Gross Domestic Product (GDP). GNP worsened in the late 1980s. The growth of GDP and inflation had fluctuated during last three decades in Mongolia. There was fiscal instability because of problems of transition to the market economy and establishment of private enterprise. As a result of rapid socio-economic changes economic growth became negative.

The government has developed and started implementing its policies in the context of transition to market economy. In Mongolia, “shock therapy consisted of the following elements: price liberalization; removal of restrictions on international trade and foreign investment; privatization of state-owned enterprises; and a noticeable decrease in the size of government” (Griffin, et al., 2001, p. 9). The ‘shock therapy’, or as it is termed in Mongolia the “Big Bang” policy of the government, had affected people’s lives.

Many enterprises closed down and unemployment rose as a consequence (Bilskie & Arnold, 2002). The government had started to reduce budgets on health, education and social services, depending on financial deficits. The rapid political and economic changes caused an increase of poverty. In 1995, it was found that almost one of third (or approximately over 800 thousand people) were classified as poor in Mongolia (Rossabi, 2005). The transition economy badly affected family development, too. The marriage rate reduced by 9.0 percent (Griffin, et al., 2001). Women did not want have babies because there was not sufficient income to feed their children. The total fertility rate

reduced to 2.2 percent in 2000. The population growth rate declined to 1.36 percent in 1993, and 1.4 percent in 2000, respectively (Griffin, 1995; Griffin, et al., 2001). However, these indicators improved in 2009 by 0.5 to 5.1 percent.

Table 2: Demographic response

Indicators	1989	2000	2009
Population growth rate (% per annum)	2.9	1.4	1.9
Crude birth rate (%)	36.5	20.4	25.5
Total fertility rate (births per woman aged 15 to 44)	4.6	2.2	2.7
Marriage rate (per thousand population over 18 years)	14.9	9.0	12.6

Source: National Statistics Office, Retrieved from Griffin et al., (2001, p. 12); National Statistics Office of Mongolia (2009).

Unemployment, poverty and income inequality became serious problems. As Griffin (1995) stated, poverty was a new phenomenon in Mongolia. The first reason for poverty was unemployment, which occurred when many state-owned factories closed down. Unemployment was 6 percent at the end of 1990 and it fluctuated between 7.6 and 4.6 percent, and maximum real unemployment rate was considered to be 17 percent in 2003, according the population census (Jeffries, 2007). Another reason for poverty was the severe cold weather which caused loss of livestock in countryside. Mongolia accounted for a total 33.3 million animals in 1999, after its privatization. However, during the harsh winter in 2000 2.89 million animals died, and 3.3 million in 2002, respectively (Jeffries, 2007). These led to increased poverty among herders since some of them had lost all their animal stock. As a result, over ten thousand herders who lost their animals in the severe winters had moved from the countryside to urban areas in search of work and higher incomes (World Bank, 2003;Hodges, et al., 2007). Moreover, rapid price liberalization by the government led to high inflation in the beginning of the market economy. This high inflation also affected the increase of poverty, in terms of interest rates and income of people. Most ordinary people did not expect high price in goods and services. Only people who owned private businesses became winners in the price liberalization. Therefore, in general there was increased income inequality through society. By mid 1990s the wealthiest 20 percent of population had eighteen times the income of the poorest 20 percent (Rossabi, 2005, p. 59).

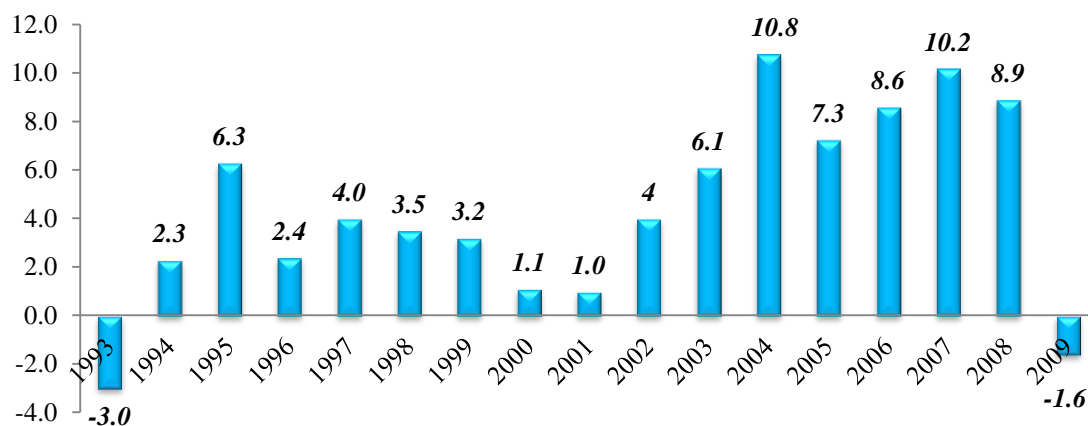


Figure 4: Economic Growth, by percent

Source: National Statistics Office yearbook, various years

It can be noted from Figure 4 that there was a fluctuation in the economic growth during the post-socialist period in Mongolia. It still remains very uneven and there is an unsustainable trend. By looking at the composition of the GDP (Figure 5, below), the main sectors in Mongolian economy in 2009 were industry, agriculture and services.

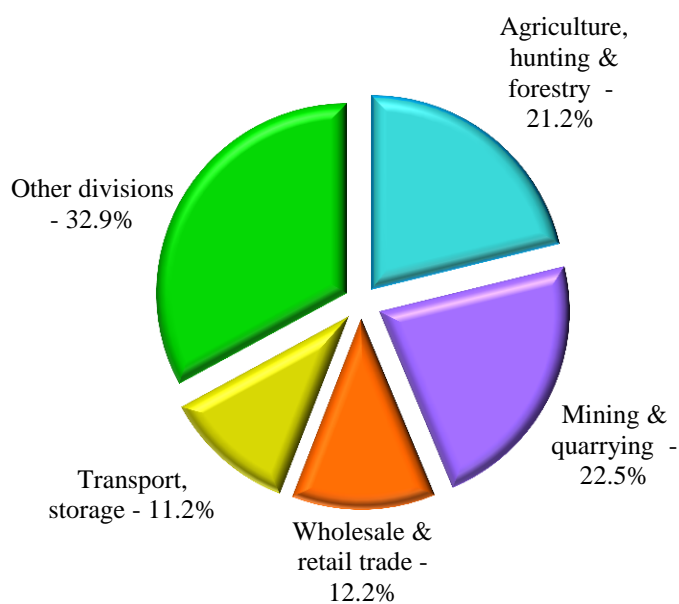


Figure 5: The GDP composition, by percent, 2009

Source: National Statistics Office yearbook (2009)

4.3 Concepts, ideas of the social welfare

4.3.1 Aim

The government first introduced a new development concept for Mongolia in 1996. There were social economic requirements and donors' recommendations which Mongolia incorporated into the main strategy for the long term in the market economy. This development concept of Mongolia aimed to identify key guidelines for state policy and its activities for implementation, which was intended to strengthen the country's sovereignty and independence and to enhance human development and social growth between 1996 and 2020. The development concept stated that the "main objective for the new period of the country's development shall be the provision of conditions favorable for wealthy, safe and healthy living of Mongolian citizens..." (The State Great Hural of Mongolia, 1996, p. 3).

Under the support of the World Bank, the Government approved the Economic Growth Support and Poverty Reduction Strategy in 2003. In this policy document, the government stated that "the main purposes of social assistance are identified as part of social protection, and to ensure safety of vulnerable groups, the very poor and those who are unable to live without social support services, by providing nursing and assistance to them" (The Government of Mongolia, 2003, p. 152).

Keys to the development of the policy were the: Social Insurance Law 1994; the Social Welfare Law 1995; and the Employment Promotion Law 2001, which all had an important role in the social sector in Mongolia. In addition, in November 2003, the Government of Mongolia approved the Social Security Sector Strategy Paper which was concerned with three areas, namely social welfare service, social insurance and employment policy, between 2004 and 2013.

This Social Security Sector Strategy policy document identified that:

The social welfare sub-sector offers services and benefits to the most vulnerable and needy members of society by the following: in-kind services for elderly, disabled people, and homeless persons and children; provision of health care, wheelchairs and hearing aids and discounts of the cost of housing to vulnerable groups; cash benefits from the social assistance fund towards pregnancy and delivery, child care, families with many children, support for adopting orphans and infant care; and long term allowances for those not eligible for the social

insurance pensions (The Government of Mongolia & Ministry of Social Welfare and Labour, 2003, p. 1).

Table 3: Timeline of Social Welfare Development in Mongolia

Years	Actions
1958	Pension Law approved
1990	Mongolia joined in Children Rights Convention of the UN
1994	Social Insurance Law approved
1995	Social Welfare Law approved and established independent authority of Social Welfare. Established Social Protection Benefit Fund
1996	Children Right Protection Law approved
1997	Minimum Guaranteed income introduced
1998	The Social Welfare Law amended
2001	Employment Promotion Law approved
2005	Child Money program started and first use of income-test
2006	Newly-weds cash allowance started
2006	Allowance for Honour mothers started
2010	The government introduced income replacement method which defines income of family
2010	The Social Welfare Law (Reform) amended

Source: Retrieved from the Government of Mongolia (2008a)

4.4 Needs, poverty, and inequality

4.4.1 Needs of social welfare

In 2008, the government of Mongolia approved the new national development strategy focused on the chosen UN Millennium Development Goals. It stated its intention to:

Implement a social welfare policy primarily targeting low-income and vulnerable groups. Investing in social welfare is considered as an investment to future generations. Through implementation of appropriate social development policies, a favorable social environment for human development and population growth shall be created and quality of life of Mongolians improved (The State Great Hural of Mongolia, 2008, p. 18).

This long term strategy has defined objectives of social welfare policy in Mongolia by estimating needs in the social protection sector.

Poverty continues to be an important issue in Mongolia. Unemployment directly affected poverty and income inequality which were undoubtedly recognised as problems

in the transition economy. The rapid social and economic changes also caused uncertainty for the future, which was seen as a causal factor for marital breakdown, occurrence of street children without oversight from households, and alcohol problems. In addition internal migration led to imbalance of city development and an increase in the urban poverty rate.

The poverty rate is measured regarding people who live below the basic income level. The statistics from 2009 showed 38.7 percent of the total population of Mongolia live in this category. The majority of the extreme poor are unskilled and unemployed. Income disparity has widened and in 2009 the unemployment rate reached 11.6 percent which has remained at about 3.5 percent in five recent years although. Unemployment caused many other problems, such as worsening health, falling educational achievement, falling ethical values, and a rising crime rate (Goyal, 1999). Most less income families cannot currently access basic health and education services because of their financial burden.

Table 4: Human development indicators of Mongolia

	Average life expectancy (years)	Literacy rate of adult (% ages 15 and older)	Primary and Secondary education (%)	GDP per capita (PPP \$)	Life expectancy index (value)	Education index (value)	GDP index (value)	HDI (value)
1990	63.7	96.5	60.4	1640	0.645	0.845	0.467	0.652
1995	63.8	98.9	57.0	1267	0.647	0.849	0.424	0.635
2000	63.2	97.8	69.6	1838	0.636	0.884	0.486	0.669
2005	65.2	97.8	80.4	2408	0.670	0.920	0.531	0.707
2009	68.0	97.8		3236	0.716	0.916	0.589	0.742

Source: Human development index calculation, National Statistics Office yearbook, various years

According to a survey conducted by the Ministry of Social Welfare and Labour there is 4.2 percent of the total population, or 115,000 persons, with disabilities. Over half of these people were of working age (Baljmaa, 2009). Thus, effective social policy for the case of disadvantaged groups needs to be considered as important. Moreover, children who have lost one or both parents, the elderly with no-one to take care of them, female-headed households with many children, large households with low income, small herders who lost their animals, and certain categories of the unemployed are all considered vulnerable people (Goyal, 1999, p. 651). Most of them face genuine difficulties in Mongolia.

The government approved the Economic Growth Support and Poverty Reduction Strategy Papers (EGSPRSPs), which aimed at poverty reduction through macroeconomic development planning and state budget allocation in 2003. This strategy included formulation, implementation and monitoring of poverty reduction, supporting of the sustainable livelihoods of the population, improvement in the targeting of social safety nets, and narrowing of the income gap between the rich and the poor (World Bank, 2003). The strategy was designed to redistribute the benefits of economic growth to the poor. In 2003 the World Bank and International Monetary Fund suggested the social welfare system had to reform in Mongolia because the system was vertically-organized and it caused many people to become poorer over time. People also developed harmful behaviours, viewing social benefits as “feed me”, even though the amount of the benefit was too small. At present under the Social Welfare Law, over 370 thousand people are receiving social welfare services in Mongolia (Ministry of Social Welfare and Labour, 2010a).

Mongolia has a relatively young population, in which 75 percent of the total population was under 35 years old in the 1990s (Rossabi, 2005). Thus, the government attempts to reduce poverty through creating new jobs for people and intends to make the protection of the poor a target for the market oriented economy.

4.4.2 Poverty measurement

The National Statistics Office in Mongolia has regularly conducted a household income and expenditure survey since 1966. It was re-named as the Household Socio-economic Survey from July, 2007, and covered over 11.000 households.

Poverty in Mongolia is defined using the minimum living standards approach. According to the National Statistics Office:

[t]he **poverty headcount index** gives a share of the poor in the total population or a percentage of population whose consumption is below the poverty line. The **poverty gap** is the mean distance below the poverty line as a proportion of the poverty line where the mean is taken over the whole population, counting the non poor as having zero poverty gaps. The **severity of poverty** is reflected by the distribution of consumption among the poor sector of the population (2006, p. 295).

In 2009, Haughton and Khandker described the headcount index simply measures the proportion of the population that is counted as poor by following formula:

$$Po = \frac{N_p}{N};$$

Where P_0 = headcount index, N_p is the number of poor and N is the total population.

The poverty gap (G_i) as the poverty line (z) less actual income (y_i) for poor individuals; the gap is considered to be zero for everyone else.

$$G_i = (z - y_i) \times I(y_i < z), \text{ then poverty gap may be written as } P1 = \frac{1}{N} \sum_{i=1}^N \frac{G_i}{z};$$

The severity of poverty is a weighted sum of poverty gaps, where the weights are the proportionate poverty gaps themselves. This is written as follows:

$$P1 = \frac{1}{N} \sum_{i=1}^N \left(\frac{G_i}{z} \right)^2; \text{ (pp. 68-71)}$$

Poverty data is produced quarterly by using household income and consumption information from a sample of households in Mongolia. The poverty measurement provides assessment of living standards of the population and evaluation of the impact of policies and programs of the government. It is measured in monetary indicators such as income and expenditure, and non income indicators including education level and health status.

The National Statistics Office has responsibility for determining the minimum level living standard by regions every year. Currently, the level ranges between Tugrig 90900 to 101600 (approximately NZD101-113) per person per month, depending on regions.

Several living standards surveys have been conducted in Mongolia, with the support of international donor agencies, since 1995.

Table 5: Poverty rates (%)

	1994	1998	2002-2003	2006	2009
Poverty rate (Headcount)	26.8	35.6	36.1	32.2	38.7
Poverty Depth	n/a	11.7	11.0	10.1	10.6
Poverty Severity	n/a	5.6	4.7	4.5	4.1

Sources: National Statistics Office yearbook, various years

The first 1995 Living Standard Measurement Survey found 36 percent of the total population was poor in Mongolia. According to these statistics, the poverty rate did not reduce dramatically over the last decades, even though the government has implemented

a number of programs and projects directed towards reducing poverty. However, although household consumption has increased, some households still existed below the poverty line, and although the poverty headcount and gap did not noticeably change, poverty severity was decreased. Since then however, income inequality has not worsened and the poverty rate had increased. In other words, more socio-economic gaps occurred between rich and poor people in the society, and the gap between the two groups widened. The poverty rate was increased during the financial crises in 2009.

Though Mongolia has faced many economic and financial challenges, there were some positive signs, in which a new system of social protection for the population was formed. The government has cut expenditure on education, health, social welfare and environmental protection as a consequence of the budget deficit. However, the new democratic government of Mongolia established new cooperation with international donor organizations (the World Bank, Asian Development Bank, International Monetary Fund, and United Nations Development Program) which assisted Mongolians. Some of funds were in the form of directly distributed emergency assistance, such as supplies of food, balance of payment and social welfare needs (Rossabi, 2005).

4.4.3 Social assistance programs

In Mongolia, the Government developed a Poverty Alleviation Program in 1994. It was the first poverty reduction program with international donor agencies of the World Bank and UNDP to assist the 26.8 percent of population who were poor. The program budget was allocated US\$10 million in the first five years. It emphasized mainly job creation through supporting private businesses in terms of contribution to social care (Rossabi, 2005). However, the Poverty Alleviation Program was ineffective in reducing poverty. Indeed, it failed. The Living Standard Measurement Survey of the National Statistics Office, with the World Bank, found the poverty rate to be 36.3 percent in 1995. Many Mongolians criticized this program. There were numbers of assessments which identified the program as ineffective. Many international experts stated that the reason for the failure of the program lay in ineffective job creation and lack of sufficient provision of immediate social welfare (Rossabi, 2005).

However, there were some beneficial results. For example, one of fifth of poor households received benefit from the program. Also female heads of families and those with disabilities benefited by being organised into short term jobs. Health, education,

and kindergarten schemes were organized - almost in all poor areas (Batkin, Bumhorol, Mearns, & Swift, 1999).

A new National Program for Household Livelihoods Support was introduced by the government in 2002. This program was financially supported by international development agencies. The main goals of this program were to assist poor families out of poverty and to prevent the non-poor families from falling into poverty, by providing economic and social resources (The Government of Mongolia, 2003).

Table 6: Some social assistance projects and programs in Mongolia

Years	Name	Activities	Targeted people	Entitlement	Funding
1994-2000	Poverty Alleviation Program	-Job creation; -Public works program; -Microcredit for growing vegetables; -Health and education;	Poor people (26.8% of total population)	n/a	US\$10.0 million World Bank, United Nations Development Programme (UNDP)
2003	Social Security Sector Development Program	-To strengthen social security sector capacity, management	-	n/a	US\$12 million Asian Development Bank (ADB)
2002-2012	National Program for Household Livelihood Support I-II	-Remove the poor households from poverty;- Prevent the non-poor low-income households from falling into poverty:	Poor families	Mainly for rural poor herders and unemployed people	US\$22.12mln US\$49.4mln
2005	Child Money Program	Cash money per child	Firstly poor children, Added all children	Proxy means testing	Government of Mongolia
2005-2015	Millennium Development Goal (MDG) in Mongolia	Implement MDG 8 goals, + one goal of the government	Poor people	n/a	Government of Mongolia UNDP
2007-2010	Alleviating Rural Poverty	Implement projects which assist herders	Poor small herders	n/a	€ 14 million, European Union
2008	Food and nutrition, social welfare program	-Food stamp distribution; -Test Proxy Means Test; -Survey on social welfare policy	Elderly without family, disabled, people who are in constant care, low income families	Home visit verifications, proxy means testing	US\$12.0 mil ADB, Tug10.0 billion Government of Mongolia

Source: Retrieved from the Government of Mongolia (2003); Rossabi(2005); Araujo(2006); Asian Development Bank (2008b); the State Great Hural of Mongolia (2008) the Ministry of Social Welfare and Labour (2010a).

The Government of Mongolia introduced the Child Money Program in 2005, which was the largest of the social assistance programs. This program has used proxy means testing in targeting for the first time in Mongolia. Araujo (2006) assessed the methodology of the Child Money Program. Araujo's purpose was to identify potential and actual effectiveness of the Child Money Program through analysis of the design of the targeting formulae to show how the program can be improved.

The Child Money Program distributed cash transfers of Tug 3000 (US\$2.49) per child under 18 months old, to families of three or more children who were considered beneath the minimum living standards. This program basically attempted to reduce poverty through supporting children to attend schools, and covering short term needs in health care. The government expanded this program by covering all children under 18 since January 2006 (Hodges, et al., 2007).

Moreover, the government made a decision to give out different types of cash transfers. These cash benefits were promised by the Mongolian People's Revolutionary Party in the 2004 election for Parliament. These benefits allocated Tug 100.000 for each newborn child and Tug 500.000 for newly married couples. Also from January, 2007 the government distributed another Tug 25.000 per child quarterly, in addition to Tug 3000 per month.

Araujo (2006) and Hodges, et al., (2007) stated that effectiveness and efficiency of the child program was not perfect because it failed in targeting. There were very high inclusion and exclusion rates when the program was initiated. However, the poverty rate was noticeably reduced after distribution of the child allowance (Hodges, et al., 2007). The child allowance was a significant contribution to poor and low income families, but did not affect wealthy families. Araujo (2006) and Hodges, et al., (2007) claimed that there was a lack of implementation management, including pilot testing, monitoring and evaluation, and control. In summary, there was not sufficient success to merit assessment of achievement of the goal of the program. Araujo (2006) suggested improving targeting formulae in terms of inclusion and exclusion. At the same time however, this child allowance program made some progress towards improving the social assistance policy.

In 2008, the world financial crisis affected Mongolia, as it did many other countries. Mongolia experienced high inflation in May 2008. The increases in prices in

commodities and food have mostly hurt elderly, disabled and low income people in society. It also helped destroy some of the previous achievements in poverty reduction in Mongolia. The government of Mongolia and international donor organisations such as the Asian Development Bank have introduced a new national program which aimed to provide food stamps for vulnerable groups in emergency. Moreover, it met some of the objectives by using proxy means testing in social assistance programs which allowed more precise targeting of the poor and helped some reform of the social welfare policy.

4.5 Conclusion

Social welfare policy was partly implemented in Mongolia during the socialist era and continued developing in the transition period. It began in the early part of the twentieth century with the Arat revolution, which helped address the needs of poor people. The government recognised that it needed to assist to people by improving human well-being under the socialist regime. During this period social policy was egalitarian and under state control. The state was the only contributor to the social fund. The government had responsibility for providing full employment, free education and health care, and accommodation. Ordinary Mongolians were grateful for the social provisions of the government and believed in their socialist future. Mongolians did at least achieve good health and better education in the socialist period. There was no official unemployment and poverty amongst the society. It could be claimed in part that the principles of socialist ideas were embodied in real terms in Mongolia before the market economy.

However, the influence of “perestroika” affected Mongolia. Fortunately, the intelligent young people who led the democratic revolution in Mongolia did so peacefully. The economic transition has produced many unfamiliar and unexpected phenomena in Mongolia, such as increasing poverty, unemployment, and confusion for the future. In terms of social welfare policy, there were several good signs as well as some disadvantages evident through the transition period to a free market economy. It could be claimed that, significantly, there was a form of social welfare system established and this was supported by a legal environment which allowed it to work in the market economy. Most importantly, the government started to manage financial resources under the principles of market economy, and this was supported by a number of international organisations, apart from some limited assistance from Russia. However,

social welfare policy in Mongolia still has problems in its targeting and implementation process. The government has continued to work at the social welfare policies in recent years by amending laws and regulations. In retrospect, it should be admitted that social welfare in Mongolia is not perfect in the market economy. There are many issues that need to be considered in terms of the market economy and poverty reduction. In the next chapter the current social welfare policy is outlined, in terms of its impact on the Mongolian people.

Chapter 5 Current social safety net in Mongolia

5.1 Introduction

We start by reviewing the main reasons why the welfare system is needed. Social security was first declared as a universal necessity in the Universal Declaration of Human Rights in 1949 (Cichon & Hagemeyer, 2007). In the modern world, social rights have become a part of human rights (Cerami, 2006). However, the effectiveness of economic development and national political performance is heavily dependent social protection policy. Most countries have a national protection system which is comprised of four fundamentals, namely social security schemes, universal social benefit schemes, social assistance schemes and supplementary benefit schemes (Cichon et al., 2004).

Social protection is relatively a new aspect of public policy systems around the world. There is considerable variation internationally in content and configuration. The biggest changes have been noted in most developing countries around the world in recent decades (Mares & Carnes, 2009). In the developed countries in Europe there are changes evolving in demographic structure, including aging and declining births, and family, including changing patterns of gender equality (Esping-Andersen, 2002). Meanwhile, poverty and income inequality remain and do not consistently reduce in developing countries. At the same time, the overriding purpose of welfare policy reform is especially aimed at the reduction of poverty.

The understanding of social welfare policy during the socialist period, and aims and reforms of the social welfare system related to economic transition to a market economy were reviewed in the previous chapter. In general, the time frame from 1990s to 2000 has been identified as the transition period for Mongolia, as for other post-communist countries. The transition has produced situations in which there are more freedoms and choices as well as many drawbacks in Mongolian society. As a result of the rapid transition of the economy, many Mongolians suffered in terms of living standards. Poverty incidence and income inequality increased, and health indicators worsened.

It is understood that the government should protect those who are vulnerable and disadvantaged, especially those who cannot earn income themselves in the market economy. The main argument of the study is that although the reforms of social protection were necessary with the transition, the nature of the reforms probably needed to heed international best experience, choose a more appropriate conceptual framework

and rely on better research based on needs assessment and not just political promises, because Mongolia has limited income and resources to direct into reform. The government should be taking into account sustainable financial resources and making outcome-based social policy with good potential future prospects. This chapter mainly focuses on the current social welfare policy of the coalition government from 2008 and 2012. The structure is as follows: Section 2 provides a description of the political system and its electorate in parliament, together with the history of governments in power over the last two decades. In addition, there is a discussion of the social welfare system. Section 3 discusses the beneficiaries requiring social assistance, while Section 4 outlines social assistance according to empirical evidence. Section 5 describes current social welfare policy changes, the causes of change, and background conditions in Mongolia. Finally, Section 6 indicates impacts on families from this social assistance policy in Mongolia, from exploration of findings of recent studies. These sections are then briefly summarised in the conclusion to the chapter.

5.2 What is the system of social welfare in Mongolia?

After the democratic revolution, the government of Mongolia adopted the human rights and freedoms as guaranteed in its Constitution of 1992. The Constitution stated that every person has an equal lawful right to receive education, employment, health care and social care. The main underlying principles of the state policies are to establish a humanitarian, merciful and democratic civil society, where human rights, freedom, justice and national solidarity are greatly respected, in the provision of equal opportunity for people (Parliament of Mongolia, 1992). Mongolia also attempts to follow international conventions and treaties of the United Nations and the International Labour Organization.

Theoretically, political decisions play an important role in social protection policy. The government also determines public and social policies in Mongolia. Mongolia has a multi-party system: the two largest parties are the Mongolian People's Revolutionary Party (MPRP) and the Democratic Party. The MPRP is a former communist left-wing party, whereas the Democratic Party is a new right-oriented party. Elections are organised every four years in Mongolia. A total of 76 new parliamentary members are elected. Since 1992 there have been five general elections in Mongolia. The government is established by the political parties that win the most votes in the election.

The Ministry of Population Policy and Labour, which was the first social protection government department, was established in 1993, under the Revolutionary Party-led government, in a market economy environment in Mongolia.

Table 7: Party-led governments since 1992

Years	Government
1992	Mongolian People's Revolutionary Party Government
1996	Democratic Union Coalition government
2000	Mongolian People's Revolutionary Party Government
2004	Mongolian People's Revolutionary Party Government
2008	The Mongolian People's Revolutionary Party and Democratic coalition government

Source: Retrieved from National Statistics Office of Mongolia (2009)

This government held office until 1996. The first Social Welfare Law was approved in 1995. It was the legal basis for the current social welfare system. The first time, in 1996, people voted for the Democratic Party which gave them an opportunity to organize their first government. It is evident (by looking at data in table 7) that this was something of a political pendulum (Severinghaus, 2001) in Mongolia because, since elections began, both main political parties, including the Mongolian People's Revolutionary Party and the Democratic Party, have changed their government office in 1992, 1996, and 2000. In that time the society did not find any party that could adequately eliminate difficult living situations. The constant change in ruling party was the consequence. Generally, public expectation was to expect a reduction in the pressure of life which emerged with the unfamiliar market economy, and people hoped for an improved and confident future. In practice, the democratic government became more market oriented and imposed more severe policies than those of the previous government. These policies were necessary to implement new economic development, but it was tough to survive in the society in the transition period.

In effect, this caused more poverty and income inequality in real terms in Mongolia. Nevertheless, the governments basically continued the social welfare policy of the previous government by amending the Social Welfare law. The independent social welfare system was first organized in 1998 in Mongolia. Between 2000 and 2004, the Revolutionary Party held the government office. The policies which have been implemented by the governments were summarised by Esping-Andersen (1990), and Huber and Stephens' study in 2001, who considered it was the case that the left-wing government had more social spending than right-wing governments and that politics

was at the centre of the policies (as cited in Mares & Carnes, 2009). The election agenda of the former communist party was full of promises, including many of social assistance and benefits to people. They promised, for example, 'to triple the minimum wage, double the salaries of civil servants, double the size of pensions and allowances, and reduce the tax burden on businesses by 30%' (Severinghaus, 2001, p. 66). People who were unemployed, suffered disability, and were single parents met more difficulties than others during the transition. This situation gave an opportunity for the former communist party to set up their government. It seems that during the transition period, Mongolians just voted in the political party who promised more money and benefits and gave them the majority. It might be that many people remembered the previous socialist era which provided everything to everyone.

Both left and right-wing political parties kept and continued the previous social policies and changes. The Revolutionary Party-led government re-introduced the National Program for Household Livelihood Support in 2000. This program was the next phase of the National Poverty Reduction Program. This national program was mainly concerned with support of the family, not just the individual, by creating small and medium businesses for their needs.

The Revolutionary Party-led government initiated the establishment of a Social Security Sector Strategy Paper with support from the Asian Development Bank in 2003. This Strategy Paper was the first long term policy document which defined the aim and scope of the social welfare service in Mongolia after the transition from the socialist planned economy. The social welfare policy in Mongolia was mainly implemented with the financial support of international and donor organisations, because of the budget deficits between the 1990s and 2003. Since 2004, Mongolia has experienced economic growth, mainly based on gold, minerals and agriculture. With the rapid economic growth the government started to redistribute various kinds of social benefits. Most of these were announced in the election campaigns in 2004 and 2008 (see Appendix 4).

Also since 2004, the government started to distribute cash transfers to people, as promised in the election agenda. Social welfare became diverse in terms of conditions and social assistance type, but it was mostly in support of families. Social spending has continued to increase since this government (see Appendix 5). In 2008, the coalition Government of Mongolia defined its Action Plan for 2008-2012 which was based on the National Development Strategy in conjunction with the Millennium Development Goals

of Mongolia. A coalition government was formed by the Revolutionary Party with the Democratic Party. Both political parties were institutionally and ideologically willing to reform and re-design social policy instead of following the policies of the old communist regime. They removed the collective-based social policy and created new individual-based welfare policy.

In 2008, the government reformed its own structure. According to this new arrangement the Ministry of Social Welfare and Labour (MSWL) became a central department responsible for developing and implementing social welfare and labour policies in the country.

The mission of the Ministry of Social Welfare and Labour is focused on reducing unemployment, creating decent labour force resources, building up a favourable working environment, and enhancing the quality and availability of social welfare services. Strategic objectives of the Ministry of Social Welfare and Labour are defined as follows - To:

- Provide the population, labour and social sector with strategic planning and policy guidelines;
- Ensure public administrative leadership;
- Coordinate policy implementation of the population, labour and social welfare sector;
- Provide monitoring and evaluation over the population, labour and social welfare sector, issue and provide the management with statistical data of the sector;
- Develop international cooperation on the population, labour and social welfare, maintain the collaboration at international level and ensure the application of treaties and the coordination of legal activities (Ministry of Social Welfare and Labour, 2010a, p. 4).

The Ministry is headed by the Minister of Social Welfare and Labour who is a member of the Prime Minister's Cabinet. He/she is assisted by the Deputy Minister and the State Secretary. The Ministry is divided into four main departments, which are the main providers of policy and set planning guidelines, and public administration and civil service management, namely: the Public Administration Department, the Strategic Planning Department, the Policy Implementation and Coordination Department and Information, Monitoring and Evaluation Department.

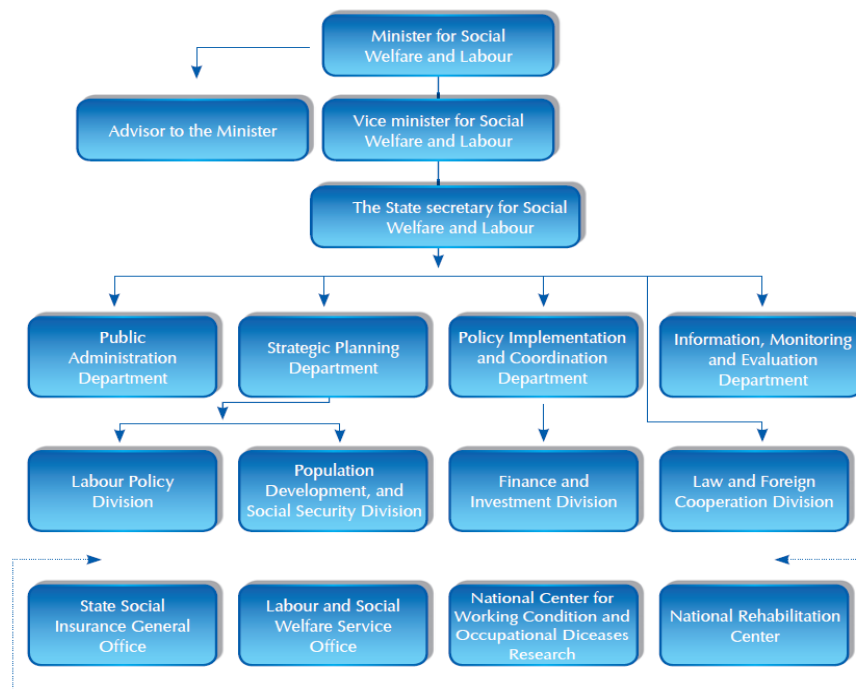


Figure 6: Organization chart of the Ministry of Social Welfare and Labour

Source: Retrieved from the Ministry of Social Welfare and Labour (2009a, p. 5)

Under the Ministry of Social Welfare and Labour policy is implemented through its agencies, such as the Labour and Social Welfare Services Office and the State Social Insurance General Office, the National Centre for Working Condition and Occupational Diseases Research, and the National Rehabilitation Centre. The Labour and Social Welfare Services Office, originally established in 1997, is responsible for the delivery of social welfare services and social assistance, including in-kind services such as nursing homes for elderly and disabled, and facilities for the homeless poor (Asian Development Bank, 2008a). It also provides services such as discounts to the elderly, those with disability, and alleviation of the costs housing and health care, some payments from the social assistance fund for pregnancy and delivery, and child care. In Mongolia there are 21 aimags (provincial centers), each of them further divided into a number of soums (rural districts). The existing social welfare system comprises Social Welfare and services centers in nine districts of Ulaanbaatar city and 21 aimags, social welfare officers in 360 soums and state and aimag level nursing homes for elderly, disabled and orphans. There are about 1200 officials employed in the total social welfare sector in Mongolia.

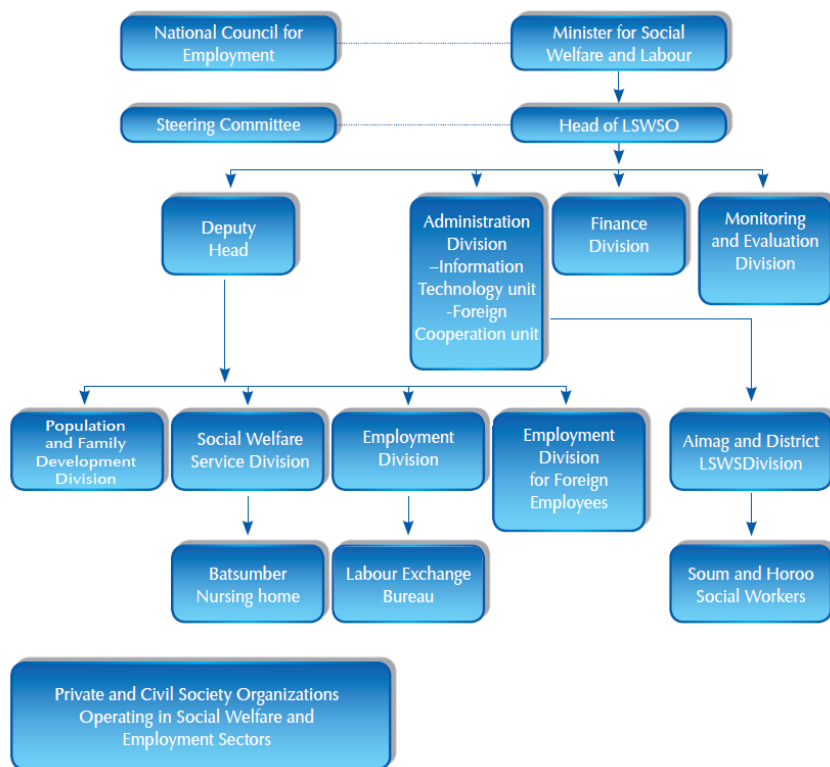


Figure 7: Organization chart of the Labour and Social Welfare Service Office

Source: Retrieved from the Ministry of Social Welfare and Labour (2009a, p. 8)

The function of the Ministry of Social Welfare and Labour is defined by law as the promotion and dissemination of employment, social care services and social insurance. There are five main laws in social welfare service in Mongolia. These laws have been produced recently, and are designed to facilitate and regulate social welfare service and assistance policies.

The social welfare system is aimed at protection of the poor and vulnerable. The package of laws did not completely change over the period; however, there are varying degrees of coverage, eligibility criteria and various preconditions (Ministry of Social Welfare and Labour, 2010a). The government introduced a new amendment of this law in 2009 to Parliament, to deal with various aspects of the social welfare reform in Mongolia ("Amendment of Social Welfare Act," 2010).

Table 8: List of Social Welfare Laws in Mongolia

Laws	Approved years	Aims
Social Welfare Law	1995, amendment, 1998, 2006, and 2010	To regulate provision of social welfare to vulnerable groups
Law on Social Welfare for Elder	1998	To define requirements for the elderly to be eligible for social welfare services and discounts
Law on Social Security for Individuals with Disability	1998, amendment 2009	To define eligibility requirements for the disabled for social welfare services and discounts.
Law on Allocation of Maternal and Child Benefits and Cash Benefits to Children, Mothers and Families	2006	To define eligibility requirements for the expectant and delivering mother with pregnancy and children
Law on Establishing Minimum Level of Social Benefits	2002	To define the minimum benefit rate of social welfare

Source: Retrieved from Legal information official webpage of the Government of Mongolia (2008a).

During the transition period, the structure and purpose of the Ministry of Social Welfare and Labour has changed in relationship to priority policy responsibilities. This transformation of social welfare in Mongolia, in fact, follows the suggested models of Cerami and Vanhuyse (2009) as path-dependent, path-departing and path-creating. For example, social policy in Mongolia was entirely reliant on the State in the socialist period. However, the social policy and welfare system has started to drop this full State responsibility, which was the path-departing feature. Further, the welfare system was further adjusted to the newly emerging economic conditions of the market economy. This means that all three processes of path-dependent, path-departing and path-creating have been present in Mongolia over the last two decades.

5.3 Who are the beneficiaries?

Generally, the government of Mongolia has defined certain groups as vulnerable. These include female-headed households, small herders, the unemployed, pensioners, the elderly, mothers and children, and the disabled. These vulnerable and low income people are the main beneficiaries of social welfare services in Mongolia. However, more recently, newborns, newly married couples, and all children are also beneficiaries. The government normally targets assistance to these groups, in addition to specifically ‘poor’ households. These categories match fairly well those found by the World Bank to be at risk of poverty: female-headed households, small herders, and the unemployed, especially those living in aimag centres (Center for Economic Policy Research, Futures Group International Consulting Unit, & Asian Development Bank, 1997).

In 2008, a total number of 1.6 million people have benefitted from social assistance services, estimated to cost 51.1 billion tugrig (Ministry of Social Welfare and Labour, 2010a, p. 30). This covers nearly 60 percent of the total population of Mongolia. This coverage of social benefits became a serious problem in terms of financial stability and makes it more difficult to assist the most vulnerable people. The government has tightened the eligibility regulations, despite the political promise increase the numbers of recipients of social benefits. This means, in effect, legally people are technically able to receive social assistance; however, they still need to verify their identity and obtain other authorized relevant documents to justify criteria of eligibility.

5.4 Social assistance: type and benefit rate at macroeconomic level

Why have the social assistance benefits been expanded in Mongolia? Since 2004, the Revolutionary Party-led government's fiscal revenue grew rapidly, related to an increase price of mining products in the international market. This enabled the Ministry of Social Welfare and Labour to introduce several new social programs which mainly provided cash benefits for children, newlyweds and newborns. Unfortunately, the world financial crisis impacted on Mongolia like many other countries. Impacts included a decrease of budget revenue with price reduction in mining products, a decline of exports and imports, and an increase in unemployment in 2008. This caused cutting of government budget expenditure by almost 20 percent in 2009. A reduced level of social protection was still widely available, distributed through three main groups, classified as children, active, and old age, with family benefits, social assistance and old-age pensions respectively (Cerami, 2006; Cichon et al., 2004).

Specifically, in Mongolia, since 2008, the benefits are divided into three main groups as follows:

- Welfare pensions for the elderly and those with permanent disabilities not eligible for State social insurance general office assistance, orphans and dwarves;
- Child-related allowances, including pre-natal, infant and child care; benefits for large families;
- Social welfare services, discounts and concessions for the disabled, elderly, war veterans, and heroes of the state (Ministry of Social Welfare and Labour, 2011).

In general terms the upward trend in social welfare expenditure in Mongolia followed that of many other developing countries in recent years (Mares & Carnes, 2009; Szikra & Tomka, 2009). For example, in 2009, social welfare expenditure was increased almost by ten times of that in 2004, and the number of beneficiaries grew by almost five times. It was reported that 378,700 people received benefits of 23.1 billion tugrigs in 2004. The amount of benefits reached 218.6 billion tugrigs to 1.6 million people in 2008 (Ministry of Social Welfare and Labour, 2010a, p. 10). The total size of the social expenditure, including old age pensions, has rapidly increased as a percentage of Gross Domestic Product (GDP) as well as in government expenditure in Mongolia in the last few years. The total amount of social benefit payments reached 266.1 billion tugrigs in 2009, which was 11.5 percent of the government's budget and 4.3 percent of GDP (The World Bank, 2010). Looking at social welfare expenditure in Mongolia, this is seen as more protective than that of a productive welfare state, because the most social assistance is allocated to spending on social security, welfare, extending of public employment and investment in tertiary education (Rudra, 2007) (see Appendix 4, 5).

However, this rapid increase of social assistance expenditure unfortunately did not produce a reduction in poverty. Regarding the statistics data, the poverty rate still remains during the period. The poverty rate was 35.6 percent in 1998. There was a little decline by 3.9 percent from 2006. However, it increased to 38.7 percent in 2009 (National Statistics Office of Mongolia, 2009). This led to an astonishing situation, in which the government nationally spent millions of tugrigs with no positive outcome. Hence, it is now a priority to change policy, since social welfare expenditure depends heavily on tax. Without this change there will be a continued negative effect on economic growth. Recent changes in legislation focus on improving targeting, amendments in the Social Welfare Law and re-arrangement of the benefits. All of these should go some way towards addressing the current problem areas.

Social cash transfers became very popular, not only in Mongolia but also in developing countries after 2000. This was associated with the political authoritarian regimes and the relationship between development strategy and the social policy regime in many developing countries (Leisering, 2009; Mares & Carnes, 2009). Social cash transfers were easy to set up and operate for solving social problems in the short term (Leisering, 2009). Social transfers also help to reduce poverty and vulnerability in developed countries (Cichon & Hagemejer, 2007). There has been an increase in social transfers in many developing countries around the world; however, the ability to achieve this cannot

be at the cost of the normal transfer level which depends on economic capacity and the financial affordability of the country. In other words, it needs to be appropriate in effectiveness economically, financially and socially (Leisering, 2009). A study by Cichon et al. (2004) noted that social welfare policy, including social expenditure, should be as effective and efficient as possible. The main aim of this study was to define normal transfer of social expenditure in developed and developing countries over the world. Cichon et al. (2004) calculated a ratio and projections of normal transfer for the period 1990 to 2050, for the three main transfers. These transfers are for children, elderly and inactive people in active age group, in OECD countries and Asia, Africa, and the Arab States, Latin America and the Caribbean regions. This study also used relevant data on population, unemployment, the wage share of GDP, poverty rate, formal and private incomes and social expenditure. It is a new approach based on quantitative methods; however it is possible to test in developing countries. For example, Cichon et al. (2004) theoretically attempted to establish what the minimum level of social protection expenditure is in a transition country. Their model has five variants which must be taken into account, including an older population, high unemployment, low share of wages in GDP, poverty rate replacement rates and high poverty. It is assumed the model would be helpful for developing countries in terms of their estimation of a total normal transfer ratio and financial affordability. Regarding Table 9, the social protection expenditure measure should be allocated at between 22.2 and 32.2 percent of GDP. It has the highest value when there is high unemployment and an aging population. When there is a low share of wage in GDP there is also the lowest level of social protection. This hypothesis might be helpful to make better policy decisions when there is a lack of professionals in developing countries.

Table 9: Cost of national social protection (as % of GDP): Model calculations

	Base scenario	Variant I Older population	Variant II High unemployment	Variant III Low share of wages in GDP	Variant IV Poverty line replacement rates	Variant V High poverty
Pension scheme	10.0	15.7	10.0	8.8	9.0	10.0
Short term benefits	1.4	1.4	1.4	1.2	1.3	1.4
Unemployment benefits	2.8	2.8	5.8	2.4	2.5	2.8
Family benefits	3.8	2.9	4.6	3.3	3.8	3.8
Health care	4.0	4.5	5.4	3.5	4.0	4.0
Social assistance	3.5	3.6	5.0	3.1	3.5	5.8
Total	25.4	30.8	32.2	22.2	24.0	27.7

Source: Retrieved from Cichon et al.(2004, p. 48)

There is a supposition that the huge increase of social expenditure may destroy economic growth in Mongolia. However, this quantitative study by Cichon et al. (2004) found that an extensive social protection policy can positively influence economic performance. They explained that it can be seen that good social assistance encourages people to work and results in improved consumption. For example, it assists employment, education and health access, and improvement in human capital for economic growth. In other words, it also encourages the economy. But, it also needs to be a well organized welfare system in terms of financial and administrative resources.

5.5 Current social assistance policy changes, problems

In 2008, the coalition government moved to implement a more complete social welfare policy including increasing the quality and accessibility, and targeting genuine needs, offering financial aid for newly-weds, children and newborn babies, and raising the living standards of more than 50 thousand low income families (The Government of Mongolia, 2008b).

There are problems and difficulties in the social welfare system in Mongolia. These remain despite the government attempts to reduce poverty by distributing cash benefits. However, social assistance does not necessarily result in successful achievements. The social assistance scheme could not accurately identify the poor and vulnerable people despite the fact that, if anything, there are more than 60 types of social benefits. The

World Bank estimated that as many as 70% of beneficiaries were from non-poor households, and that 40% of poor households – and 25% of the poorest households – did not receive any assistance (The Government of Mongolia, 2009, p. 6). This was caused by the poorly targeted social assistance and payments did not reach poor people.

The high growth of social cash benefits has met strong criticism from the public (Dashmaa, 2010). It is widely recognised that the fiscal instability of the government makes it unlikely that this large amount of social benefits will be affordable in the next few years. The amount of benefit per household is also fairly low which does not significantly reduce the poverty level. There was no positive impact on poverty alleviation and the increase of social assistance. This can also be seen in below Table 10. The poverty rate of 36.1 percent in Mongolia did not reduce even though the social assistance increased sharply between 2002 and 2009. It was increased to 38.7% in 2009 (National Statistics Office of Mongolia, 2009).

Table 10: Social assistance expenditure and poverty rate in Mongolia

	2002-2003	2006	2007-2008	2009
Social assistance expenditure (mill. tug.)	19 814.7	75 401.2	218 666.5	244 209.5
Poverty rate (%)	36.1	32.2	32.2	38.7

Source: Retrieved from Yearbooks of the National Statistics Office, (2006)

In the last election agenda of 2008, left-wing and right-wing parties have promised to give out between 1.0 million and 1.5 million tugriqs, respectively, to approximately 2.7 million people in Mongolia. The promise was not based on economic realities and was likely to be impossible to achieve. Since 2007 the Revolutionary government has introduced new social benefit programs and distributed cash money to people without any means-testing requirements (Walker & Hall, 2010). These cash benefits, in fact, are not a big amount per person, at less than the minimum wage in Mongolia; however, it was a quite large proportion of the total government expenditure. The donor and international organisations have suggested “re-organizing the social assistance management by pursuing the principle of community based services and streamlining criteria for better targeting and service delivery based on new types of household assistance benefits” (The World Bank, 2003, p. iv). Meanwhile, international organizations, including the International Monetary Fund and Asian Development Bank, advised Mongolia to reduce social welfare expenditure, and to reach the target group of poor people (IMF, 2009). The government has come to realise this cash benefit

is not affordable, particularly as a consequence of the international financial crisis and decreased mining sector income in 2008. Importantly, policy makers and government officials have accepted the changes to social welfare policy in Mongolia. Policy makers agreed that reform is essential, because despite high expenditure in social assistance, there is a relatively low outcome, and virtually no impact in reducing poverty. There has been a continued string of unsustainable political promises and only few specialized programs which seem to work (see Appendix 6). There is some confusion as well, as a consequence of the complex legislation. The government has recognized that poor people have been seriously disadvantaged by the financial crisis. As a consequence, the government introduced a Bill of Social Welfare Law to the Parliament at the end of 2010 (Ministry of Social Welfare and Labour, 2010b). The concepts of the reform are: to unite a set of multi benefits; to achieve community based benefits; to more closely target the individual and family and provide more focus to family needs; and at the same time to integrate with poverty reduction. The reform includes amendments in the Social Welfare Law and consolidates 66 social assistance benefits to 22 or less under the following categories:

- Social care benefit
- Benefit for families with children
- Benefit for poor families
- Temporary benefit of transition
- Emergency benefit (Walker & Hall, 2010).

Most significant is that this social welfare sector reform made a new opportunity to maintain new proxy means-tested approaches (This targeting methodology estimates household income by associating indicators or ‘proxies’ with household expenditure or consumption.), which define the poor and vulnerable in Mongolia. Therefore, the expectation is that the current social welfare policy would change so that genuine needs are targeted, by protecting vulnerabilities and making scarce budget resource savings from the law implementation (as cited in Boston, Dalziel, & St John, 1999, p. 95). In fact, it could be true that “[a] fiscal crisis can provide an opportunity to introduce reforms to a social welfare system” (Walker & Hall, 2010, p. 402).

The government was attempting to bring about employment for everyone. The chosen methods included: generating local employment centres; developing small and medium sized enterprises; restocking poor herders; besides offering the social assistance now widespread in Mongolia. As a result of the financial crisis and an increase of

commodity prices, the Ministry of Social Welfare and Labour intends to change some social assistance policies including making provision for employment for at least one person in each household, improving quality and accessibility of the social welfare service, distributing vouchers for medical service for poor families, and protecting the vulnerable and lower income families from the price shocks (Suvd et al., 2010).

5.6 Impact on families and households

There is a current lack of survey data on social assistance policy and the assessment of its impact on families in Mongolia. It is, therefore, not known if the main problems relate to skill shortage in the social welfare area as well as financial difficulties. Moreover, this is a relatively new sector in the government portfolio. However, recently the Ministry of Social Welfare and Labour started defining outcomes and effects of the recent social assistance policy implementations. Since 2004, with expansion of social assistance programs there was little survey information on the impacts of these programs. This was aggravated because there is no good and regular monitoring system for the social services quality and accessibility in Mongolia. This situation is understandable because the country has an immature social welfare service compared with that of developed countries. Thus, it is partly a consequence of the previous national programs. The government had a method of operation in adopting policy and taking a decision without scrutinized survey and study. In other words, it was implementing policy directly from political decisions. There has been limited degree of listening to the voice of ordinary people in decision making because transformation of institutions is still in progress (Cerami & Vanhuyse, 2009). Mongolia was similar to Poland and Slovakia, in that the central government has been powerful in making decisions on social policy but has little involvement in implementation of that policy (Van Mechelen & De Maesschalck, 2009).

Gelissen's study (2002) found that people strongly preferred an extensive and intensive welfare state in the European countries and people appreciated their welfare assistance from the government. However, of course, each citizen's expectation was different, depending on their welfare system. The liberal welfare state has got greater support than other welfare states (Gelissen, 2002). However, some people wished to establish a welfare state instead of giving out money and creating new jobs and infrastructure in Mongolia. Mongolians had been used to living under a socialist regime, in which the state usually provided social care. It can be said that the open market economy has

changed their perception of social assistance. However, the old 'feed me' behaviour somehow still remains.

Interestingly, some people are critical when social welfare policy goes wrong in Mongolia, because despite the money distribution there was increase in poverty (Dashmaa, 2010). A common criticism is that Mongolia has become a country dependent on social welfare. The poverty rate was not reduced even though government increased social expenditure, including cash transfers for social care. This odd phenomenon might have occurred when the old "feed me" thoughts still remained. Even though they are able to earn an income, the cash transfers are more attractive for people. Thus, they hide their income and accept social welfare benefits without working. Secondly, there is something wrong with eligibility or targeting in the distribution of cash transfers. Moreover, the government should take into consideration data collection and analysis of poverty and living standards in Mongolia. The growth of social welfare expenditure in Mongolia was much higher than neighbouring countries such as China and Kazakhstan in 2009 (Dashmaa, 2010). Unfortunately, the poverty rate is also high compared with these countries.

Many people expect good social policies from the government. A recent important study by Suvd et al., (2010) found that the current social service is neither good nor bad. It just takes a long time to deliver it. This means the administration and behaviour of social workers is still bureaucratic. It needs to improve.

The study by Suvd et al. (2010) firstly aimed to define social welfare needs for poor and low income people in Mongolia. Secondly, in view of the limited social benefits from government policy, there was an attempt to work out what the public response had been. The purpose was to identify how, and in what ways poverty might be eliminated. As part of their study they researched rates of social welfare benefits that are received by lower income people, to identify what impacts these had on their lives (Suvd et al., 2010). This was achieved by interviewing a random sample of 1,075 poor families in selected areas across Mongolia. This survey questionnaire included ascertaining: the number of members of household; the level of education, health, employment; whether or not the subjects had been seeking work; living conditions; family income and expenditure; and access to social services. Thirty-five percent of total households were female headed, six percent had tertiary education and 33 percent had secondary education. Suvd et al. (2010) found that there were two different situations for those

living urban and rural areas. In urban areas social cash benefits contributed one fifth of total income of urban households, whereas it was one third of total income in rural areas. In terms of expenditure, the rural families spent 40 to 50 percent of total expenses on food, while the urban families used a slightly smaller percentage for food. There was a higher rate of unemployment (22%) among the rural households, compared with (19%) in the urban situation. Similarly, the rural households have lower healthcare and education attainments than urban households. The coverage rate of social welfare service was over 70 percent in rural areas; however some poor people could still access the service. A majority of those surveyed answered that they were unable to get information about social welfare services. It seems that information accessibility is low in the rural areas. Participants were divided in their evaluation of the quality of social welfare service (good 37 percent, average 43 percent and 16 percent not good). There were different results in different locations, with only one quarter of the participants answering that the service is not good in the capital city, Ulaanbaatar. Almost one third of the participants said that it was difficult to deliver social services because the service administration takes too long. Moreover, 38.9 percent of total families answered that they believed the social welfare service was not able to target the poor and vulnerable households.

This study was the first study to evaluate the current legal environment of social spending by the central government of Mongolia, and it attempted to summarize all types of benefits in place since 2005. Suvd et al. (2010) described the social welfare systems of specific countries, including Russia, Vietnam and Thailand, as comparative economies. This study showed that there is an increasing urgency to reform social welfare policy in Mongolia in terms of its efficiency, cost maintenance and success in poverty reduction.

The other significant study was an interview survey (Naranhuu et al., 2009) that aimed to re-define targeted groups which were receiving social assistance payments. The purpose was to develop a new system of redistribution and reduce social inclusions, whereby people received more than one benefit at the same time. It was considered that reducing the number of benefits would lessen the financial cost to the Mongolian taxpayer. Naranhuu et al. (2009) conducted an analysis on social expenditure by the government, to incorporate what impact this had on recipient families. They identified the impact of social assistance by conducting interviews with 771 families who were a randomly selected sample across the country. Naranhuu et al. (2009) found that the

social cash transfer is very significant for poor and lower income families in terms of their income. The benefit met 31.5% of consumption needs of lower income households. However, it turned out there was no difference for non-poor people who received the benefits. Naranhuu et al. (2009) suggested that the cash payment rate should be increased because it was too small an amount for the needs of poor. Also, there is need to improve targeting so that only poor people get benefits. Finally, this study made a recommendation that the social welfare policy would need to be transformed in the near future.

According to these surveys, the government needs to retain a system of these social welfare benefits because these benefits are providing essential income to poor households. These can help people increase their consumption and reduce their poverty to some degree. The reports also show social benefits should be directed to genuinely needy people, otherwise it would not achieve its main goal and waste money. Most of the policies were derived from unwise political promises. There are no clear outcomes and expected impact, even though assessment or evaluation in policy making and implementation is seen as desirable. It is also clear that the government should create jobs in addition to provision of benefits. The international donor organizations also have advised that social policy should take into consideration impact, not only input and output.

Lu stated that a “[h]igh level of social welfare is vulnerable to sudden economic changes” (2001). It is apparently true that Mongolians enjoyed a fully state-financed welfare in the socialist period as well as during the time of economic growth in recent years. However, it can be risky to maintain this level of assistance when there is a reduction of economic growth and decline in the state budget. Thus, the recommendation is that the government should focus not only on providing social assistance for people, but also needs to support people who are dependent on it by creating jobs and re-training. In other words, the government needs to address the current problem that welfare is not consistent, and, instead, shift the emphasis of welfare towards to future work. Finally, the government should be evaluating the effectiveness of social transfers and their impact on family living.

5.7 Conclusion

Mongolia is currently required to shift its socialist concept of social welfare policy and initiate reform in both the social welfare system and policy. In Mongolia, the

government continues to play a major role in defining social and economic policies. The government was established according to the results of political elections, according to the four yearly election cycles. The elections give the winning political parties total control of the government departments. However, it could also be noted that the principle of social protection policy did not change much even when left and right-wing government changed. Both the Democratic Party and the former Communist party have continued virtually identical policies when they led the government. In 2004 and 2008, the Mongolian Revolution Party has promised more monetary assistance over last two elections and its government has introduced numerous social cash transfers without means testing. The Ministry of Social Welfare and Labour is responsible for policy making in regard to social welfare and labour, and its implementation in both the short and long term. This central government department has four agencies, including the Labour and Social Welfare Services Office which mainly deals with the social care services in local areas.

In general, Mongolia has achieved partial success with the establishment of an actual social welfare system, and provided a legal environment in the market economy environment in a relatively short period. The government has introduced many kinds of social services and social assistances since 2004. It is a good start; however the social welfare system has continuing problems in targeting and there has been a considerable increase in universal cash transfers. The sharp increase of cash transfers caused high price inflation and resulted in an increase of poverty amongst society. Most importantly, there is no sustainability of social expenditure. The government faced a financial crisis in 2008. The state funded social assistance was at risk. The 2008 financial crisis made the problems worse for the government and for the people. Recent studies found that social cash benefit income for vulnerable and disadvantaged people in rural areas now totalled a one third share of total benefit expenditure (Suvd et al., 2010). In these situations, the government has accepted the penetration of proxy means testing in targeting of social assistance policy. The beneficiaries are extremely dependent on social cash benefits even when they are healthy and can work.

Therefore, it follows that the reforms of the social assistance policy have been needed, essentially, over the last twenty years. However, the situation was nevertheless unusual in terms of the market economy, because of the rapid increase in cash transfers, which would be more expected in a socialist period. Of course, people were pleased to get cash transfers. Unfortunately the quick increase of social cash benefits was not fruitful in

terms of poverty reduction and economic growth in Mongolia, because it did not meet the genuine needs of people who needed assistance. There were confused purposes, and inappropriate assumptions, even in the monitoring of policy implementation of these cash transfers. Therefore, the current practice of reaching to unsustainable political promises requires reform.

Finally, during the last twenty years, the social welfare system in Mongolia totally changed from socialist principles into market economy conditions. The development of social welfare could be defined as following stages:

1. Frozen period or the start of the welfare state (1990-1995)

Since the 1990s social welfare did not properly provide the social care and services because of financial difficulties and the cutting off of economic assistance from the Soviet Union. The government focused on economic changes initially, rather than on social policy, between 1990 and 1995. During this period the social issues were not prioritized. Therefore, it can be seen as the frozen period of social welfare.

2. Formative period (1995-2005)

During this period the governments had recognized social consequences as serious after the time of “shock therapy”. Problems such as increased poverty, growth of unemployment, and health deterioration came to be seen as requiring social care and assistance from the government. The government established a welfare state system and implemented actions which initiated the social welfare system under market economy conditions. Thus, this could be named the formative period of social welfare.

3. Expansion period (2005-2010)

Since 2005, there was a dramatic change in social expenditure in Mongolia. During this period, Mongolia experienced economic growth, and as a result the government sharply expanded its applications of social policy. Indeed, social care was enriched in type of service and assistance, in which there was an attempt to find genuine the needs of the beneficiaries. The social welfare system in Mongolia is relatively young. Mongolia since the earlier 1990s moved towards promoting a market economy, while at the same time protecting individuals from negative impacts of the market. In terms of types of welfare, social welfare in Mongolia is a protective social welfare (Rudra, 2007). As in theory, political power plays the most important role in developing social assistance policy in Mongolia. In other words, the expansion of social assistance emerged as a result of political electoral competitions rather than poverty reduction policy. Therefore, this cannot be sustainable for the long term. Indeed, the financial crisis in 2008 influenced the decline in social transfers. This made an opportunity to reform the

political promises for social welfare in the future. The government's efforts have made some improvements in the social welfare system through policy reforms. However, there is lack of policy research and skills in Mongolia. The model by Cichon et al. (2004) could be of assistance to developing countries such as Mongolia because it provides a total normal transfer ratio and financial affordability. This model was estimated to have a positive impact on social expenditure to economic growth, therefore it should be useful for policy makers to make better policy inputs as well as outcomes.

It should be remembered that, compared with other developing countries, Mongolia is a country with a relatively small population. The continuing main problem is that one third of the total population is poor. In terms of social welfare policy, the government attempts to reduce poverty as well as assist vulnerable people in Mongolia. In fact, nowadays an improved social protection is very important in making a significant difference to the disadvantaged. Indeed, all parties are focussed on promises to combat poverty and inequality. Therefore, the next stage is to look to other countries with similar problems to see where there are ideas on social welfare that might be usefully adapted. In the next chapter the response of the other post-communist countries will be surveyed.

Chapter 6 Comparison with similar developing countries

6.1 Introduction

In general, welfare state development and its changes are determined by national politics, economic forces and demography (Cameron, 1978, Katzenstein, 1985, Pierson, 1994, and Garrett, 1998 (as cited in Orenstein, 2009, p. 129). Standing suggested two helpful terms to describe post-communist social policy: 'service heaviness' and 'transfer lightness' (as cited in Lendvai, 2004, p. 322). The whole of the former communist system has a similar system in their social welfare and support policy as a consequence of similar social and economic backgrounds in the socialist epoch. These countries had social security systems with universal coverage including full employment, free education, and health care (Aidukaite, 2009, p. 100; Cerami, 2006). This chapter argues that the transformation of social welfare depends mostly on the use of political power in developing better economic development and democracy in a country. There are different background settings in every country however, and social welfare has followed different developmental paths, because there are different choices in terms of economic and political pathways. This chapter focuses on the commonalities and differences between some former communist countries in the transition period. These findings are discussed, including use of the human development index and social protection index, and their relevance to social welfare policy in these settings is assessed, together with the effectiveness of attempted solutions to problems. As Manning put it: "it is difficult to find comparisons based on the outcomes of social policies, or social problems" (2004, p. 218). In practice, it was not easy to compare former communist countries, in terms of numbers of countries (over 20 countries) with different living standards and economic developments. Most academic literature surveyed investigated social policies in the Central and Eastern European countries, including Russia. There was no comparative study which included Mongolia in terms of social policy development. The findings of this chapter should be interesting and important if only because the comparison has not been attempted previously. Currently, the political, social and economic transition of post-communist countries is still under discussion, and research in the academic world is still in the process of producing coherent theory. In any case it should be remembered that every country has a specific story which has influenced its social development.

6.2 Comparison of transition phenomena

In general, in the earlier transition period, it appears the direction of economic reforms in Mongolia followed the “East European model” (Lu, 2001). Some of the Central and Eastern European countries, like Poland, Russia and Mongolia, have chosen a similar approach during their transition period which has been called ‘shock therapy’ (Cerami, 2006; Kozminski, 1992). However, earlier in the 1990s there were local differences in approach between the countries. East Germany attempted to implement the shock therapy approach but West Germany still had to assist at times. Hungary and Romania had different political situations and as a consequence they have started with macroeconomic reform. In contrast, in Poland workers staged a revolution which resulted in an economy under the control of the workers. Russia had rushed to reform its old socialist regime, which had severe social effects for its population, while Mongolia made a conscious political decision which prioritized individual liberties and promoted civil rights, which assisted common welfare (Kumssa & Jones, 1999).

Every post-communist country in Central and Eastern Europe has started to reform its approach to the market economy in the 1990s. As stated in Chapter Four, the economic situation worsened in the post-communist countries where, for example, there was a huge recession. Eastern European inflation reached peak levels, averaging 610 percent, after comprehensive liberalization and privatization (Murrell, 1996). At the same time, most of the former communist countries showed some reasonable achievements in their social development during the socialist period. In terms of their economies, the Central Eastern European countries such as Germany, the Czech Republic, Hungary, and Poland were more developed than other post-communist countries. These countries had followed the central planned economy for forty years after World War Two. It might be suggested that the maturity of the economy during the pre-communist period may have caused more successful economic development than for the rest of the post-communist countries even in the state-socialist period. In general, compared with industrialized countries, the post-communist countries have a record of relatively low levels of social spending and high income inequalities, which seems more correlated with a neo-liberal philosophy.

In terms of the economic direction of the transition, the post-Soviet Union countries and Mongolia have economies which are heavily dependent on raw materials exports, compared with those of the Central Eastern European countries. By contrast, post-

communist Central and Eastern Europe countries have preferred to move to a 'straightforward neo-liberal' economy (Lithuania, Latvia and Estonia) and an 'embedded neo-liberal' economy (Czech, Hungary, Slovakia and Poland) in terms of their macro-economic policies.

The 'straightforward neo-liberal' refers to deregulated labour market institutions with low taxation levels and low-value-added export strategies based on resource-intensive and/or unskilled (cheap) labour-based industrial production. Whereas, an embedded neo-liberal strategy is a compromise between liberalisation and social protection, which is more emphasised and mainly centred on foreign direct investment and more technological exports and more advanced labour skills (Cerami & Vanhuysse, 2009, p. 8).

Table 11 below shows the economic performance of the Central and Eastern countries and Mongolia, by GDP per capita over the last two decades as per an estimation of the World Bank 2010. This covers the period since transition until 2008. In terms of GDP per capita, similarly, almost all post-communist countries had a decline until 1995, except Germany, presumably as a result of transition shock including economic and financial difficulties. However, since 1995, all these countries have shown a gradual upward trend in economic growth until 2009. The Central and Eastern European countries such as Germany, the Czech Republic, Slovakia, Hungary, Lithuania, Latvia and Estonia have better achievements than the rest of the countries.

There was similar lower level of GDP per capita in Central and Western Asian countries such as Armenia, Kyrgyzstan, Moldova, Mongolia, Tajikistan and Uzbekistan, compared with that of the post-communist neighbouring countries during the period. In other words, the economic performance of Mongolia was very close to Kyrgyzstan, Moldova, Tajikistan and Uzbekistan in terms of GDP per capita, which was under one thousand dollars. Moreover, in terms of GDP per capita, there was almost the same benchmark for those countries to reform at the start of transition.

Table 11: GDP per capita (constant 2000 US\$)

Country	1990	1995	2000	2005	2009
Armenia	795	462	621	1110	1299
Azerbaijan	1251	488	655	1183	2303
Bulgaria	1671	1519	1601	2177	2542
Belarus	1410	920	1273	1844	2556
Czech Republic	5336	5100	5521	6658	7225
Germany	19428	21073	23114	23735	24410
Estonia	3822	2946	4144	6271	6113
Georgia	1572	478	678	998	1199
Hungary	4240	3778	4690	5854	5833
Kazakhstan	1612	1023	1229	1978	2376
Kyrgyzstan	465	227	279	321	385
Lithuania	4291	2533	3267	4874	5154
Latvia	3901	2364	3302	5047	4973
Moldova	-	363	354	505	554
Mongolia	496	420	456	585	716
Poland	3097	3410	4454	5224	6331
Romania	1896	1742	1651	2260	2607
Russian Federation	2602	1618	1775	2443	2805
Slovakia	5211	4427	5326	6769	8042
Tajikistan	426	149	139	206	249
Turkmenistan	1042	569	645	1297	1827
Ukraine	1387	670	636	960	987
Uzbekistan	685	500	558	684	893

Source: Retrieved from World Bank Development Indicators Database (2011b).

In the transition period these countries have faced social problems such as poverty, malnutrition, homelessness, health degradation and inequality. Life expectancy, maternal and infant mortality, and employment worsened in these countries (Bridge, 2004; Careja & Emmenegger, 2009; Kumssa & Jones, 1999, p. 202; as cited in Manning, 2004, p. 215). With the collapse of the planned economic system, the post-communist countries have similar problems and were not able to provide for social benefits as was previously the case, because these countries' social policy and assistances were fully tied to public funds (Motiejunaite & Kravchenko, 2008). For instance, the 1993 UNICEF study found in Russia, from 1991 to 1993, the birth rate dropped by twelve percent, the death rate increased by twenty-six percent, the marriage rate declined by twenty percent, the infant mortality rate increased by four percent, and the mortality rate of middle-aged adults (especially for males) rose by thirteen percent

(as cited in Murrell, 1996, p. 39). In Latvia, by 1995, the infant mortality had increased by nearly two-thirds of that of 1989. In Romania, school enrolment decreased by fourteen percent in 1995, compared with 1989 (UNICEF, 1997).

According to Table 12, there was no officially recorded unemployment in 1990 in most countries. In fact the rapid reform was accompanied by high unemployment in most Central Eastern European (the CEE) countries such as Bulgaria, Hungary, Poland, and Slovakia. For example, in 1995 Poland had a 15.2 percent unemployment rate, and Hungary 10.4 percent, Slovakia had 13.8 percent. In 2000 Slovakia was the highest 18.2 percent, Bulgaria -18.1 percent and Poland 14.0 percent in unemployment rate, respectively. By contrast, the rest of the countries, namely the former Soviet Union countries and Mongolia, did not face high unemployment compared to that of the Central Eastern European countries. However, there may be a relationship to unemployment registration in the Central and Western Asian countries including Mongolia, because these countries still have a lack of research and survey skills in compiling official statistics. In addition, there were two notable phenomena, whereby first, restructuring within enterprises had proceeded less rapidly in the former Soviet Union. Secondly, the shift from enterprise-based social protection was slower in the ex-Soviet republics (Murrell, 1996, p. 37). It might also be that the CEE was more industrialized than was the case in former Soviet Union countries. Workers in industries could not work as was the case previously, because state factories were closed down, whereas agricultural sectors could remain as providers of employment.

Table 12: Annual registered unemployment rate, by countries (average per cent of labour force)

	1990	1995	2000	2005	2008
Armenia	-	6,6	11,7	8,2	6,3
Azerbaijan	-	0,8	1,2	1,4	1,0
Belarus	-	2,9	2,1	1,5	0,8
Bulgaria	-	11,4	18,1	11,5	6,3
Czech Republic	0,3	3,0	9,0	9,0	5,4
Estonia	-	4,1	5,3	3,9	-
Georgia	-	2,6	5,2	2,0	-
Hungary	0,8	10,4	8,7	-	10,8
Kazakhstan	-	2,1	3,7	1,2	0,6
Kyrgyzstan	-	2,9	3,0	3,3	2,9
Latvia	-	6,6	7,8	7,4	-
Lithuania	-	6,1	12,6	5,4	5,9
Moldova	-	1,4	2,1	2,0	1,6
Mongolia	-	5,4	4,6	3,3	2,8
Poland	3,4	15,2	14,0	18,2	-
Romania	-	9,5	10,5	5,9	4,4
Russian Federation	-	3,3	1,4	2,5	2,0
Slovakia	0,6	13,8	18,2	11,6	7,7
Tajikistan	-	2,0	2,7	2,1	2,2
Turkmenistan	-	-	-	3,7	-
Ukraine	-	0,4	4,2	3,1	3,0
Uzbekistan	-	0,3	0,4	0,3	-

Source: Retrieved from TransMONEE database of UNICEF (2010).

Careja and Emmenegger found that “in the case of post-communist countries, the impact of parties’ ideological stance on social policy reforms is not systematically researched, particularly in the case of centrist parties”, and “the left parties did not follow social democratic social welfare policies as described by Esping-Andersen” (2009, pp. 168-169). It was evident that only political power was in a position to heavily affect reform and the reform did not depend directly on public participation (Careja & Emmenegger, 2009; Chandler, 2001). Some post-communist countries such Belarus, Turkmenistan and Russia were reluctant to accept international influence and there were still issues remaining of historical national identity and domestic politics (Chandler, 2001). By looking at social welfare reforms in the post-communist countries, there is evidence that the welfare state that emerged was a quick temporary response to the extreme conditions, as stated by Inglot (2009) and Vanhuyse (2009). These systems still

need further reform which depends on political power and democracy. Vanhuysse stated that even in the countries where reforms were advanced, like Hungary, Bulgaria and Romania, their liberal policies needed change in response to class-based economic protests and high levels of dissatisfaction over past few years.

Murrell (1996) found that the level of participation of people in political and economic activities of the post-communist countries had changed between 1989 and 1994, as shown in Table13 below. However, this study has not been updated since the 2000s. This has been partly compensated for by using data from similar recent studies. The democratic right index defined a scale in which 100 is the maximum achieved anywhere in the world, and the minimum is zero. By looking at the democratic right index, Mongolia was judged to have a strong democracy and was at a similar level to that of the Central Eastern European countries, but was considered much more democratic than Azerbaijan, Tajikistan, Turkmenistan and Uzbekistan, in 1994. Mongolia has shown strong political liberalization by dramatically changing its political system and legal environment. In 2010, in the post-communist countries in Central and Eastern Europe, Mongolia and Ukraine the level of democracy continued to be superior when contrasted with other post-communist countries like Russia and Central Asian countries. In terms of government revenue in 1994, most countries saw a decline of more than thirteen percent, with better performance from Azerbaijan, Poland and Ukraine. Although the trends were uneven in the countries in 2010, most countries showed a decline in government revenue which could be correlated with the financial crisis of 2008.

Table 13: Political and Economic Liberalization, 1989-2011

	Democratic Rights Index1989	Democratic Rights Index1994	Democracy index2010(rank)	Government Revenues % of GDP 1989	Government Revenues % of GDP 1994	Government Revenues % of GDP2010	Economic Degree of Freedom 1989	Economic Degree of Freedom 1994	Index of Economic Freedom2011
	1	2	3	4	5	6	7	8	9
Armenia	25	58	4.1 (109)	52	28	22	3	43	70
Azerbaijan	25	17	3.2 (135)	26	35	n/a	3	37	60
Belarus	25	50	3.3 (130)	38	35	35	3	37	48
Bulgaria	0	83	6.8 (51)	60	38	32	13	73	65
Czech Republic	17	92	8.2 (16)	62	51	29	0	90	70
Estonia	25	75	7.7 (33)	43	35	37	7	90	75
Georgia	25	33	4.6 (103)	32	8	25	3	37	70
Hungary	58	92	7.2 (43)	59	52	41	37	87	67
Kazakhstan	25	25	3.3 (132)	41	17	9	3	40	62
Kyrgyzstan	25	58	4.3(103)	39	24	19	3	77	61
Latvia	25	75	7.1 (48)	52	36	25	3	80	66
Lithuania	25	83	7.2 (41)	50	25	28	3	83	71
Moldova	25	50	6.3 (65)	35	17	33	3	57	56
Mongolia	0	75	6.4 (64)	49	28	29	0	67	60
Poland	58	83	7.1 (48)	41	46	30	23	87	64
Romania	0	58	6.6 (56)	51	33	n/a	0	73	65
Russia	25	58	4.3 (107)	41	28	35	3	67	51
Slovakia	17	75	7.4 (38)	62	50	29	0	87	70
Tajikistan	25	0	2.5 (149)	40	27	n/a	3	30	54
Turkmenistan	25	0	1.7 (165)	32	6	n/a	3	23	44
Ukraine	25	58	6.3 (67)	26	42	35	3	27	46
Uzbekistan	25	0	1.7 (164)	35	33	n/a	3	43	46

Source: Retrieved from Murrell (1996, p. 28) for Column 1-2 and 4-5 and 7-8; and from The Economist Intelligence Unit (2010) for Column 3 (Full democracies--scores of 8-10, Flawed democracies--score of 6 to 7.9, Hybrid regimes--scores of 4 to 5.9, Authoritarian regimes--scores below 4), from the World bank (2011b) for Column 6, and from Heritage Foundation and The Wall Street Journal (2011) for Column 9 (100-80 free, 79.9-70 mostly free, 69.9-60 moderately free, 59.9-50 mostly unfree, 49.9-40 repressed)

The World Bank defined the Economic Liberalization Index as follows:

The economic liberalization index is a weighted average of estimates of liberalization of domestic transactions (price liberalization and abolition of state

trading monopolies), external transactions (elimination of export controls and taxes, substitution of low to moderate import duties for import quotas and high tariffs, current account convertibility), and entry of new firms (privatization and private sector, or non state, development) (World Bank, 1996, p. 14).

Economic liberalization indicated that there was a relationship between individual and old institutions and establishment of private sectors. In other words, reforms of old bureaucratic systems can be measured. Mongolia had a dramatic change in economic freedom in 1994, compared with that in 1989, and it moved from a value of zero to sixty seven. In other words, the government had given encouragement to establish new private businesses.

Mongolia was similar to the Czech Republic, East Germany, Estonia, Kyrgyzstan, Latvia, Lithuania, Romania, Russia and Slovakia. The rest of the countries in Table 13 (see above) had less marked progress, which meant reform was still in its infancy in 1994 (Murrell, 1996). From the Index of Economic Freedom in 2011(see table 13 above), it appears that Mongolia was still not a fully free country; however, most of the comparative countries have increased their economic participation in private businesses. Countries such as Turkmenistan, Ukraine, Uzbekistan and Belarus are still not considered free; Moldova, Russia and Tajikistan still have some problems to face, particularly in encouraging private businesses and transferring capital and goods. The transformation of social welfare in these countries including Russia, Azerbaijan, Kazakhstan, Belarus, and Turkmenistan was somewhat complicated because there were authoritarian regimes, economic populist policies, and controls on the media by the Kremlin, even although the poverty rate reduced (Dimitrov, 2009). The political leaders of those countries used social benefits as election tools by utilising the wealth from natural resources. For example, Turkmenistan was able to isolate itself from Western nationalism. This showed that there are still strong centralized regimes remaining from the time of Russian control in former Soviet republic countries, and a comparatively weak influence from the western sector (Persson, 2010).

Mongolia is very different from these former Soviet Union countries in terms of its unique democratic revolution and high level of democratization in the political area. However, there are still some unclear outputs in terms of social development (Brogger, Norgaard, & Cummings, 2004; Ganbat, 2004; Landman, Larizza, & McEvoy, 2005; Lee, 2005). It is also noticeable that the election promises of politicians in Mongolia continue to dominate policy. Needless to say, populist policy interferes with social

welfare reform, as it has in the above-mentioned countries, because such policies are not secure and sustainable for long periods.

Manning (2004) made a valuable comparison between post-communist countries by using the Economic Liberalization Index of the World Bank 1996 study. By this measure all post-communist countries had different transition pathways in terms of the speed of changes implemented. Manning found that there were four major groupings of social policy reform. Starting with the most developed, this first group included Poland, Hungary and the Czech and Slovak Republics; the second group included Estonia, Lithuania, Bulgaria, Latvia, Romania and Mongolia; the third, Kyrgyz Republic, Russia, Moldova, Armenia, Georgia, and Kazakhstan; and the fourth, with less or no reform, Uzbekistan, Ukraine, Belarus, Azerbaijan, Tajikistan and Turkmenistan (as cited in Deacon, 2000; Manning, 2004). Mongolia was similar to the second group of these countries. The willingness to engage in economic and political reforms and changes in privatisation, price liberalization and institutional and social reform in Mongolia has been evident in findings of the Murrell's study (1996) and other relevant surveys.

Economic and political positions have directly influenced the resulting welfare regimes. There were numerous arguments among scholars about the welfare regimes which were being established in the post-communist countries. However, there were more arguments and discussion about the Central and Eastern European countries, and not many about the former Soviet Union countries and Mongolia, which can probably be related to data availability.

One scholar, Deacon, claimed that the Czech Republic, Hungary, Poland, Estonia were similar to a West European welfare state, with a mix of Bismarckian-style insurance and Scandinavian-style state financing (Deacon, 2000). Deacon stated that the social welfare was "a conservative, corporatist kind of welfare policy. It could be readily converted into insurance-based, wage-related and differentiated benefit entitlements of the Austro-German, Bismarckian kind" (2000, p. 152). However, Deacon's earlier assumption did not match the evidence. Later Deacon assessed Hungary as having a "liberal-capitalist" welfare system, Poland with a "post-communist conservative corporatism" and a "social democratic" regime was employed in Czechoslovakia (as cited in Szikra & Tomka, 2009, p. 27). Bulgaria and Romania were late reformers, which also had "post-communist conservative corporatist type" (Sotiropoulos, Neamtu, & Stoyanova, 2003).

Most of the countries have quickly changed from their earlier communist regime and compiled a mixture of social democratic and conservative ideology after the transition into a market economy (Szikra & Tomka, 2009).

The recent study by Cerami and Vanhuysse has argued that post-communist social welfare is not closely described according to Esping-Andersen's typology, because not only does it have its own pathway, which has built by following socialist ideology rather than the western, but also there were many influential socioeconomic factors such as political competition, public beliefs, interest group preferences, ideational diffusion and gendered political decisions (Cerami & Vanhuysse, 2009) (see Appendix 7). In other words, it could be claimed that the social welfare of post-communist countries has been made of a mixture of synthesized socialist and capitalist ideas, and has changed by keeping some old vestiges of policy, because although social policy transformation was still intended core principles of socialist ideas remained, including freeing women from work and family based policy (Cerami & Vanhuysse, 2009). Similarly, Potucek (2009) stated that the logic of post-Communist development was towards a conservative, corporatist kind of welfare policy and a response to government budget pressures. However, combined with the conditions laid down for the receipt of International Monetary Fund (IMF) and World Bank loans, there was encouragement for the development of residualist welfare policy of a liberal state. All post-communist welfare states represent a very special mixture of conservative corporatist and liberal regime types with a flavour of limited universalistic elements as well (see Appendix 7).

Deacon (2000), Ferge and Juhasz (2004), Horibayashi (2006) and Teplova (2007) have affirmed that post-communist countries mainly followed a neo-liberal concept with marketization and means-testing in their social welfare development, which was according to the advice from the World Bank and IMF in mid the 1990s. These countries have received this advice, as well as financial assistance, because of lack of financial resources. However, Ferge (2001) and Standing (1997) argued that the post-communist countries were reluctant to follow through the social policies which had been recommended by the World Bank and the IMF because they considered this was not suitable in post-communist development (Standing, 1997, as cited in Van Mechelen & De Maesschalck, 2009). The international aid agencies had a 'hidden agenda', which mainly supported economic reform with less encouragement of social policy reform (Ferge, 2001). Standing criticized the European Union for not taking part in this social policy in the transition period (Standing, 1996, as cited in Lendvai, 2004).

A study by Fenger (2007) attempted to define welfare regimes in the Central and Eastern European countries by using quantitative data. Fenger divided countries into three groups: a former-USSR type (Belarus, Estonia, Latvia, Lithuania, Russia and Ukraine); a post-communist European type (Bulgaria, Croatia, Czech Republic, Hungary, Poland and Slovakia); and developing welfare states type (Georgia, Romania and Moldova). Unfortunately, his study did not include Central Asian republics and Mongolia.

6.3 Comparison of welfare system and policy changes

There is a continuing difference between post-communist countries in terms of economic development, even during the command economy. Eastern European countries such as Germany, Czechoslovakia, Hungary, Poland and the Baltic countries have similar and better standards of living compared to other Central Asian countries and Mongolia (Forster & Tóth, 2001). Their pre-communist situations have made it easier for them to reconstruct a new welfare system after the transition shock. Thus, most Eastern countries overcame difficulties much quicker and more successfully than Soviet Union countries and Mongolia in terms of maintenance of a welfare system and provision of direct emergency assistance to their society (Inglot, 2009).

As Szikra and Tomka (2009, p. 19) stated, “communist countries have had their own Marxist-Leninist welfare historiography” which was one of the communist requirements. The social assistance policy was mainly designed to provide family benefits, child allowances, and unemployment benefits in those countries in the 2000s (Ferrarini & Sjoberg, 2010). During the transition period, social expenditure was different in all of the countries undergoing reform. For example, with their low incomes former Soviet republics spent less than half of that spent by Central and Eastern European (CEE) countries on social protection, in the mid-1990s (Klugman, Micklewright, & Redmond, 2002).

However, social assistance plays a significant role in the survival of vulnerable families in the former Soviet republics. This is also the same situation for Mongolia. There was a small increase in total social expenditure in the CEE countries; however, the amount of social assistance benefit did not change and in some instances actually decreased during the transition. In general, since the mid-1990s there was an upward trend in social spending over the CEE countries (Alber & Standing, 2000). But the same problem

occurred in all post-communist countries, especially where cash benefits were not targeted to poor people. In countries such as Tajikistan and Moldova, social assistance did not reach all eligible people, and Russia and the Ukraine spent only six percent of social assistance on one fifth of the poor population in the mid-1990s (Klugman, et al., 2002). With continuing financial difficulties and with the assistance of frequent advice from the World Bank and the International Monetary Fund, the post-communist countries introduced, in the earlier 1990s, a minimum-income-guaranteed system as their designed safety net for market economy conditions. Mongolia has chosen a similar system, which helps to define welfare eligibility. A majority of these countries has started to use means-testing for providing social assistance for their citizens, after the transition economy (Cerami, 2006). This means testing has several additional criteria. With the intention of incorporating this means-tested approach, Mongolia initiated their “Child Money Program” which used eleven additional indicators. Similarly, Poland’s 1990 law on social assistance lists eleven such additional criteria, Latvian 1994 law lists four additional criteria, at least one of which must be present, in addition to low income, before a household can be eligible for social assistance (as cited in Milanovic, 1998).

The social welfare reforms that were started in each country varied depending on the conditions of the country. For instance, Kazakhstan and Moldova tested and implemented targeting in social assistance policy such as Housing Allowance, Targeted Social Assistance, Social Assistance, and Family Assistance, in the late 1990s. These forms of social assistance were in cash payments for poor households, selected according to income and other criteria. Kazakhstan achieved more than Moldova in targeting and changes of structure of social assistance. However, Moldova made some changes including simplifying their Soviet-era structure. In terms of targeting of social assistance, after 2000 Russia started a similar set of policies to those in Mongolia rather than compared to those in the CEE countries.

Russia implemented targeting policy through the social assistance through its “Law on Monetization” in 2005. This was not intended as a social service for all people, it was more a cash-out policy for certain groups of under privileged beneficiaries, such as people with disabilities or Second World War veterans. This law implementation achieved little, other than a somewhat improved accounting system. There were many criticism show ever of Russia’s lack of transparency, insufficient information for beneficiaries and scarcity of professionals (Alexandrova & Struyk, 2007). Similarly, Mongolia has learnt from its Child Money Program. However, it has continued to suffer

from errors with its inclusions and exclusions. Nevertheless, it was good that countries have tested targeting policy despite many failures, because with the effort, some improvements have been evident.

There were various types of social assistance such as hot meals, food, vouchers payment of utilities and provision of wood and coal in most countries, such as Mongolia, Lithuania, Ukraine, Poland, Latvia and Estonia. Similarly, Mongolia and the former Soviet Union still have at least some categorical or indicator-based targeting of social assistance (Milanovic, 1998).

Table 14: Social assistance schemes in some CEE countries and Mongolia

Countries	Beneficiaries	Criteria	Financed by	Means-testing	Type of social assistance
Bulgaria	All resident citizens who registered at the employment office	Guaranteed Minimum Income	State budget	Very strict means-tested	Cash payment Services Counselling Home services
Czech Republic	All resident citizens who are below minimum standard of living	Minimum Subsistence Level	State budget	Income tested for some benefits and non-tested benefits	Social insurance State social subsidy Social assistance
Estonia	All resident citizens who are unemployed and below minimum income	Minimum Subsistence Level	State budget	-	Social need benefit Supplementary social benefits Counselling Home and housing services Provision of prosthetics, orthopaedics Foster care and other cares
Hungary	People eligible for certain groups	No Guaranteed Minimum Income, some similar provisions	State budget, but strongly reduced	Means-tested	Family allowance Childcare assistance Tuition fees Benefits for elderly Unemployment benefit Regular assistance for disabled Other assistances
Latvia	Persons over 15 years old, unemployed and who accept a suitable job and retraining measure	Guaranteed Minimum Income	State and local authority budget	Means-tested Family benefits are universal	Material help Social care Social rehabilitation

Countries	Beneficiaries	Criteria	Financed by	Means-testing	Type of social assistance
Lithuania	All resident citizens and permanent residents who registered at the employment office and did not refuse a job offer and retraining	Minimum Subsistence Level	Municipalities' and local budgets	Mostly means-tested and non-tested	(Broad scheme of social assistance) Social pension Families allowance Reimbursement for cost of heating and hot water Public transport subsidies Numerous benefits in kind Social benefits in need
Slovakia	Citizens who are unable to have sufficient income and are registered at employment office	Minimum Living Standard	National budget, Budget of municipalities and non-governmental	-	Social insurance State social support Social care
Poland	People who are unemployed and accept a suitable job and retraining measures, some certain disadvantaged groups	Minimum Subsistence Level	State and local budget	Some non-means tested	Temporary allowance Special temporary allowance Various benefits for handicapped person
Romania	People who are unemployed and accept a suitable job and retraining measures	Guaranteed Minimum Income	State and local budget	Means-tested	(Broad scheme of social assistance) Social aid in cash in kind Counselling Home service Social pension Social unemployment benefit
Mongolia	People who are eligible for certain groups	Minimum Living Standard	State budget	Income tested for some benefits and non-tested benefits	Social pension Families allowance Cost for apartment and coal and wood Public transport subsidies for elderly Numerous benefits in kind Food stamps Social aid in cash in kind Social unemployment benefit

Source: Retrieved from Cerami (2006, pp. 149-156).

Social assistance in the CEE countries has strong similarities and few substantive differences. Similarly, CEE countries as well as Mongolia have a minimum level of consumption of goods and services as a means of defining the living standard of citizen and households. The broad social assistance scheme in Lithuania and Romania is closer to Mongolia in terms of the type of social assistance provided. In terms of beneficiaries, Mongolia establishes eligibility for people in a different fashion to that in Hungary. For means testing, Mongolia is similar to the Czech Republic, where some eligibility is income tested and some non-tested. In Mongolia, social assistance is distributed through local governments. It is fully state funded, like Bulgaria, the Czech Republic, Hungary and Estonia. As Cerami (2006) noted, all CEE countries used means-testing by the mid-1990s, in their social assistance programs, such as for establishing eligibility for social cash benefits, and family allowances.

The CEE countries have family policy which has been well developed since the state-socialist period. This includes maternity benefit, birth grants, and child benefits. This maternity leave and allowance was common and was the largest form of social assistance in these countries, as well as in Mongolia. This type of assistance was mainly aimed at stimulating population growth during the socialist period. However, during the transition period the policy focus changed to targeting increasing poverty.

The welfare model has changed in all post-communist countries since the 1990s. The International Social Security Association has produced research on reforms in the post-communist countries. For example, there are a number of areas chosen: old age; disability and survivors; sickness and maternity; work injury; unemployment; and family benefit. There has been an incremental change in old-age security, family assistance, and rapid change in unemployment benefits. Social welfare has transformed into a social insurance system, which is more suitable in market economy conditions. The former Soviet Union countries such as Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Russia, Turkmenistan, Ukraine, Uzbekistan and the Czech Republic have universal health systems for sickness and maternity. Family benefits are based on different criteria, and include social assistance and social insurance systems. Most Central and Eastern European countries such as the Czech Republic, Poland, Romania, Slovakia, Hungary, Latvia, and Lithuania have a universal system (International Social Security Association, 2011).

Reforms are primarily aimed to ensure financial sustainability of the new system, to provide differentiation of benefits, introduce market elements, and guarantee, at least, a basic income for the citizen. In the mid-1990s, most countries started to reform their pension schemes, and after 2000 the reforms were extended to cover social assistance systems.

The social policy reform was slower than the economic, legal and political reforms because there was little attention directed to this aspect in the post-communist countries during the transition period (Deacon, 2000; Lendvai, 2004; Murrell, 1996). However, there were very influential factors such as concerns for political power, the direction of international advisors, public requirements and expectations for change. The influence of the International Monetary Fund, World Bank and other international organizations has affected the direction of the development of social welfare in post-communist countries, and in general has been influenced the concept of liberal welfare policy (Chandler, 2001; Szikra & Tomka, 2009). These international organisations have played a significant role by giving policy advice, lending and technical assistance strategy.

6.4 Comparison of policy outcomes after 2000

Most of the post-communist countries except the Czech Republic, Slovakia and Hungary still struggle to eliminate social problems. Their social welfare system as yet cannot provide sufficient service to eradicate poverty. After 2000, most of the countries achieved seven to eight percent of economic growth annually, which continued until 2008. But the population did not derive equal benefits from the growth, because children, elderly people and women were still disproportionately poor (United Nations, 2010). Unfortunately, the 2008-2009 global financial crisis badly affected the social protection sector, producing weakness in the economy and an increase of public debt. There are still enough problems to produce variable achievements in social performance in these countries, depending on which policies could be implemented with the variable speed of change. It is not easy to compare these countries in terms of social welfare policies because there are uneven inputs to and outputs of the social policy (see Appendix 8). Therefore further analysis is needed of outcomes and reforms. One potentially useful measure is the Human Development Index (HDI) which is prepared by the United Nations Development Program.

This index makes it possible to measure the comparative economic as well as social development between countries. The HDI includes gross national income per capita, life expectancy at birth, and mean and expected years of schooling. “The Human Development Index is a composite index measuring average achievement in three basic dimensions of human development - a long and healthy life, knowledge and a decent standard of living” (The UNDP, 2010). In other words, this index can measure socio-economic achievements in the world. According to the HDI, countries such as the Czech Republic, Slovakia, Hungary and the Baltic countries appear stronger than the rest of the post-communist countries. The HDI in the Czech Republic was 0.841, the highest, and Tajikistan had the lowest, 0.580, among these countries in 2010. The Central Asian countries, including Mongolia (0.622), had the lowest indices among the countries according to the HDI. Overall, post-communist countries have a rank from medium to very high human development in the world, which means that there is reasonably high income GDP and expansion of GDP per capita, high level of education and its enrolments, and comparatively long life for citizens, which appears at least partly to be a consequence of economic and social reform policies.

During the last twenty years, most post-communist countries saw an average increase by 0.47 in HDI, with the exception of the Czech Republic, Slovakia, Estonia, Belarus, Azerbaijan, Georgia, Armenia, Uzbekistan and Turkmenistan. Only HDI of Tajikistan has reduced by 0.10 point. Mongolia had the highest increase to 0.90 point, followed by Hungary and Poland at 0.76 percent. However, the achievements almost doubled by an average of 0.96 in these countries. It ranged from 0.48 percent in Hungary to 1.77 percent for Azerbaijan growth (see Appendix 9).

Table 15: Average annual HDI growth rate by post socialist countries

HDI Rank	Country	1990–2010	2000–2010
28	Czech Republic	..	0,50
31	Slovakia	..	0,69
34	Estonia	..	0,63
36	Hungary	0,76	0,48
41	Poland	0,76	0,54
44	Lithuania	0,50	0,71
48	Latvia	0,63	0,81
50	Romania	0,54	1,06
58	Bulgaria	0,46	0,69
61	Belarus
65	Russian Federation	0,19	0,82
66	Kazakhstan	0,47	1,51
67	Azerbaijan	..	1,77
69	Ukraine	0,14	0,89
74	Georgia
76	Armenia	..	1,15
87	Turkmenistan
99	Moldova	0,06	1,21
100	Mongolia	0,90	1,43
102	Uzbekistan
109	Kyrgyzstan	0,18	0,84
112	Tajikistan	-0,10	1,61

Source: Retrieved from the UNDP (2010).

In recent years the United Nations also has started a comparison of inequality, adjusted according to human development between countries and regions in the world. “The HDI takes into account not only the average achievements of a country on health, education and income, but also how those achievements are distributed among its citizens by “discounting” each dimension’s average value according to its level of inequality” (The UNDP, 2010). The HDI is calculated by using income/consumption data from a national household survey using an international standard. Thus, it can describe human well-being in countries. The range is smaller than the HDI because every country has income inequality.

A new and better comparative indicator was established by the Asian Development Bank (ADB) and other international financial institutions after 2001, which related to improvement of poverty reduction and the promotion of social protection strategy.

The ADB has defined social protection as “the set of policies and programs designed to reduce poverty and vulnerability by promoting efficient labour markets, diminishing people’s exposure to risks, and enhancing their capacity to protect themselves against hazards and the interruption/loss of income” (Baulch, et al., 2008, p. 7).

In 2005 the ADB’s first initiative was to conduct a study of Social Protection Index (SPI). The subsequent study by Baulch et al. (2008) estimated the SPI for some Asian countries including Mongolia, Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan. However, this study did not include the CEE countries. The SPI helps to define and compare social policies in certain countries by region. In addition, this index can indicate the governmental effort which affects the social wellbeing of people, as well as poverty reduction. The SPI has been incorporated in the HDI.

According to Baulch et al.,

The Social Protection Index was derived from four component social protection summary indices based on:

- Social protection expenditure - SPEXP (enditure),
- The total number of beneficiaries in social protection programs - SPCOV(eration),
- The number of poor beneficiaries in social protection programs - SPDIST(tribution), and
- Social protection expenditure going to the poor - SPIMP(impact)

(2008, p. 20).

Table 16: Characteristics of Summary Indicators

Targeting	Variables	
	Expenditure	Coverage
General	SPEXP	SPCOV
Pro-poor	SPIMP	SPDIST

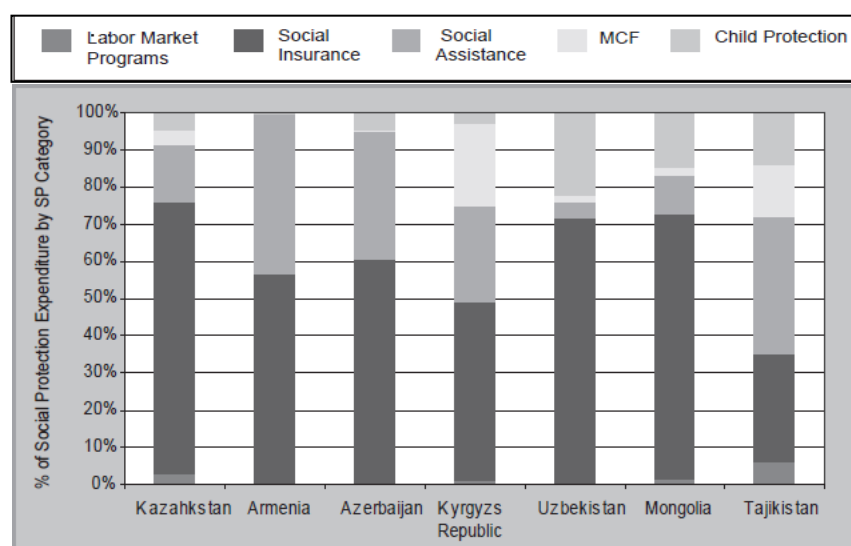
Source: Retrieved from Baulch et al., (2008, p. 20). (SPCOV = Social protection coverage, SPDIST = Social protection distribution, SPEXP = Social protection expenditure, SPIMP = Social protection impact)

Table 17: SPSI explanations

SPSI	Numerator	Denominator
SPEXP	Total expenditure on all social protection programs	Gross domestic product
SPCOV	Beneficiaries of social protection programs targeted at key target groups	Reference populations for key target groups
SPDIST	Number of social protection beneficiaries who are poor	Poor population
SPIMP	Average social protection expenditure for each poor person	Poverty line

Source: Retrieved from Baulch et al., (2008, p. 21).

According to the HDI, Central Asian countries and Mongolia have very similar ratings. Baulch et al. (2008) used the ADB classification of social protection to consider such indicators as labour market programs, social insurance, social assistance, microcredit finance and child protection (see Figure 8 below).

**Figure 8: Social protection expenditure by category of program**

Source: Retrieved from Baulch et al., (2008, p. 56) (MCF= Microcredit finance)

According to Baulch et al.,(2008) a high level of social expenditure was allocated to social insurance in all seven countries (see Figure 8 above).

In 2008, social assistance in Mongolia accounted for 24 percent of the total social protection expenditure, which was not a large proportion, but this was the highest among the Asian countries undergoing transition. In terms of social protection expenditure as a percentage of GDP (see Figure 9 below), the highest level was at 11% in Uzbekistan; the lowest level was in Tajikistan at 1.0%. Mongolia was the second highest at 9.8% of GDP. The overall coverage ratio was the highest in Mongolia (0.67) and Kyrgyzstan (0.67), and the lowest was 0.36 in Armenia. In terms of distribution effects, the highest share of poor people received social assistance in Kazakhstan at 90

percent, whereas it was the lowest in Armenia with 53 percent. Mongolia is third with 78 percent. The fourth indicator (see figure 9 below) showed that social protection programs generally were not reaching poor people. In the countries with the highest proportion reached, Kazakhstan and Uzbekistan were reported as having one half 50 percent reached, and the lowest was only three percent in Tajikistan. Mongolia has 33 percent of social protection impact, which placed it fourth in the list of countries. Overall, Mongolia has the highest spending on social insurance and covers many beneficiaries who are relatively well targeted. However, it has lower influence on the social protection expenditure directed to the income of poor people.

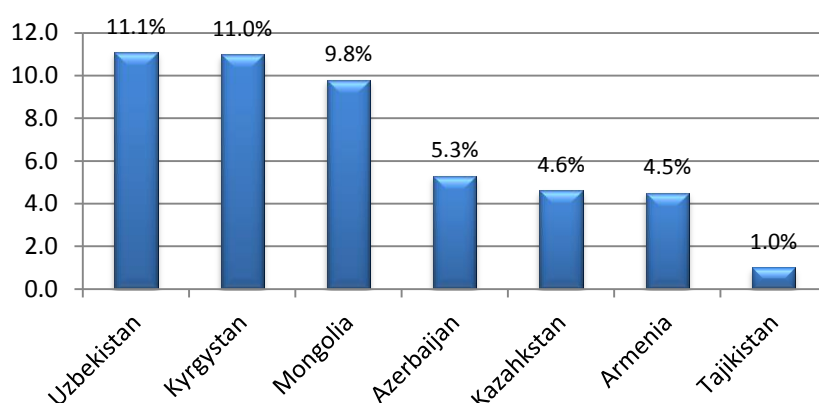


Figure 9: Social protection expenditure as percentage of GDP, by countries

Source: Retrieved from Baulch et al., (2008, p. 53).

On the whole, these Central Asian countries have relatively similar levels in the Social Protection Index, apart from Armenia and Tajikistan. There was an interesting result in that Armenia has an opposite measure for HDI among these countries. In terms of HDI, there were very similar ranks in these countries, except Armenia and Kazakhstan. Baulch et al., stated that “For all SPSIs, the Central Asian countries perform well reflecting the existence of strong social protection systems dating from the pre-transition era” (Baulch, et al., 2008, p. 82).

Table 18: Country SPSIs Values—Actual and Scaled

Countries	HDI	HDI rank	SPI	SPI rank
Armenia	0.768	8	0.50	16
Azerbaijan	0.736	13	0.72	8
Kazakhstan	0.774	6	0.71	7
Kyrgyzstan	0.705	16	1.02	3
Mongolia	0.691	18	0.96	4
Tajikistan	0.652	21	0.34	19
Uzbekistan	0.696	17	0.98	5

Source: Retrieved from Baulch et al., (2008, pp. 129, 130)

Social policy in CEE countries was still under development when some post-communist countries joined the European Union and they have better indicators than other post-communist countries. This did not bring them up to the standard of the European Union, because they had lower standards for human rights, less public participation in the public policy-making process and had not yet achieved stability of economic and social equilibrium (Rys, 2001). Therefore, it is acknowledged that Mongolia and low-income former Soviet Republic countries still need to catch up to CEE countries by improving social and economic performance.

6.5 Findings and conclusion

It needs to be said that social protection is complex, especially for those former command economy countries and the former Soviet Union. The reason is that there is an absence of markets, emerging but fragile democracy, and the new phenomenon of poverty. Most of these countries have experienced somewhat severe conditions in a transition to market economy, which were necessary to develop better social welfare policy for their society. In this transition to open market conditions the post-communist countries discussed have transformed their welfare policy. The CEE countries were at relatively similar levels of economic performance before the movement to a market economy. These countries had experienced high unemployment, reduction of income, and an increase in poverty during the 1990s. However, variations in social welfare policies in these countries were affected by differences in political and economic conditions.

All CEE countries had chosen economic liberalisation in their economic and social development, based on the Bismarckian foundations of the European model in the Czech Republic, Slovakia, Poland and Hungary. There was a mixture of basic security

and corporatist policy in Estonia, Latvia and Lithuania, and a residualist social system in Bulgaria, Romania, the Ukraine and some parts of Russia. In other words, the “main aim of social welfare emphasis of the conservative welfare regime remains on security, of the “liberal” world is poverty alleviation, and equality is the main feature of the Nordic welfare regime” in Central and Eastern European countries (Cerami, 2008, p. 21). Therefore, most can be described in terms of a “recombinant welfare state”, where Bismarckian features remain dominant (Cerami, 2008; Potucek, 2009).

Mongolia has adopted a neo-liberal concept in its economy, as well as in its social welfare. Ultimately, overall social welfare in Mongolia is best described as a hybrid form recombining various aspects of different regime types which were defined in CEE countries in terms of program coverage, eligibility conditions, and benefit generosity (Cerami & Vanhuysse, 2009). However, the welfare system in Mongolia and in post-communist countries are “still in formation process and it is too early to define its type” (Potucek, 2009, p. 141).

To conclude, it is evident that the post-communist countries and Mongolia started to change their social welfare policy in response to the transition economy. Almost all these countries have chosen a neo-liberal model for their social welfare and have similar core principles, such as maternal and family-based extensive assistance policies with a means-tested approach. In terms of HDI, the CEE countries have same level or very high income, most countries have a high-medium level and a few countries like Turkmenistan, Moldova, Mongolia, Uzbekistan, Kyrgyzstan and Tajikistan have a low-medium income level. Most importantly, most of these countries made reasonable economic progress between 1990 and 2010. Mongolia had the highest growth (0.90).

The SPI helps to define the position of social development in developing countries such as Mongolia and Central and West Asian countries. According to this index, Mongolia has achieved better than other Central and West Asian countries, and it is placed as second out of seven countries. Overall, Mongolia has more spending and covers many beneficiaries, which are now relatively well targeted. However, Mongolia has less success in terms of social protection expenditure to assist the income of poor people. According to these outcome indicators, this research suggests that the transformation of social welfare will continue to depend on committed political will, better economic capability, and democracy, in which the public voice is allowed to be heard.

Finally, social welfare development in Mongolia is not distinct from other post-communist countries in CEE. It has similar features in terms of welfare regime, model, system of implementation, and reforms. The social welfare system in Mongolia is not lagging behind, but nor is it an advanced reformer among the post-communist countries. It has had problems such as poverty, unemployment and inequality in the transition period. During the transition period, Mongolia also had financial problems and has received financial assistance from international organisations such as the World Bank and the International Monetary Fund. The social welfare system is still being reformed under the guidance of international organisations, following politically neo-liberal concepts. As was shown in Chapter Four, democracy in Mongolia is more stable than in other Central Asian countries. Stability has made reform of social welfare easier, although it has many challenges in path-departure. The political authority continues to play a powerful role in public policy making and decisions. Welfare development in Mongolia still needs to catch up with many countries in terms of poverty reduction and better social outcomes.

Mongolia has a lower score than some other comparable countries, as measured by the HDI, yet demonstrates a higher level on the SPI, among the post-communist CEE and Central and West Asian countries. These indices show that Mongolia is achieving better results than Central Asian countries, but it remains at a lower level than the CEE countries. There is similarity with the extensive social assistance schemes in the CEE countries such as Lithuania, Romania, and Mongolia. Compared with the CEE countries, Mongolia has been left behind in terms of the research conducted on economic transition. This may be partly a consequence of the location of the country, and of some unique features of the transition. The theoretical structure for making the comparisons is still in the developmental stage in the academic world, because features like the transition from a collapsed command economy to a market economy are still relatively unexplored. The final chapter of this thesis summarises the findings, presents conclusions and offers recommendations for future research.

Chapter 7 Findings, recommendations and conclusion

7.1 Introduction

Mongolia has been isolated from world development for many decades because Mongolia was a country with a communist regime. The economy was fully planned and under the rule of a single party. Social policy was considered to be a state concern. In general, the communist regime provided full employment, free education and health care for everyone in the society. Mongolia had achieved a number of positive outcomes in social policy in this socialist period. However, the command economy in Mongolia could not continue after the “perestroika” and “glasnost” in Russia.

As a result of the peaceful Democratic Revolution, since 1990 Mongolia has undertaken active measures to integrate with the world economy and has made a number of reforms in political, economic, humanitarian and intellectual areas, over a relatively short period. The development pathway of Mongolia has followed neo-liberal ideas in all spheres including social policy. Mongolia was initially one of the most rapid reformers among transition countries. The transition was painful for Mongolians in terms of social policy (Kumssa & Jones, 1999). The government could not afford the same degree of social expenditure as was the case previously, because of financial difficulties as a result of reduced assistance from the former Soviet Union.

The main purpose of this study was to explore social welfare policy changes (mainly in social assistance and family support) in Mongolia, by: exploring the transformation of social welfare policy and system development in Mongolia during the last twenty years; investigating theoretical points of view of socialist welfare and a western typology of a welfare system; comparing pathways of social welfare policy in former socialist countries with a similar development level; and suggesting ways in which strategies and policies might be improved, based on other post-communist countries in transition, in terms of poverty reduction. This exploratory study explained changes of social welfare development in Mongolia and reported its position among countries at a similar level of development. Secondary data from a variety of sources has been analysed, such as academic literature, government policy documents, and papers of international organisations. This chapter summarizes the findings of the previous chapters and draws conclusions regarding the social welfare policy changes in Mongolia over the last two

decades. This chapter also includes some recommendations based on the findings of the research.

7.2 Findings

The welfare state is defined by human actions in the specific socio-economic and political context, but it is better connected to human rights in the modern world (Cerami, 2006). In general, it is not only low income countries including Mongolia which have social difficulties, but also countries with well-established social protection systems which still have unsolved social problems. The overall social expenditure increases in all regions of the world, however the social welfare system in developing countries has developed more quickly than for developed countries in the last two decades (Cichon et al., 2004). There are of course different possible solutions: some countries have similar development pathways. In other words, there are different systems or regimes in the welfare system, depending on a country's local political and economic development situation. Theoretically, social welfare is measured by the effective utility towards the individual (Bentham, 1984, as cited in Fitzpatrick, 2001). Alternatively, it might take into account monetary form (Pigou, 1965, as cited in Fitzpatrick, 2001). The other consideration is the question as to whether it leaves the targeted recipient better off in such way that does not make others worse off, Pareto (Aron, 1970, as cited in Fitzpatrick, 2001) and whether or not there is a reduction in unjust inequality (Rawls, 1972, as cited in Fitzpatrick, 2001).

Esping-Andersen (1990) defined the welfare state in terms of the way it was following liberal, conservative and social democratic welfare regimes associated with Western European countries, taking into account the relationship to their economic performances, differences of class, and political developments. The studies of Cerami (2006, 2008) and Cerami and Vanhuyse(2009) formulated a new theoretical concept in transition countries by synthesising path dependency theory, new-institutionalism and neoclassical sociology. The former communist countries, including Mongolia, have supported the synthetic theory of welfare as defined by Cerami (2006, 2008). This concept is supported by empirical evidence, which indicated a similarity with other post-communist countries in Central and Eastern Europe. Generally, the welfare systems which had been established in post-communist countries including Mongolia were different from those in western countries. The main reason appears that they shared a common satellite status with the Soviet Union, which impacted on the

formation of economic and social policies in the post-communist countries in the socialist period. After the transition, the Central Eastern European countries and Mongolia shook off the control of the Soviet Union and made their own economic and social policies. However, the established new market economy started to produce new social policy which still retained some socialist features. The Western countries, especially the United States, and international organisations have assisted in creating new social systems relationships to meet financial difficulties. The social and economic policies introduced retained principally neoliberal characteristics, according to advice from the World Bank and the International Monetary Fund. Therefore, the synthetic theory is much more appropriate to explain this transformation of social welfare in the post-communist countries.

The social welfare policy concept was not new for Mongolia because it had been implemented under state control before the transition. The government-appropriated elements of social welfare were started earlier in the twentieth century by the socialist government in Mongolia. The state was the only contributor to the social consumption fund. The government had responsibility for providing full employment, free education and health care, and accommodation. Mongolians were able to achieve good health and better education in the socialist period. However, the democratic revolution has made changes in Mongolia in all spheres of the society. Mongolia became a multiparty country which requires a form of democracy. The economic transition has produced many unfamiliar and unexpected phenomena in Mongolia, such as poverty, unemployment and confusion in planning for the future. A similar set of problems were experienced by the other post-communist countries.

However, Mongolia legally established its welfare system in the new market economy condition and changed its socialist concept of social welfare policy with accompanying reform in social welfare system and policy. The government continued reforming social welfare policies in recent years by amending laws and regulations. In Mongolia, the government, established as result of political election, plays a major role in defining social and economic policies. However, there was little difference between political parties in terms of social protection policy, and policy continued even under left and right-wing governments. However, there was a notable increase in political promises, such as more cash money assistance over the last two election agendas from the left-wing Party in 2004 and 2008. As a result, the government has introduced numerous social cash transfers without means testing. Today the Ministry of Social Welfare and

Labour is responsible for social welfare, social insurance and labour policy making and its implementation in the short and long term in Mongolia. In some respects Mongolia achieved reasonable results, such as the establishment of a real social welfare system, and provided for its legal justification in the market economy environment in a relatively short period.

The introduction of government social services and social assistance was not perfect in terms of targeting and accessibility. The sharp increase of cash transfers caused high price inflation and an increase in poverty in Mongolia. Most important, there has been no sustainability of social expenditure. The government faced financial crisis in 2008. The 2008 financial crisis put social assistance at risk and this became a major consideration for the government. Many low income people continue to be dependent on social benefits, especially in rural areas (Suvd et al., 2010). In these situations, the government has accepted the use of proxy means testing in targeting of social assistance policy.

Reform of social assistance policy was needed over the last twenty years in Mongolia. However, it was unusual in terms of a market economy, because universal cash transfers sharply increased under political power rather than policy. This sudden increase of cash benefits was not helpful in terms of poverty reduction and economic growth in Mongolia; it did not target the vulnerable. The purposes of the transfers were compromised, and inappropriate assumptions made in monitoring and policy implementation of these cash transfers. Therefore, to correct the situation political promises should be more related to meeting the problems rather than on winning votes. This study compared the social welfare development in similar post-communist countries, and since they share similar problems, future progress may use this and similar studies as a base line for measuring future progress.

Since the transition period, social protection became more complex especially for those former command economy countries, partly as a result of their unfamiliarity with markets, their newly emerging fragile democracies and the new phenomenon of poverty. Similarly, the severe experience of these countries over this transition period required them to develop better social welfare policy for their society. These countries had now experienced high unemployment, and a reduction in income, both of which were novelties for those more familiar with socialism. The social welfare transition varied depending on specific government decisions and economic performances.

However, the Central and Eastern European countries were at a relatively similar level of economic performance before the market economy. All CEE countries had chosen a liberal philosophy for their economic and social development, based on Bismarckian foundations as had been trialled according to the European model in the Czech Republic, Slovakia, Poland and Hungary, with a mixture of basic security and corporatist planning in Estonia, Latvia and Lithuania, and a residualist social system in Bulgaria, Romania, Ukraine and some parts of Russia. In other words, the “main aim of social welfare emphasis of the conservative welfare regime remained focussed on security, of the “liberal” world on poverty alleviation although equality was the main feature of the Nordic welfare regime” in Central and Eastern European countries (Cerami, 2008, p. 21). Therefore, in general the systems could be described in terms of a “recombinant welfare state”, where Bismarckian features remain dominant (Cerami, 2008; Potucek, 2009). Similarly, Mongolia had a neo-liberal emphasis in its economy, as well as retaining a form of social welfare which has a mixture of basic security, and a residualist social system as was the case in other post-communist countries. This has led overall to a social welfare in Mongolia of hybrid forms recombining various aspects of different regime types which had been developed in Central and Eastern European countries, in terms of program coverage, eligibility conditions and benefit generosity (Cerami & Vanhuysse, 2009). However, the welfare systems in Mongolia and in post-communist countries are “still in formation process and are too early to define in type” (Potucek, 2009, p. 141).

The comparison of social welfare is restricted due to both limited data and its availability and the diversity of the development process. Thus, in terms of social outcomes, this study has used the HDI, which provides a means of comparing post-communist countries. This method includes not only social indicators but also economic indicators. According to the HDI, the CEE countries performed at the similar levels; most countries demonstrated a high-medium level and a few countries like Turkmenistan, Moldova, Mongolia, Uzbekistan, Kyrgyzstan and Tajikistan were in low-medium income level. The HDI growth was reasonably high for the last decades in post-communist countries, even though they had different levels. Mongolia has the highest score in this period, at 0.90 percent. In terms of the Social Protection Index, Mongolia has achieved relatively better than other Central and West Asian countries. Mongolia has more spending on welfare, and is covering many beneficiaries who are

relatively better targeted, however it has lower influence from the social protection expenditure to the income of poor people.

In summary, this study found that the social welfare development in Mongolia is not distinct from the CEE post-communist countries. Mongolia and the CEE countries share similar features in terms of welfare regime, system of implementation, and reforms. Theoretical concepts from Cerami (2006) are most suitable for this study because Mongolia is a reforming country, like other post-communist countries. Cerami (2006) defined a synthetic theoretical model of welfare by looking at path-dependency theory, new-institutionalism and neoclassical sociology and used definitions that are different from Esping-Andersen's typology (Cerami, 2006; Cerami & Vanhuysse, 2009). Synthetic theory provides a description of transition of welfare as 'developmental path dependent', in that it is certainly a process characterized by legacies, but it is also in continuous evolution (Cerami, 2006, p. 85). Social welfare development in post-communist countries combined some core principles of Marxist ideas and western market economy ideas. Mongolia has the characteristics of path-departure, path-creation in political, economic and social spheres in relationship to transition in the 1990s, which were identified by Cerami (2006) in other post-communist countries.

However, there is also some similarity in the extensive social assistance scheme in Central and Eastern European countries such as Lithuania, Romania and Mongolia. Needless to say, these conditions varied from country to country. Mongolia similarly became member of international organisations such as the World Bank and International Monetary Fund, and became a loan recipient from them as well as using their policy advice and financial assistance. The main actors in social policy decisions have been the political parties and the government, assisted by the international donor organisations. Indeed, the political authority continues to play a powerful role in public policy making and in formulating decisions. The sudden increase of social benefits, in fact, can be attributed to political battles which aimed to increase government power rather than to reduce poverty in Mongolia. It is evident that benefit income has not influenced the poverty rate since 2006.

However, the social welfare reforms occurred consistently since the 1990s, under relatively stable democracy. The speed of changes has been quite similar to the other post-communist Central and Eastern European countries. However, the welfare development in Mongolia still needs to catch up with many countries in terms of

poverty reduction and achieving better social outcomes. Mongolia has been moving towards a new welfare state since the 1990s, which is again similar to changes in post-communist countries of Central and Eastern Europe. It is hard to define clearly the characteristics of the welfare state of Mongolia because the country is still in the process of establishing its social security system and does not have a long history. It can be seen as not systematically oriented. The social welfare in Mongolia is protective welfare which has post-communist characteristics. In terms of development, it can be thought of as moving through the following stages:

1. Frozen period of the welfare state (1990-1995)

Since the 1990s social welfare did not properly provide social care and services because of financial difficulties and the cutting off of economic assistance from the Soviet Union. The government focused on economic changes initially, rather than on social policy between 1990 and 1995. During this period social issues were not prioritized. Therefore, it can be seen as the frozen period of social welfare.

2. Formative period (1995-2005)

During this period the governments had recognized social consequences as serious after the time of “shock therapy”. Problems such as the increase poverty, growth of unemployment and health deterioration came to be seen as requiring social care and assistance from the government. The government established a welfare state system and implemented actions to initiate the system under market economy conditions. Thus, it could be named formative period for social welfare.

3. Expansion period (2005-2010)

After 2005 there was a dramatic change in social expenditure in Mongolia. During this period Mongolia experienced economic growth, and as a result the government sharply expanded its applications of social policy. Indeed, social care was enriched in type of service and assistance, in that there was an attempt to identify genuine needs of beneficiaries. However, social welfare in Mongolia remains under discussion because it is still developing and immature. It is evident that Mongolia has yet to perfect its social welfare system, which has many continuing challenges and lower than desirable level of social outcomes. However, the indices measuring human development show that Mongolia is demonstrating better achievements than Central Asian countries, despite scoring lower than the CEE countries for the last twenty years. In terms of social expenditure, most post-communist countries have had a similar upward trend, although it has not been a particularly sharp increase, except for that in Russia and Mongolia. In

Russia the expansion of social cash benefit was connected to political decision making, as had been the case in Mongolia.

7.3 Recommendations

From to the findings of this study, the following recommendations have emerged.

First, since fully state funded social benefits are very fragile and unsustainable in terms of financial crisis, the spending needs urgent review. Secondly, as Cerami (2006, p. 212) stated: “the social transfers are no guarantee for escaping poverty; however they have greatly helped to lower its negative effects and to diminish the costs of economic transition”. Thus, the rapid increase of social expenditure of the government was only temporary outcome and cannot continue to increase. Thirdly, wrongly designed (badly structured) social protection provisions may bring about low growth in the economy (Cichon & Hagemeyer, 2007). In other words, cash transfers based on political promises or election agenda are not a good basis for social welfare policy. Therefore, the government should improve the system of social transfers through better targeting, ensuring that the very poorest households are more fully protected, whilst conserving fiscal resources. This improvement has to include monitoring and evaluation of outputs of policy implementation, and working towards developing economically effective, socially better policies for better outcomes for the long term, rather than for the short term. Policy makers should improve policy efficiency and effectiveness in social welfare as soon as possible. This means that the policy makers should be careful in the implementation stage, for example in monitoring and improving the quality of registration of beneficiaries and selection criteria in local areas. There is also a need to improve legal control on fraud and corruption in receiving benefits.

It is evident that there are few alternatives financially, but the system should be highly developed before implementing. The reason is that if targeting is poorly developed it cannot bring fiscal savings and good outcomes in reducing poverty and disparity (Boston, et al., 1999). To date, most social programs have not used targeting nor income testing or proxy means test to identify eligibility for social support. These usually have been universal in application. A universal scheme costs more than one involving targeting. By taking into account these weaknesses in targeting, the government should improve their policy implementation and not repeat the past errors in inclusion and exclusion. For instance, in 2006 the Child Money Program produced errors of inclusion and exclusion of beneficiaries in its implementation process.

The model constructed by Cichon et al. (2004) could be helpful to developing countries such as Mongolia because it provides a total normal transfer ratio and measure of financial affordability. This model shows a way of making a positive impact on economic growth from social expenditure. Therefore, it should be useful for policy makers to construct better policy input as well as outcomes.

7.4 Limitations and recommendations for further research

There were limitations in this study concerning the timeframe and the data availability. Firstly, time was short for detailed research, in terms of collecting information on social assistance in every country sampled, as there are more twenty countries included. Twenty years of social development is also a short period for a satisfactory social policy study, as it may not fully describe incremental changes. Secondly, there was a significant difficulty in the lack of data on social welfare in post-communist countries, especially in the former Soviet Union countries. The data availability was much better for the CEE countries than for other post-communist countries. In particular, data on social assistance expenditure, including cash transfers and family benefits, is not available to analyze and compare with Mongolia. This probably related to the construction of official statistics in some countries, where authorities do not conduct surveys and research. This indicated that professional skills are needed still, in compiling official statistics in developing countries to help uncover and define their social problems. There is need to be further identify social welfare needs for people who really needed, investigate poverty reduction impact after social cash assistance from the Government and National Statistics Office needs to collect more data on social benefits and family income. Those data information and research would be useful in social protection policy planning.

7.5 Conclusion

In conclusion, officially during the socialist period there had been no poverty and inequality in Mongolia. Thus, socialism was not seen to produce poverty, while capitalism actually created poverty (Ferguson, Lavalette, & Mooney, 2002). Social welfare was designed for reducing poverty in Mongolia after the economy was transformed into a market economy. The effects of the sudden and harsh transition were painful to people in Mongolia. Therefore, social welfare was introduced to address vulnerability, not only in terms of human and social rights but also to assist social and

economic development of the country. The social assistance policy has developed in a relatively short time, in an emerging open market economy environment. It is, of course, hard to define clearly the characteristics of the welfare state of Mongolia because the country is still in the process of establishing a social security system and does not have a long history. Social welfare in Mongolia is protective welfare, which has post-communist characteristics. It can be seen to have moved through the following stages:

1. Frozen period or start of welfare state (1990-1995)
2. Formative period (1995-2005)
3. Expansion period (2005-2010)

Social welfare in Mongolia remains under discussion because it is still developing and young. However, this early social welfare system has reformed by change and amendment of policies and relevant laws, without markedly changing the aim of the system, which is designed to provide assistance for the poor and vulnerable. The growth of social welfare in Mongolia was similar to the post-communist countries in terms of occurrence, principles, welfare regime and system of implementation. There was a phenomenon which did not fit the market economy for Mongolia and Russia, where there was a rapid increase in cash transfers as a result of ad hoc political decisions in recent years, compared with other countries. Unfortunately, this made no improvement in poverty reduction, and nor did it assist to raise living standards. It shows that the government needs to consider better social assistance policy, rather than just spend wealth without effective outcomes. However, Mongolia can at least point to reasonable achievements in social welfare development during the last two decades, and, even if it is not in advance of many of the other post-communist countries, nor is it lagging far behind the leading countries. Finally, it should be emphasized that there is no perfect and single solution suitable for every country in terms of social assistance (Cerami, 2006).

Glossary of Terms

Adult literacy rate. Percentage of the population ages 15 and older who can, with understanding, both read and write a short simple statement on their everyday life

Centralized budget. A part of Mongolian national budget planned for expenditure by the Government.

Economic growth. Economic growth is the increase in value of the goods and services produced by an economy. It is conventionally measured as the per cent rate of increase in real gross domestic product, or GDP.

Education index. One of the three indices on which the Human Development Index is built. As a component of the HDI the education index is supposed to describe the level of knowledge in a society.

Eligibility conditions. The set of legally defined conditions which stipulate if and when a person has the right to claim a benefit.

Employment is a contract between two parties, one being the employer and the other being the employee.

Employment rate. The employment rate is defined as the number of people currently employed divided by the adult population (or by the population of working age). In these statistics, self-employed people are counted as employed.

GDP. A sum of value added produced by all domestic and foreign units in the economy or sum of final products during one year period.

GDP index. One of the three indices on which the human development index is built. It is based on GDP per capita (PPP US\$). This index is supposed to measure the standard of living.

Gini index. It is a measure of income inequality. It shows the extent to which the distribution of income (or consumption) among individuals or households within a country deviates from a perfectly equal distribution. A value of 0 represents perfect equality, a value of 100 perfect inequalities.

Health expenditures. Current and capital spending from Government (central and local) budgets and external borrowings and grants and social health insurance funds. Together with private health expenditure, it makes up total health expenditures.

Illiteracy rate, adult. The percentage of people aged 15 and above who cannot read and write a short, simple statement.

Infant mortality rate. The annual number of deaths of infants under one year of age per 1000 live births.

Inflation rate. Growth rate of the consumption price index (CPI). CPI measures an increase of purchasing cost of the fixed basket.

Labour force participation rate. The proportion of the labour force to population of working age.

Life expectancy at birth. The number of years a new-born infant would live if prevailing patterns of age-specific mortality rates at the time of birth were to stay the same throughout the child's life.

Life expectancy index. One of the three indices on which the Human Development Index is built. As a component of the HDI the life expectancy index is supposed to describe the level of long and healthy living years.

Literacy rate, adult. The percentage of people aged 15 and above who can read and write a short, simple statement.

Local budget .A part of Mongolian national budget planned for expenditure by the Aimag, the Capital city, Soum and district Governor.

Maternal mortality rate. The annual number of death of women from pregnancy related causes per 100,000 or 10,000 live births.

Official development assistance (ODA).Grants or loans aimed at promotion of economic development and welfare as the main objectives. The composition of ODA includes capital, technical and humanitarian assistance.

Population density. The number of people per a unit of territory.

Population growth rate, annual. Refers to the average annual exponential growth rate for the period indicated.

Population below \$2 a day. It is the percentage of the population living on less than \$2.00 a day at 2005 international prices. As a result of revisions in PPP exchange rates, poverty rates for individual countries cannot be compared with poverty rates reported in earlier editions.

Primary education. Education at the first level (according to the International Standard Classification of Education –level 1), the main function of which is to provide primary or basic education. The successful graduates from the 4th grade of secondary schools are considered as persons with primary education.

Purchasing power parity (PPP).The purchasing power of a country's currency: the number of units of that currency required to purchase the same representative basket of goods and services that a US dollar would buy in the United State.

Secondary education. It provides learning and educational activities building on primary education and preparing for both first labour market entry as well as post-secondary non-tertiary and tertiary education. Broadly speaking, secondary education aims at learning at an intermediate level of complexity.

Social welfare. The various social services provided by a state for the benefit of its citizens.

Social protection. It is concerned with preventing, managing, and overcoming situations that adversely affect people's well-being.

Social expenditure. Cash and in-kind transfers paid by state or public organizations or agreed upon through collective bargaining on "social" grounds. Transfers

include cash benefits such as pensions, employment injury benefits, short-term cash benefits (sickness and maternity benefits, unemployment benefits) as well as benefits in kind such as health services and basic social assistance. Tax exemptions for social reasons are usually considered part of social expenditure; however, estimating the amount of tax forgone is difficult.

Social expenditure ratio (SER). Total social expenditure in a country expressed as percentage of GDP.

Total fertility rate. The average number of children would be born alive by the particular woman during her reproductive period (15-49 years).

Under-five mortality rate. The probability of dying between birth and exactly five years of age expressed per 1,000 live births.

Unemployed. Unemployed persons are persons in the labour force that did not work or had no job or business during the reference week but were reported available and actively looking for work.

Unemployment rate. It is the proportion of the number unemployed persons, registered in the Employment Office to the economically active population.

Universal benefits (transfers). Tax-financed benefits or transfers that are paid to all citizens or inhabitants falling into a specific category of the population (for example, families with children or people over a certain age).

Zud. Harsh winter disaster in Mongolia.

Exchange rate. Tugrig, the Mongolian national currency (NZ\$1= 975.33 tugrig on 25, May, 2011)

Appendix 1

An overview of typologies of welfare states

	Types of welfare states and their characteristics	Indicators/ dimensions
Esping-Andersen (1990)	<ol style="list-style-type: none"> 1.Liberal: Low level of de-commodification; market differentiation of welfare 2.Conservative: Moderate level of de-commodification; social benefits mainly dependent on former contributions and status 3.Social-Democratic: High level of de-commodification; universal benefits and high degree of benefit 	<ul style="list-style-type: none"> - De-commodification - Stratification
Leibfried (1992)	<ol style="list-style-type: none"> 1.Anglo-Saxon (Residual): Right to income transfers; welfare state as compensator of last resort and tight enforcer of work in the market place 2.Bismark (Institutional): Right to social security; welfare state as compensator of first resort and employer of last resort 3.Scandinavian (Modern): Right to work for everyone; universalism; welfare state as employer of first resort and compensator of last resort 4.Latin Rim (Rudimentary): Right to work and welfare proclaimed; welfare state as semi-institutionalized promise 	<ul style="list-style-type: none"> - Poverty, social insurance and poverty policy
Castles & Mitchell (1993)	<ol style="list-style-type: none"> 1.Liberal: Low social spending and no adoption of equalizing instruments in social policy 2.Conservative: High social expenditures, but little adoption of equalizing in instruments in social policy 3.Non-Right Hegemony: High social expenditures and use of highly equalizing instruments in social policy 4.Radical: Achievement of equality in pre-tax, pre-transfer income (adoption of equalizing instruments in social policy), but little social spending 	<ul style="list-style-type: none"> - Welfare expenditure - Benefit equality - Taxes
Siaroff (1994)	<ol style="list-style-type: none"> 1.Protestant Liberal: Minimal family welfare, yet relatively egalitarian gender situation in the labour market; family benefits are paid to the mother, but are rather inadequate 2.Advanced Christian Democratic: No strong incentives for women to work, but strong incentives to stay at home 3.Protestant Social Democratic: True work-welfare choice to women; family benefits are high and always paid to the mother; importance of Protestantism 4.Late Female Mobilization: Absence of Protestantism; family benefits are usually paid to the father; universal female suffrage is relatively new 	<ul style="list-style-type: none"> - Family welfare orientation - Female work desirability - Extent of family benefits being paid to women
Becker (1996)	<ol style="list-style-type: none"> 1.Liberal: Poverty as result of individual failing; economic individualism 2.Traditional Corporatistic: Ascriptive elitism, etatism, paternalism and striving for social harmony based on inequality 3.Social-Democratic: Social policy targeted at greater equality and universal social security 4.East-Asian Communitarian: Primacy of the group (family, private firms etc.) and social security is also mainly expected from the group; paternalism and self-reliance play an important role 	<ul style="list-style-type: none"> - Regulatory principles
Ferrera (1996)	<ol style="list-style-type: none"> 1.Anglo-Saxon: Fairly high welfare state coverage, means-tested social assistance; mixed system of financing; highly integrated organizational framework entirely managed by a public administration 2.Bismark: Strong link between work position (and/ or family state) and social entitlements; benefits proportional to income; financing 	<ul style="list-style-type: none"> - Rules of access (Eligibility) - Benefit formulae - Financing

	Types of welfare states and their characteristics	Indicators/ dimensions
	through contributions; reasonably substantial social assistance benefits; insurance schemes mainly governed by unions and employer organizations	regulations
	3. Scandinavian: Social protection as a citizenship right; universal coverage; relatively generous fixed benefits for various social risks; financing mainly through fiscal revenues; strong organizational integration	- Organizational-managerial arrangements
	4. Southern: Fragmented system of income guarantees linked to work position; generous benefits without articulated net of minimum social protection; health care as a right of citizenship; particularism in payments of cash benefits and financing; financing through contributions and fiscal revenues	
Bonoli (1997)	1. British: Low percentage of social expenditure financing through contributions (Beveridge); low social expenditure as a percentage of GDP	-Bismarck and Beveridge model
	2. Continental: High percentage of social expenditure financed through contributions (Bismarck); high social expenditure as a percentage of GDP	- Quantity of welfare state expenditure
	3. Nordic: Low percentage of social expenditure financing through contributions (Beveridge); high social expenditure as a percentage of GDP	
	4. Southern: High percentage of social expenditure financed through contributions (Bismarck); low social expenditure as a percentage of GDP	
Korpi& Palme (1998)	1. Basic Security: Entitlements based on citizenship or contributions; application of the flat-rate benefit principle	-Bases of entitlement
	2. Corporatist: Entitlements based on occupational category and labour force participation; use of the earnings-related benefit principle	- Benefit principle
	3. Encompassing: Entitlements based on citizenship and labour participation; use of the flat-rate and earnings-related benefit principle	- Governance of social policy program
	4. Targeted: Eligibility based on proved need; use of the minimum benefit principle	
	5. Voluntary State Subsidized: Eligibility based on membership or contributions; application of the flat-rate or earnings-related principle	

Source: Retrieved from Gelissen(2002, p. 33)

Appendix 2

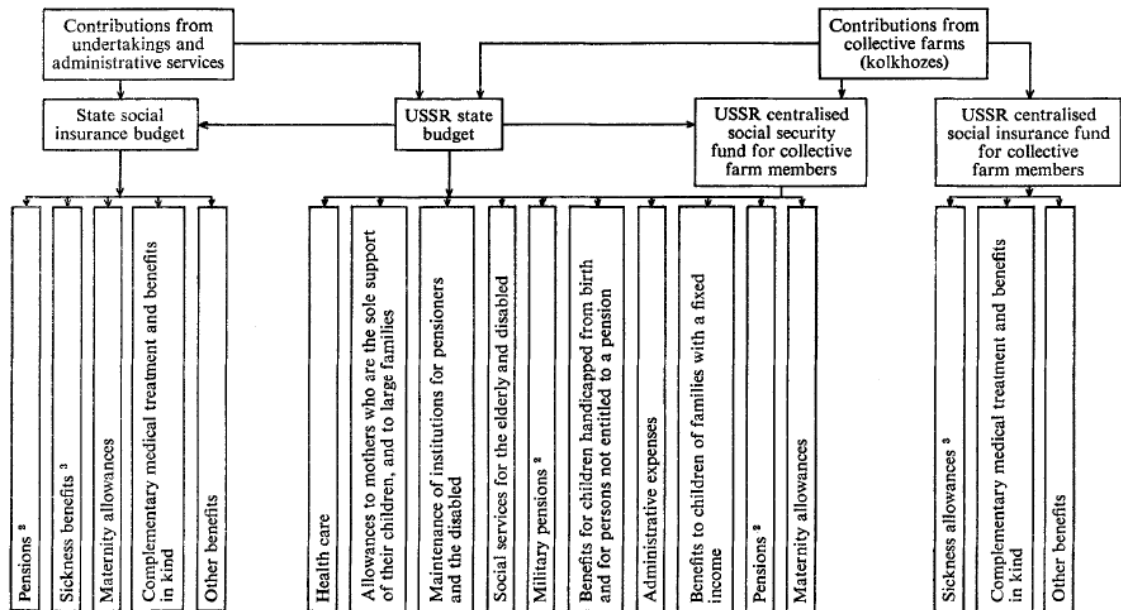
Population in Mongolia, thousand persons

	1990	1995	2000	2005	2009
Population	2097.7	2251.3	2407.5	2562.4	2735.8
Population of working age (16-65 for male), (16-60 for female)	-	1186.7	1374.4	1577.0	1704.4
Economically active population (16-60)	-	839.8	847.6	1001.2	1137.9
Unemployment rate (%)	6.0	5.4	4.6	3.3	11.6

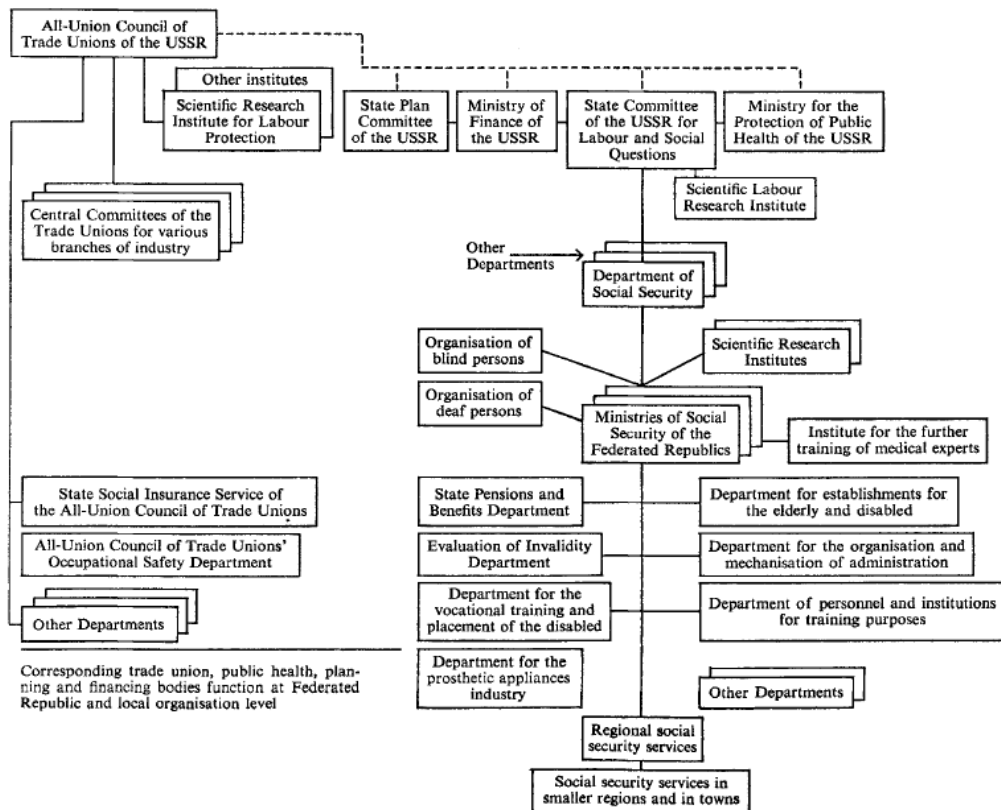
Source: National Statistics Office yearbook, various years

Appendix 3

The Social Security Fund in the USSR: Sources of Financing and Use of Resources



The Structure of Social Security Administration in the USSR



Source: Retrieved from Lukianenko(1978, pp. 424, 430).

Appendix 4

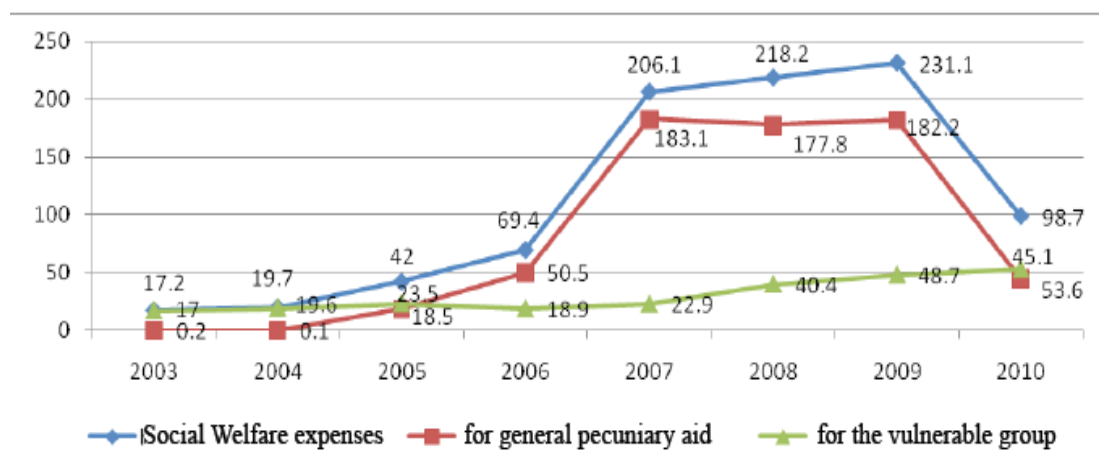
Social welfare expenditure in Mongolia (approximately 1NZD=900 MNTugrig)

	Billion tugrig				% total expenditures				% GDP			
	2002	2007	2008	2009	2002	2007	2008	2009	2002	2007	2008	2009
Pension and benefit	73	253	366	374	13.3	14.5	14.8	16.0	5.2	5.5	6.1	6.2
In which,												
Old age pension	47	166	236	240	8.5	9.5	9.6	10.3	3.3	3.6	3.9	4.0
Disability pension	7	30	45	44	1.4	1.7	1.8	1.9	0.5	0.7	0.7	0.7
Survivors' pension	8	21	31	26	0.8	1.2	1.3	1.1	0.6	0.5	0.5	0.4
Military pension	4	16	23	22	0.2	0.9	0.9	0.9	0.3	0.3	0.4	0.4
Sickness benefits	1	2	2	4	0.3	0.1	0.1	0.2	0.1	0.0	0.0	0.1
Funeral benefit	2	2	2	2	0.3	0.1	0.1	0.1	0.1	0.0	0.0	0.0
Pregnancy and maternity benefit	1	4	6	15	0.2	0.2	0.2	0.6	0.1	0.1	0.1	0.2
Work accident/disease pension & benefit	2	10	18	15	0.4	0.6	0.7	0.6	0.2	0.2	0.3	0.2
Unemployment benefit	1	2	3	6	0.1	0.1	0.1	0.3	0.0	0.0	0.0	0.1
Social Welfare Expenses	17	237	255	264	3.2	13.6	12.0	11.5	1.2	5.2	4.9	4.3
In which,												
Welfare pension	4	16	24	25	0.8	8.2	5.8	5.2	-	3.1	2.4	2.0
Pregnancy and maternity leave benefit	4	14	19	16	0.8	0.9	1.0	1.1	0.3	0.3	0.4	0.4
Newlyweds allowance	0	30	18	18	0.0	0.8	0.8	0.7	0.3	0.3	0.3	0.3
Conditional cash allowance (lunch program)	0	14	12	14	0.0	1.7	0.7	0.8	-	0.7	0.3	0.3
Honour mothers medal allowance	0	9	12	8	0.0	0.8	0.5	0.6	0.0	0.3	0.2	0.2
Support to the elders and veterans	2	2	9	4	0.4	0.5	0.5	0.3	0.0	0.2	0.2	0.1
Newly born allowance	0	6	7	7	0.0	0.1	0.4	0.2	0.2	0.0	0.1	0.1
Other	7	143	156	50	1.2	0.3	0.3	0.3	0.0	0.1	0.1	0.1
Child Money Program	0	143	142	122	0.0	0.2	2.2	2.1	0.5	0.1	0.9	0.8
Total	91	487	663	638	16.0	27.9	26.9	27.3	6.4	10.6	11.0	10.5

Source: Retrieved from the Ministry of Finance, the Ministry of Social Welfare and Labour and The World Bank (2009, p. 101)

Appendix 5

Social welfare expenses changes between 2003 and 2010 (Billion MNTugrig)



Source: Retrieved from the Ministry of Social Welfare and Labour of Mongolia (2010b, p. 3) (general pecuniary aid – cash assistance for eligible people, social assistance for vulnerable from total expenses)

Appendix 6

Changes in types of social welfare services, allowance and assistance in Mongolia

No	Types of services that are rendered upon current laws		2009		Services that were consolidated	16 types of services that were grouped newly
Types			Number of people	Assets /In million MNT/		
SOCIAL WELFARE SERVICE						
1	Social Welfare pension	For male citizen age of 60 and over, and a female citizen age of 55 and over, who do not have any children and relatives of guarding and feeding them	1676	790.7	Consolidated and extended the coverage scope	PENSION: A/ Male citizen age of 60 and over, and a female citizen age of 55 and over, B/ Dwarf citizen age of 16 C/Disabled citizen age of 16, who lost labour capacity 50% or more percent D/ Children up to 18 years old, who lost their guardian
2		For male citizen age of 60 and over, and a female citizen age of 55 and over, whose legal guardians are elder or disabled ascertained not to support above citizens	513	245.1		
3		A dwarf citizen age of 16	182	86.1	Unchanged	
4		A disabled citizen age of 16, who lost labour capacity 50% or more percent	41101	18544.6	Unchanged	
5		A 45 years old single mother, and a 50 years old single father, with 4 children up to 16 years old	244	47.5	Consolidated into the allowances of the family which is in need of social welfare assistance and aids	
6		Children up to 18 years old, who lost their guarding	11629	5311.2	Unchanged	
AMOUNT			55345	25025.2		

No	Types	Types of services that are rendered upon current laws	2009		Services that were consolidated	16 types of services that were grouped newly
			Number of people	Assets /In million MNT/		
7	Pecuniary allowances with the condition of social welfare	A citizen who has adopted the orphan child legally or the citizen who take care of and guard the orphan child legally	1316	339.7	Consolidated into the care allowances and decreased its types as 4 types of allowances	ALLOWANCES: A/ Care allowances B/ Allowances of special cases C/ Allowances of the family which is in need of social welfare support and aids necessarily D/ Allowances for the pregnant woman and the mother with an infant child and a breast-fed baby
8		A citizen caring child whom species in 25.5, “Law on family”	243	59.4		
9		A citizen who takes care of and guards the old citizen without any children and relatives of guarding and feeding him/her	97	22.0		
10		The citizen who takes care of and guards the disabled person without any children and relatives of guarding and feeding him/her	91	18.1		
11		Working age citizen who does not do work due to the activity that he/she takes care of and guards an old person in need of constant care	13235	3087.7		
12		Working age citizen who does not do work due to the activity that he/she takes care of and guards the disabled child aged up to 18 years old in need of constant care or under medical control of the hospital	5570	1425.0		
13		Working age citizen who does not do work due to the activity that he/she takes care of and guards the disabled person aged more than 18 years old in need of constant care or under medical control of the hospital	6897	1602.2		
AMOUNT			27449	6554.0		

No	Types	Types of services that are rendered upon current laws	2009		Services that were consolidated	16 types of services that were grouped newly
			Number of people	Assets /In million MNT/		
14	Assistances that support the life	Pecuniary assistance to be granted to the twin child aged up to 3 years old once per year	2332	165.1	Consolidated into the allowances of special cases	
15		Pecuniary assistance to be granted to the citizen who is in need of constant care once per quarter	23005	1910.1	Consolidated into the allowances of the family which is in need of social welfare assistance and aids	
16		Pecuniary assistance to be granted to female-headed household (male-headed household) with the child aged 3 years old or more /up to 14 years old/ once per year	2549	117.0		
17		Lump-sum pecuniary assistance to be granted to the citizen aged between 18 and 24 who became an orphan when he/she was up to 18 years old	3661	1713.7	Consolidated into the allowances of special cases	
18		Lump-sum pecuniary assistance to be granted to the household which became houseless due to sudden danger and hazard	2311	575.6	Consolidated into the allowances of special cases	
AMOUNT			33858	4481.5		

No	Types	Types of services that are rendered upon current laws	2009		Services that were consolidated	16 types of services that were grouped newly
			Number of people	Assets /In million MNT/		
19	Welfare service based on the public participation	Give consulting and organizing trainings for the purpose of granting the life confidence, faith and working practice	5437	235.5	Classified the service of giving the consulting separately. We consolidated the 2nd and the 6th types, as well as the 1st and the 7th types of services. Other 3 types were unchanged. Daily service- Rendering other social welfare service based on the necessity of the citizen and his/her family- Added 3 types of services such as increasing the life's confidence of the houseless citizen and his/her family members, and granting citizenship documents to them and accommodating them at the places for spending nights temporarily.	SOCIAL WELFARE SERVICE: A/ Welfare service based on the public participation B/ Specialized care services
20		Service for helping the people to be employed with organized activities and make them have income sources	2469	328.7		
21		Rehabilitating service	2476	170.7		
22		Accommodate the people and take care of them temporarily	1999	79.3		
23		Household's care and welfare service	1396	127.6		
24		Getting involved the citizens with similar necessity in the group organization by their initiatives and create the teams of colleagues for them	671	57.8		
25		Getting involved the people in the trainings to be acquired the ability of rendering the services of taking care and guarding the citizen as indicated in Article 191.1, "Law of Social Welfare"	781	40.1		
AMOUNT			15229	1039.6		

No	Types	Types of services that are rendered upon current laws	2009		Services that were consolidated	16 types of services that were grouped newly
			Number of people	Assets /In million MNT/		
26	Concession, aids that are granted to the old people	Refund the price and costs of the prosthesis of the leg, hand and teeth (except for the prosthesis made up with precious metals), which had been purchased or produced for the people in the home country, once per 5 years	19585	1571.8	Consolidated into the service of supporting health	SOCIAL DEVELOPMENT SERVICE: A/ Service of education B/ Service of Health C/ Service for rendering the support of food and nourishment
27		Refund the price and costs of the orthopaedic of organs of hearing and vision, which had been purchased or produced for the people in the home country, once per 5 years	9625	847.3		
28		Grant the vacation certificate for the old people to spend their vacation at the holiday resort and sanatorium at the preferential price	5675	356.8		
29		Aids to be granted to the old people without any children of taking care and guarding them or the old people, whose legal guardians are not able to help and render support to them, for paying their apartment costs and purchasing the firewood and coal	17034	2384.2	Consolidated into the allowances of the family which is in need of social welfare assistance and aids	SOCIAL DEVELOPMENT SERVICE: A/ Service of education B/ Service of Health C/ Service for rendering the support of food and nourishment
30		Aids to be granted to the old people who are honoured donors for paying their apartment costs and purchasing the firewood and coal	348	45.3		
31		In case the old people, who are in need of treatment and care necessarily, rested and get nursed at the domestic spa-resort and sanatorium upon the conclusion of hospitals, the authority will refund them one-way ticket's price of transportation and 50% of the price of the vacation certificate once per year	7683	559.7	Consolidated into the service of supporting health	
32		In case the old people who are honoured donors rested and get nursed at the domestic spa-resort and sanatorium, the authority will refund them one-way ticket's price of transportation and 50% of the price of the vacation certificate once per year	236	13.1		
33		In case the old single person, who does not have any right to receive the death grant as indicated in the Social Insurance Law, dies the authority will grant the aids for his/her funeral expenses	1818	105.5	Consolidated into the allowances of special cases	
34		In case the old person, who lives in the territory that is 1000 km or more km far away from the capital city, came to the capital city and got	1630	262.4	It is indicated to be suspended for the reason that the health	

No	Types	Types of services that are rendered upon current laws	2009		Services that were consolidated	16 types of services that were grouped newly
			Number of people	Assets /In million MNT/		
35		treatment and had medical examination, the authority will refund him/her one-way ticket's price of transportation once per year			service card will be introduced within the framework of the program for supporting health Consolidated into the allowances of the family which is in need of social welfare assistance and aids	
		Respects that are shown to the old people	44208	362.0		
		AMOUNT	107842	6508.3		

No	Types	Types of services that are rendered upon current laws	2009		Services that were consolidated	16 types of services that were grouped newly
			Number of people	Assets /In million MNT/		
36	Concession and aids that are granted to invalid citizens	Pecuniary aids to be granted to the disabled citizens who are blind once per year for paying their apartment costs and purchasing the firewood and coal	1226	196.4	Consolidated into the allowances of the family which is in need of social welfare assistance and aids	SOCIAL DEVELOPMENT SERVICE: A/ Service of education B/ Service of Health C/ Service for rendering the support of food and nourishment
37		Pecuniary aids to be granted to the disabled citizens who are deaf and dumb once per year for paying their apartment costs and purchasing the firewood and coal	1968	284.2		
38		Pecuniary aids to be granted to the dwarf citizens once per year for paying their apartment costs and purchasing the firewood and coal	173	24.5		
39		Pecuniary aids to be granted to the invalid people, who are in need of constant care and have lost their working ability completely, once per year for paying their apartment costs and purchasing the firewood and coal	11110	1596.8		
40		Refund 100% of the price and costs of the prosthesis, which was produced in the home country, of the disabled children aged up to 18 years old once per 3 years	1528	301.9	Consolidated into the service of supporting health	SOCIAL DEVELOPMENT SERVICE: A/ Service of education B/ Service of Health C/ Service for rendering the support of food and nourishment
41		Refund 100% of the price and costs of the prosthesis, which was produced in the home country, of the disabled citizens, who do not have any right to receive the concession of prosthesis and rehabilitation from the insurance fund of diseases due to industrial accident and profession, once per 5 years	2508	722.8		
42		Refund 100% of the price and costs of purchased special appliances such as orthopaedic, wheelchairs of the disabled children aged up to 18 years old and the disabled citizens, who do not have any right to receive the concession of prosthesis and rehabilitation from the insurance fund of diseases due to industrial accident and profession, once per 5 years	14477	1341.9	Consolidated into the service of supporting health	
43		Grant concession on two-ways tickets of the transport cost of the disabled children and their guardians that they spend the transport cost for coming to the special school and returning their home	147	12.2	Consolidated into the service of supporting education	
44		Grant concession once per year on two-ways tickets of the transport cost	110	39.4		

No	Types of services that are rendered upon current laws	2009		Services that were consolidated	16 types of services that were grouped newly
		Number of people	Assets /In million MNT/		
	of the guardians of disabled children that they spend the transport cost for bringing the disabled children to the special school and returning their home with the children in the capital city and other cities				
45	In case the invalid children, who are in need of treatment and care, rested and get nursed at the domestic spa-resort and sanatorium, the authority will refund them one-way ticket's price of transportation and 50% of the price of the vacation certificate once per year	324	22.4	Consolidated into the service of supporting health	
46	In case the disabled citizen, who have lost their working ability but do not have any right to receive the concession of prosthesis and rehabilitation from the insurance fund of diseases due to industrial accident and profession, rested and get nursed at the domestic spa-resort and sanatorium, the authority will refund them one-way ticket's price of transportation and 50% of the price of the vacation certificate once per year	453	41.5		
47	Grant concession on the kindergarten's meals cost of the disabled child or one child of the citizen who have lost his/her working ability completely	339	5.0	Consolidated into the service of supporting education	
48	Grant concession on the telecommunication's costs of the blind citizens who are more than 18 years old	1653	88.0		
49	In case the disabled child or citizen, who lives in the territory that is 1000 km or more km far away from the capital city permanently, came to the capital city and got treatment and had medical examination upon the decision of professional physicians' monitoring commission of the province, the authority will refund him/her one-way ticket's price of transportation once per year	612	74.0	It is indicated to be suspended for the reason that the health service card will be introduced within the framework of the program for supporting health	
50	Send the parcel weighted up to 10 kg including letters, postcards that are written by using Braille and the Braille press of the blind people in the home country free of charge, and deliver, send the technique, equipment	95	1.5	Consolidated into the service of supporting education	

No	Types	Types of services that are rendered upon current laws	2009		Services that were consolidated	16 types of services that were grouped newly
			Number of people	Assets /In million MNT/		
51		and materials designated for the blind people in the home country free of charge In case the blind citizen is required travelling from the province to the capital city or from the capital city to the province for the purpose of getting treatment, and getting nursed at the spa-resort and sanatorium upon the conclusion of hospitals, the authority will refund him/her 75% of two-ways ticket's price of his/her transportation once per year	65	5.2	It is indicated to be suspended for the reason that the health service card will be introduced within the framework of the program for supporting health Consolidated into the service of supporting health Consolidated into the allowances of special cases	
52		In case the disabled child rests at the children's camp, the authority will grant him/her 50% of the vacation certificate once per year	239	12.8		
53		In case the disabled single person, who does not have any right to receive the death grant as indicated in the Social Insurance Law, dies, the authority will grant the aids amounted to 75% of the death grant to be issued from the social insurance fund for his/her funeral expenses	114	8.8		
54		Cover and pay the expenses of publishing the Braille books, textbooks, newspapers and magazines with large letters designated for the blind people from the social welfare fund	303	31.0	Consolidated into the service of supporting education	
AMOUNT			37444	4810.2		

ASSISTANCE GRANTED TO FAMOUS OLD PEOPLE WITH TITLES FROM THE STATE BUDGET

55	Increment	Pecuniary aids to be granted to the Hero of Mongolia, the Hero of Labour, and the people with the People`s Titles and veterans, and the people whose spouses had died in the war once per month	1454	3454.5	Transferred it into the law of increment	LAW ON GRANTING INCREMENT: A/ Pecuniary aids to be granted to the mothers with the Order of Glorious-mother B/ Increment to be granted to the veterans and old people
56		Concession to be granted to the Hero of Mongolia, the Hero of Labour, and the people with the People`s and Honoured Titles and veterans, and shock workers, and the Old figures of Revolution	1211	1982.1	Unchanged	
		Apartment building of veterans	97	3395.0		
AMOUNT			2762	8831.6		

No	Types of services that are rendered upon current laws		2009		Services that were consolidated	16 types of services that were grouped newly
	Types		Number of people	Assets /In million MNT/		
57	Concession that is granted to famous old people with titles	Lump-sum pecuniary aids to be granted the people with the People`s and Honoured Titles of Mongolia, and shock workers, and the Old figure of Revolution	91	69.3	Transferred it into the law of increment	
58		Grant the old people the transport costs of coming to the capital city and returning provinces or the transport costs of coming to provinces and returning the capital city once per year	209	53.2	It is indicated to be suspended for the reason that the health service card will be introduced within the framework of the program for supporting health	
59		Refund the transport costs of coming to domestic sanatorium and returning and price of the vacation certificate to the old people once per year	487	93.0	Consolidated into the service of supporting health	
60		Grant pecuniary aids to the old people once per year for paying their apartment costs and purchasing the firewood and coal	1442	240.0	Famous old people with the titles receive increment	
61		Grant twice as much as pecuniary aids to famous old people with titles once per year for paying their apartment costs and purchasing the firewood and coal	812	221.9	amounted to 150.0-200.0 thousand MNT per month, thus it is indicated to suspend it	
62		Aids to be granted to old people, who had been working for the executive positions of the state service, for paying their apartment costs and purchasing the firewood and coal	34	4.3		
AMOUNT			3075	681.7		

No	Types	Types of services that are rendered upon current laws	2009		Services that were consolidated	16 types of services that were grouped newly
			Number of people	Assets /In million MNT/		
63	General pecuniary aids	Pecuniary allowances of the child	932200	32176.5	It is suspended for the reason that every citizen receives the favor	
64		Lump-sum pecuniary aids to be granted to newly born child	71538	7153.8		
65		Lump-sum pecuniary aids to be granted to e newly married couple	35550	17775.0		
66		Pecuniary aids to be granted to the mothers with the Order of Glorious-mother once per year	127663	8214.4	Transferred it into the law of increment	
67		Allowances for the pregnant woman and the mother with an infant child and a breast-fed baby	91743	16184.9	Allowances for the pregnant woman and the mother with an infant child and a breast-fed baby is unchanged	
		AMOUNT	1258694	81504.6		
		Pecuniary allowances of the child`s development		89739.8	It is suspended for the reason that every citizen receives the favor	
		Incentive of the members of the life supporting council	3802	456.2	Unchanged	
		Sub-program of rendering the support of food and nourishment to the social disabled groups		2178.8	Will continue the program that is being implemented within the framework of the project	Food and nourishment program
		TOTAL AMOUNT	1542620	231129.7		

Source: Retrieved from the Ministry of Social Welfare and Labour of Mongolia (2009b)

Appendix 7

Post-communist countries by Esping-Andersen typology (early 1990s)

Countries	Fundamental level	By regimes of Esping-Andersen
The Czech Republic Poland Hungary Slovakia	Bismarckian foundations of European welfare model	Conservative regime
Estonia Latvia	Bismarckian system of social insurance	Mixture of basic security and corporatist
Lithuania	Bismarckian system of social insurance	Mixture of basic security and corporatist with strong targeted model
Bulgaria Romania Ukraine Parts of USSR	Residualist social system	Neo-liberal, social -liberal model
Source: Retrieved from Potucek(2004); Cerami(2006); Motiejunaite and Kravchenko(as cited in 2008); Aidukaite(2009) and Inglot(2009).		

Appendix 8

Reforms in social welfare in post-communist countries

	Reforms
Armenia	2005 Social Protection Administration Project, 2001 Changes to calculation and payment of contributions, 1998 Preferential treatment for mothers of large families
Azerbaijan	2010 Retirement age increased, 2006 Mandatory social insurance for foreigners, pension reform in its full implementation, poverty reduction measures are in operation, 2005 Strengthening social protection, strengthening national social protection
Belarus	2005 Family support measures announced, 2004 Work injury insurance introduced, 2003 Increase in pensions for military service, 2001 New social assistance scheme revised indexation of pensions, measures to broaden the range of pension benefits, 2000 Higher constant attendance supplement older youths with disabilities to receive social pensions, 1998 Improvements in sickness benefits, pension system amendments, new program on disability prevention and rehabilitation, changes to benefit calculation method
Bulgaria	2011 adopts pension overhaul, measures to reduce the public pension system's deficit, 2010 Pension reform proposal, 2006 Silver Fund, Economic and Social Development Pact, Contribution rate reduced, Introduction of a fourth pillar and increase in pensions, 2003 Improvements in the social insurance system, Integrated financial supervisory agency to be created, 1998 New private pension funds
Czech Republic	2010 Measures to stabilize the country's state-run pension system, 2008 Pension reform at stage two, cabinet approves pension reform proposals, 2007 New social services package for people in need of attendance, 2006 Introduction of two new benefits for children and foster parents, amendment to disability insurance, new register of insured persons, 2005 Bill on sickness insurance reform, 2004 Pension reform, changes to the competent institutions for family benefits, Changes to social security program resulting from new Employment Act, Changes in entitlement to and benefits from parental allowance, Extension of sickness insurance coverage and changes to calculation of benefits, Reallocation of contributions and changes to the minimum assessment base for self-employed, Various reforms made to strengthen pension system's finances, Public budget reform affects social security benefits, First steps toward pension reform, 2003 Changes to the sickness and to the pension insurance schemes, Pension increases and changes in benefit calculation, Reform of the public budgets, Creation of state reserves, 2002 Regions get more responsibilities, Changes in state social support, Social Insurance Company to be introduced, Extension of health care coverage to certain foreigners, Supplementary occupational pension insurance to be established, 2001 Changes in funding and institution, Changes in pension benefit calculations, 2000 New method of calculating daily sickness benefits results in higher benefits, 1998 Pensions and benefits frozen for 1998, New housing and heating allowances, Reductions in family allowance - coverage and amount

	Reforms
Estonia	<p>2010 Retirement aged to be increased, National Parliament adopts increase in retirement age,</p> <p>2009 Social guaranties reduced, Effort to reduce the financial burden of the public pension system,</p> <p>2006 Modification of the family allowance scheme,</p> <p>2005 Changes in medicine discount rates and home visit fees,</p> <p>2003 Changes introduced by the Health Insurance Act, Increase in childcare and pension benefits,</p> <p>2002 A new act on funded pensions in effect, Unemployment Insurance Act introduced,</p> <p>2001 Changes to social protection for unemployed persons, Subsidized medicines for persons with disabilities, Developments in old age, survivor, disability and national pensions,</p> <p>2000 Increase in minimum wage paid during community works Sickness benefits now paid out by regional sickness insurance funds,</p> <p>1998 Changes to provision of primary health care services, Extension of rights to refugees, Increases in unemployment benefits, Increases in family allowances, Work injury reforms planned, Multi-pillar pension system to be established,</p> <p>1995 New Child Benefit Law, Proposal to introduce a supplementary earnings-related pension</p>
Georgia	<p>2005 Anti-poverty measures put into operation</p>
Hungary	<p>2011 Hungary adopts major overhaul of pension system, Strengthening of the public pay-as-you-go program,</p> <p>2009 Public pension reform package passed,</p> <p>2007 Reforming health care system,</p> <p>2006 Tax reform and its impact on social security financing, New pillar in the Hungarian pension system,</p> <p>2005 Reform package for the healthcare sector,</p> <p>2003 New insurance scheme for nursing and home care, Changes in the health care system, Changes to contributions,</p> <p>2002 Role of private pensions reduced,</p> <p>2001 Across the board increase in benefits,</p> <p>2000 Privatization plan,</p> <p>1998 Extension of coverage to independent workers, Sickness benefits for parents of sick child, Voluntary coverage for medical care, Changes in maternity benefit, Changes in employee contributions, Control of social security funds returned to government, New social identity card, New multi-pillar pension system,</p> <p>1997 Reductions in benefits, Changes in employers contributions, Reforms to boost pension funds, Changes in maternity benefits, Income tests for family assistance,</p> <p>1996 Raising of pensionable age</p>
Kazakhstan	<p>2005 Towards a three-pillar system, Public health system to be reformed, Further development of the funded pension system,</p> <p>2004 Mandatory Social Insurance in operation,</p> <p>2001 Targeted assistance" to people below the poverty line",</p> <p>1997 Introduction of individual pension accounts,</p> <p>1995 Plan for the reform of the pension scheme</p>
Kyrgyzstan	<p>2005 Draft law on financing of the funded part of the pension,</p> <p>1999 Measures to combat poverty and develop social protection on a regional basis,</p> <p>1998 New three tier pension structure</p>

	Reforms
Latvia	<p>2010 Preventive disability law,</p> <p>2009 Cuts in social security benefits, Pension home delivery becomes payable, Changes in the two-pillar pension system financing,</p> <p>2005 New indexation rules for state pension benefits,</p> <p>2004 Long-service pensions under debate,</p> <p>2003 Insurance periods to be extended,</p> <p>2001 Progress in construction of a three-pillar pension scheme,</p> <p>2000 Increase in retirement age,</p> <p>1998 Birth grant, Amendments to pension scheme,</p> <p>1996 Reduction in survivor benefits coverage, Patient contribution for medical care, Insurance against work injuries and occupational diseases, New Employment Fund, Social tax contributions, Funeral benefits, Employers responsible for sickness benefit, Greater availability of maternity benefits, Pension reform</p>
Lithuania	<p>2010 Cuts in social security benefits,</p> <p>2009 Effort to reduce the financial burden of the public pension system,</p> <p>2005 The new unemployment insurance comes in force,</p> <p>2004 Changes to legislation concerning occupational accidents and diseases enacted, New scheme for early retirement, Amendments to the Law on the State Social Insurance under discussion, Increase in maternity (paternity) benefits, Pension reform: shift towards the second pillar,</p> <p>2003 Pension system reform progresses with the vote of a first law on pension reform, Pension savings schemes to be introduced,</p> <p>2002, Law on Sickness and Maternity Social Insurance has been introduced,</p> <p>1998, Changes to survivor pension,</p> <p>1997 Increases in retirement ages, New health insurance scheme,</p> <p>1996 Sickness insurance legislation passed, 1995 Income support to families in need</p>
Moldova	1999 Pension reform law passed
Mongolia	<p>2010 Social Welfare Reform approved,</p> <p>2005 Social Welfare Law Amendments approved,</p> <p>2001 Social Security Sector Development Program and Strategy Paper approved,</p> <p>2001 Two-step pension reform to introduce a system based on individual savings accounts,</p> <p>1998 Individual pension accounts being considered, Changes in pension scheme,</p> <p>1996 Reforms to contribution ceilings and minimum pension rates</p>
Poland	<p>2009 Early retirement is over!,</p> <p>2006 Permanent disability pensions abolished,</p> <p>2005 Amendments concerning the Agricultural Social Insurance Fund, New family benefit scheme in force, One-time payments for pensioners, Increase in benefits for agricultural workers, Amendments to the structural pension program included in the law on agricultural social insurance, Procedure specified for declaring work disability in KRUS,</p> <p>2004 Voluntary individual retirement accounts in operation, Revised indexation of pensions, Creation of a centralized national health fund,</p> <p>2003 Increase in farmers' benefits, Cost-reduction proposals for pension management,</p> <p>2002 Legislation increases administrative control, Changes in health care contribution, Administrative implementation of reformed pension system,</p> <p>2001 Reform of agricultural social insurance under discussion,</p> <p>1998 New system of health care funds, Delay in implementing new pension system,</p> <p>1997 Mandatory pension funds to be introduced,</p> <p>1996 Employers to pay Sickness Benefits</p>

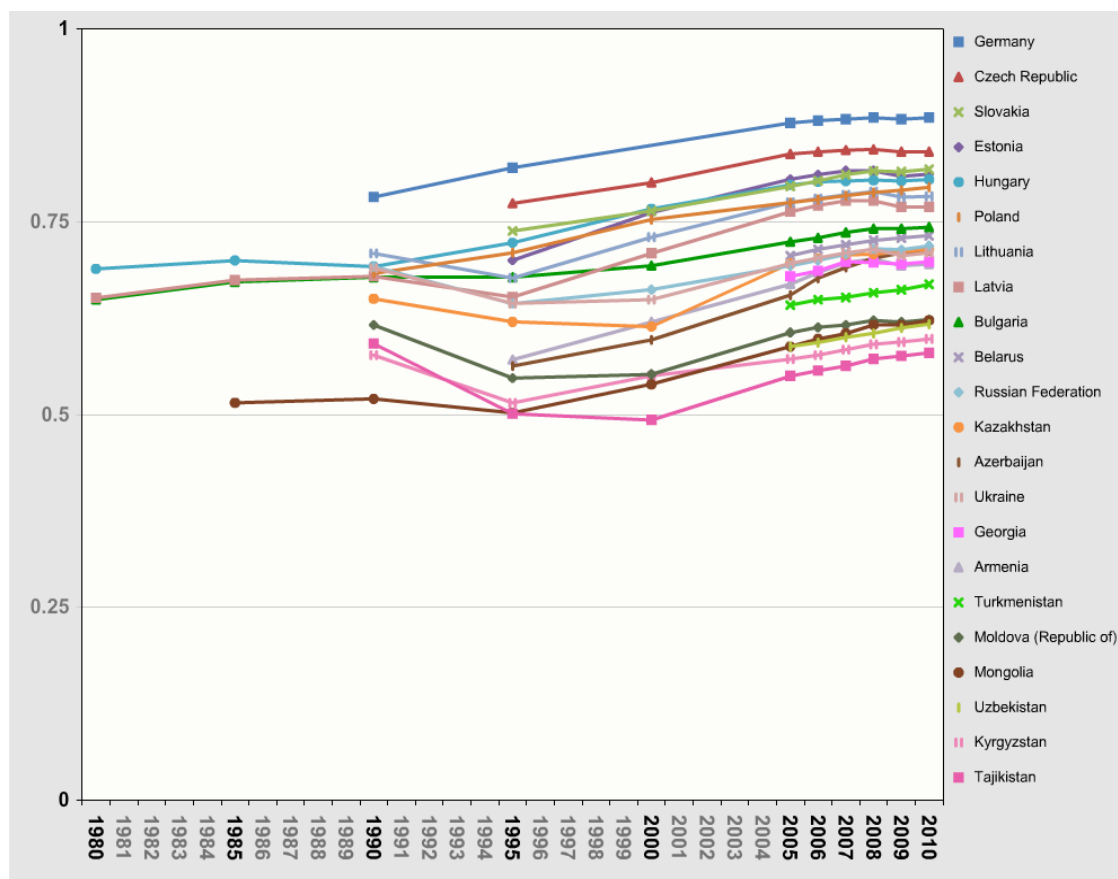
Reforms	
Romania	<p>2010 Overhaul of the public pension system to reduce budget deficit,</p> <p>2007 Restructuring of the pension system,</p> <p>2006 The private pension supervisory commission established, Creation of a multi-pillar pension system, Separation of the branches of the social security system Changes to the indexation method of public system pensions, Revision of calculation method for public system pensions,</p> <p>2004 Act on privately managed pension funds approved,</p> <p>2001 Improvements in maternity benefits Survivors' benefits now also payable to widowers, Separation of policy and administrative functions,</p> <p>2000 Increase in the minimum state pension Plans to raise the state pension,</p> <p>1999 Remuneration of general practitioners, New health insurance system, Additional family benefits,</p> <p>1998 Revised parental leave, Reform concerning disabled retired persons Protective measures for mass redundancies,</p> <p>1997 Mining accident insurance fund set up,</p> <p>1996 Sickness benefit reforms, New draft law on social security reform Early retirement</p>
Russia	<p>2010 Plans to upgrade healthcare system,</p> <p>2009 Employer contribution to replace the Single Social Tax, Employer contribution to replace the Single Social Tax, New pension reform's package in Russia State support for citizens' pension savings, Combating 'under the table' payments National anti-crisis program submitted by Government for public discussion, 2007 Pension's objectives set by the Russian President,</p> <p>2006 Urgent measures to be adopted to combat declining population Oil could finance public pensions,</p> <p>2005 Law on the budget of the Russian Pension Fund,</p> <p>2004 Crucial reform on special in-kind benefits Reduction of the Single Social Tax, Pension reform: a minimum contribution rate is established, Russian pension fund may invest in mortgage bonds,</p> <p>2003 The first index funds in place Funded part of labour pension has been invested Reformed pension system requires new logistics, Medical insurance for pensioners to be improved Further implementation of the pension reform confronts administrative issues, Moscow child birth grant under discussion Russian pension reform in full implementation,</p> <p>2002 New regulation on pension investments New pension laws are in effect Mandatory occupational pension insurance to be introduced, Procedure of investment to finance the funded part of the labour pensions,</p> <p>2001 Russian Pension Fund takes over entitlement and payment of public pensions Government approves pension reform program,</p> <p>2000 Framework law on occupational safety adopted, Single social tax,</p> <p>1999 Basic legislation on principles governing mandatory social insurance Pension reform program,</p> <p>1998 Proposed introduction of work injury insurance scheme</p>

Reforms	
Slovakia	<p>2009 Measures to cushion the effect of the financial crisis on the pension system,</p> <p>2006 Amendments to the Act on Social Insurance, Family benefits reforms New private pension scheme in force,</p> <p>2005 Package of six health care reform laws approved,</p> <p>2004 Introduction of old age pension savings, Change in child benefit, The social insurance system changes enacted, Reduction in cash sickness and maternity benefits,</p> <p>2003 Fully funded second pillar, Implementation of legal framework for the social insurance system Increase and adjustment of pension benefits, Adjustment of parental allowance, Child benefits dependent on age group, Legal framework for the social insurance system implemented,</p> <p>2002 Changes to child and parental allowances, Voluntary participation in sickness insurance, Principles of social insurance to be strengthened Changes to eligibility and benefits under unemployment assistance, Changes in employer's contribution for unemployment insurance, Unemployment insurance expands coverage, 1998 Responsibility for disability decisions moved, Increases in pensions,</p> <p>1996 Supplementary pension funds agreed Administration of health insurance funds, Supplementary retirement funds,</p>
Tajikistan	<p>2010 Considerable increase in minimum pension</p> <p>1998 Proposed voluntary pension fund, Changes to payment arrangements, Proposed structural changes</p>
Turkmenistan	<p>2005 Reform of public health care system</p>
Ukraine	<p>2005 New pension benefit amounts established, New minimum social standards introduced,</p> <p>2003 Adoption of new pension laws,</p> <p>2001 Various acts become effective in the areas of unemployment, maternity benefits and work accident</p> <p>Personal identification certificate created,</p> <p>2000 New regulatory body for pharmaceutical products,</p> <p>1999 Minimum pension, Basis created for a social insurance system</p>
Uzbekistan	<p>2010 Increase in benefits,</p> <p>2009 Increase in salaries and pensions,</p> <p>2005 Mandatory individual account system introduced</p>

Source: Retrieved from Social Security Administration (SSA) and the International Social Security Association (ISSA) (2011).

Appendix 9

Human development index in the post socialist countries



Source: Retrieved from HDI, the UNDP (2010).

References

- Aidukaite, J. (2009). The transformation of welfare systems in the Baltic States: Estonia, Latvia and Lithuania. In A. Cerami & P. Vanhuysse (Eds.), *Post-communist welfare pathways: Theorizing social policy transformations in Central and Eastern Europe* (pp. 96-111). Hampshire, England: Palgrave Macmillan.
- Alber, J., & Standing, G. (2000). Social dumping, catch-up or convergence? Europe in a comparative global context. *Journal of European Social Policy*, 10(2), 99–119.
- Alexandrova, A., & Struyk, R. (2007). Reform of in-kind benefits in Russia: high cost for a small gain. *Journal of European Social Policy*, 17(2), 153-166.
doi:10.1177/0958928707075204
- Amendment of Social Welfare Act, 242, Parliament of Mongolia (2010).
- Araujo, M. C. (2006). *Mongolia: Assessment of the child money program and properties of its targeting methodology*. Washington D.C. Retrieved from
http://www.soros.org/mn/res_mat/child_money_April_2006.pdf
- Arts, W., & Gelissen, J. (2002). Three worlds of welfare capitalism or more? A state-of-the-art report. *Journal of European Social Policy*, 12(2), 137-158.
doi:10.1177/0952872002012002114
- Asian Development Bank. (2008a). *Mongolia: Health and social protection*. Retrieved from
<http://www.adb.org/Documents/Evaluation/CAPES/MON/CAPE-MON-Health-Social-Protection.pdf>
- Asian Development Bank. (2008b). *Report and recommendation of the president to the Board of Directors*. Manila Retrieved from
<http://adb.org/projects/project.asp?id=42322&p=monproj>
- Baljmaa, M. (2009, October). *Country report: Mongolia*. Paper presented at the meeting of the the Second Regional Workshop on Enhancement of ICT Accessibility for Persons with Disabilities, Incheon, Republic of Korea. Retrieved from
http://www.unescap.org/ESID/Meetings/ICT09/Mong_R.pdf
- Batkin, A., Bumhorol, T., Mearns, R., & Swift, J. (1999). *Independent evaluation of the national poverty alleviation program and options post-2000*. Ulaanbaatar. Retrieved from
http://www.forum.mn/res_mat/Independent%20Evaluation%20of%20the%20Natioal%20Poverty%20Alleviation.pdf
- Baulch, B., Weber, A., & Wood, J. (2008). *Social protection index for committed poverty reduction* (Vol. 2). Retrieved from <http://www.adb.org/Documents/Books/Social-Protection/Volume2/Social-Protection-Vol2.pdf>
- Bilskie, J. S., & Arnold, H. M. (2002). An examination of the political and economic transition of Mongolia since the collapse of the Soviet Union. *Journal of Third World Studies*, 19(2), 205-218.
- Boston, J., Dalziel, P., & St John, S. (Eds.). (1999). *Redesigning the welfare state in New Zealand: Problems, policies, prospects*. Auckland, New Zealand: Oxford University Press.
- Bridge, G. (2004). Social policy and social work in the voluntary sector: the case of Ukraine. *Social Work Education*, 23(3), 281-292. doi:10.1080/0261547042000224038
- Brogger, L., Norgaard, O., & Cummings, S. (2004). *State of the state in Mongolia*: Department of political science, University of Aarhus. Retrieved from
www.demstar.dk

- Bryman, A. (2007). The research question in social research: What is its role? *International Journal of Social Research Methodology*, 10(1), 5-20.
doi:10.1080/13645570600655282
- Careja, R., & Emmenegger, P. (2009). The politics of public spending in post-communist countries. *East European Politics and Societies*, 23(2), 165-184.
doi:10.1177/0888325408328748
- Center for Economic Policy Research, Futures Group International Consulting Unit, & Asian Development Bank. (1997). *Strengthening the national poverty alleviation program*. Retrieved from <http://www.adb.org/Documents/Reports/Consultant/28456-MON/28456-MON-TACR.pdf>
- Cerami, A. (2006). *Social policy in Central and Eastern Europe*. Berlin, Germany: Transaction Publishers.
- Cerami, A. (2008, May). *Central Europe in transition: emerging models of welfare and social assistance*. Paper presented at the meeting of the "Building Capacity, Improving Quality. Social Services in the New Member States", European Social Network, Ljubljana, Slovenia. Retrieved from <http://mpira.ub.uni-muenchen.de/8377/>
- Cerami, A., & Vanhuysse, P. (Eds.). (2009). *Post-communist welfare pathways: Theorizing social policy transformations in Central and Eastern Europe*. Hampshire, England: Palgrave Macmillan.
- Chandler, A. (2001). Globalization, social welfare reform and democratic identity in Russia and other post-communist countries. *Global Social Policy*, 1 (3), 310-337.
doi:10.1177/146801810100100303
- Cichon, M., & Hagemejer, K. (2007). Changing the development policy paradigm: Investing in a social security floor for all. *International Social Security Review*, 60(2-3), 169-196.
- Cichon, M., Scholz, W., van de Meerendonk, A., Hagemejer, K., Bertranou, F., & Plamondon, P. (2004). *Financing social protection*. Geneva: ILO Publication.
- Dashmaa, T. (2010, July 1). More benefits, more poverty. *Niigmiin toli*. Retrieved from <http://www.sonin.mn>
- Deacon, B. (2000). Eastern European welfare states: the impact of the politics of globalization. *Journal of European Social Policy*, 10(2), 146-161.
- Dimitrov, M. K. (2009). Popular Autocrats. *Journal of Democracy*, 20(1), 78-81.
doi:10.1353/jod.0.0057
- Dunn, W. N. (1981). *Public policy analysis: An introduction*. Englewood Cliffs, NJ: Prentice-Hall.
- Esping-Andersen, G. (1990). Three worlds of welfare capitalism. In C. Pierson & F. G. Castles (Eds.), *The welfare state reader* (pp. 154-169). Cambridge: UK: Polity Press.
- Esping-Andersen, G. (2006). A welfare state for the twenty-first century. In C. Pierson & F. G. Castles (Eds.), *The welfare state reader* (pp. 434-454). Retrieved from [http://books.google.co.nz/books?hl=en&lr=&id=kSwy6f0PghMC&oi=fnd&pg=PA160&dq=The+political+economy+of+welfare+state+\(1979\)&ots=bBKGR29dcD&sig=1qhg8N91X97VVxt7iSMIphLOhaU#v=onepage&q=The%20political%20economy%20of%20welfare%20state%20\(1979\)&f=false](http://books.google.co.nz/books?hl=en&lr=&id=kSwy6f0PghMC&oi=fnd&pg=PA160&dq=The+political+economy+of+welfare+state+(1979)&ots=bBKGR29dcD&sig=1qhg8N91X97VVxt7iSMIphLOhaU#v=onepage&q=The%20political%20economy%20of%20welfare%20state%20(1979)&f=false)
- Esping-Andersen, G. (Ed.). (1996). *Welfare states in transition: National adaptations in global economies*. London, Thousand Oaks, New Delhi: United Nations Research Institute for Social Development, SAGE Publications.
- Esping-Andersen, G. (Ed.). (2002). *Why We Need a New Welfare State*.
doi:10.1093/0199256438.001.0001
- Etzioni, A. (2006). The unique methodology of policy research. In M. Moran, M. Rein & R. E. Goodin (Eds.), *The Oxford handbook of public policy* (pp. 833-843). New York:

- Oxford University press. Retrieved from www2.gwu.edu/~ccps/etzioni/documents/A357.pdf.
doi:10.1093/oxfordhpb/9780199548453.001.0001
- Fenger, H. J. M. (2007). Welfare regimes in the Central and Eastern Europe: Incorporating post-communist countries in a welfare regime typology. *Contemporary Issues and Ideas in Social Science* 3(2), 1-30.
- Ferge, Z. (2001). European integration and the reform of social security in the accession countries. *European Journal of Social Quality*, 3(1/2), 9-25.
- Ferge, Z., & Juhasz, G. (2004). Accession and social policy: the case of Hungary. *Journal of European Social Policy*, 14(3), 233-251. doi:10.1177/0958928704044621
- Ferguson, I., Lavalette, M., & Mooney, G. (2002). *Rethinking welfare: A critical perspective*. London, Thousand Oaks, New Delhi: SAGE Publications.
- Ferrarini, T., & Sjoberg, O. (2010). Social policy and health: transition countries in a comparative perspective. *International Journal of Social Welfare*, 19, S60-S88.
doi:10.1111/j.1468-2397.2010.00729.x
- Fitzpatrick, T. (2001). *Welfare theory: An introduction*. New York, NY: Palgrave.
- Forster, M. F., & Tóth, I. G. (2001). Child poverty and family transfers in the Czech Republic, Hungary and Poland. *Journal of European Social Policy*, 11(4), 324-341.
- Ganbat, G. (2004). *The mass public and democratic politics in Mongolia*. Taipei: Asian Barometer Project Office, National Taiwan University and Academia Sinica.
Retrieved from www.asianbarometer.org/newenglish/publications/workingpapers/no.29.pdf
- Gelissen, J. (2002). *Worlds of welfare, worlds of consent? Public opinion on the welfare state* (Vol. 4). Leiden and Boston: Brill NV.
- Giddens, A. (1994). *Beyond left and right: The future of radical politics*. Cambridge: Polity Press.
- Giddens, A. (1998). *The third way*. Cambridge: Polity Press.
- Goyal, H. D. (1999). A development perspective on Mongolia. *Asian Survey*, 39(4), 633-655.
- Griffin, K. (Ed.). (1995). *Poverty and the transition to a market economy in Mongolia*. New York, NY: St. Martin's Press.
- Griffin, K., Brenner, M., Ickowitz, A., Kusago, T., McKinley, T., & Oyuntungalag, N. (2001). *A strategy for poverty reduction in Mongolia*. Ulaanbaatar: UNDP. Retrieved from <http://www.ipc-undp.org/publications/reports/Mongolia.pdf>
- Hakim, C. (1987). *Research design: Strategies and choices in the design of social research* (Vol. 13). London, Boston: Allen & Unwin.
- Haughton, J. Khandker, S.R (2009). Handbook on Poverty and Inequality. Retrieved from <http://issuu.com/world.bank.publications/docs/9780821376133>
- Heritage Foundation, & The Wall Street Journal. (2011). *2011 Index of economic freedom world rankings*. Retrieved from <http://www.heritage.org/Index/ranking>
- Hodges, A., Khurelmaa, D., Kang Yun Jong, J., Dufay, A., Uranchimeg, B., & Tuya, M. (2007). *Child benefits and poverty reduction: Evidence from Mongolia's child money program*. Ulaanbaatar. Retrieved from http://www.unicef.org/socialpolicy/index_43059.html
- Horibayashi, T. (2006). Characteristics of the Central European welfare system. In J. Nakagawa (Ed.), *Managing development: Globalization, economic restructuring and social policy* (pp. 333-354). London and New York: Routledge.
- IMF. (2009). *What IMF-advised "social welfare reforms" in Mongolia could mean for the country's poor*. Retrieved October 13, 2010 from <http://www.eurodad.org/whatsnew/articles.aspx?id=3913>

- Inglot, T. (2009). Czech Republic, Hungary, Poland and Slovakia: Adaptation and reform of the post-communist 'Emergency Welfare States'. In A. Cerami & P. Vanhuysse (Eds.), *Post-communist welfare pathways: Theorizing social policy transformations in Central and Eastern Europe* (pp. 73-95). Hampshire, England: Palgrave Macmillan.
- International Social Security Association. (2011). *Social security country profiles*. Retrieved from <http://193.134.194.37/Observatory/Country-Profiles>
- Jeffries, I. (2007). *Mongolia: A guide to economic and political developments*. London and New York: Routledge.
- Klugman, J., Micklewright, J., & Redmond, G. (2002). *Poverty in the transition: Social expenditures and the working-age poor*. Florence: UNICEF Innocenti Research Centre.
- Kozminski, A. K. (1992). Transition from planned to market economy: Hungary and Poland compared. *Studies in Comparative Communism*, 25(4), 315-333.
- Kumssa, A., & Jones, J. F. (1999). The social consequences of reform in transitional economies. *International Journal of Social Economics*, 26(1/2/3), 194-210.
- Landman, T., Larizza, M., & McEvoy, C. (2005, 30 June to 1 July). *State of democracy in Mongolia*. Paper presented at the meeting of the Democracy Development in Mongolia: Challenges and Opportunities, Ulaanbaatar, Mongolia. Retrieved from www.idea.int/democracy/upload/sodMongolia05.pdf
- Lee, J. (2005). Stabilized democracy in Mongolia in 2005. *New Asia*, 12(3).
- Leisering, L. (2009). Extending social security to the excluded: Are social cash transfers to the poor an appropriate way of fighting poverty in developing countries? *Global Social Policy*, 9(2), 246-272. doi:10.1177/1468018109104628
- Lendvai, N. (2004). The weakest link? EU accession and enlargement: dialoguing EU and post-communist social policy. *Journal of European Social Policy*, 14(3), 319-333. doi:10.1177/0958928704044626
- Lu, A. (2001). The impact of transition to the market economy on welfare changes: Lessons from the experience of Asian transitional economies. *World Economy and China*, 2. Retrieved from <http://en.iwep.org.cn/info/content.asp?infoId=880>
- Lukianenko, S. (1978). Financing and administration of social security in socialist countries. *International Social Security Review*, 31(4), 419-438. doi:10.1111/j.1468-246X.1978.tb00125.x
- Majchrzak, A. (1984). *Methods for policy research*. Newbury Park, CA: SAGE Publication, Inc.
- Manning, N. (2004). Diversity and change in pre-accession Central and Eastern Europe since 1989 *Journal of European Social Policy*, 14(3), 211-232. doi:10.1177/0958928704044620
- Mares, I., & Carnes, M. E. (2009). Social policy in developing countries. *The Annual Review of Political Science*, 12, 93-113. doi:10.1146/annurev.polisci.12.071207.093504
- May, T. M. (2009). *Culture and customs of Mongolia*. Westport, CT Greenwood Press.
- Milanovic, B. (1998). *Income, inequality, and poverty during the transition from planned to market economy: The World Bank Regional and Sectoral studies*.
- Ministry of Social Welfare and Labour. (2010a). *Annual report 2009*. Retrieved from <http://mswl.gov.mn/index.php/mn/news/2010-08-13-03-26-26/879-report2009.html>
- Ministry of Social Welfare and Labour. (2010b). *Social welfare reform*. Retrieved from http://mswl.gov.mn/files/niigmiin_halamj_english.pdf
- Ministry of Social Welfare and Labour. (2011). *Social welfare, by type*. Retrieved from <http://www.mswl.gov.mn/>

- Motiejunaite, A., & Kravchenko, Z. (2008). Family policy, employment and gender-role attitudes: a comparative analysis of Russia and Sweden. *Journal of European Social Policy*, 18(1), 38-49. doi:10.1177/0958928707084453
- Murrell, P. (1996). How far has the transition progressed? *The Journal of Economic Perspectives*, 10(2), 25-44.
- Naranhuu, L., Myagmarsuren, D., Erdenesuren, Y., Baasansuren, S., Chinzorig, N., & Batjargal, N. (2009). *Study report: Impact of social assistance to the family development*. Ulaanbaatar: Ministry of Social Welfare and Labour, Poverty Research and Employment Facilitation Project, UNDP.
- National Statistics Office of Mongolia. (2006). *Mongolian statistical yearbook*. Retrieved from <http://www.nso.mn>
- National Statistics Office of Mongolia. (2009). *Mongolian statistical yearbook*. Retrieved from <http://www.nso.mn>
- Orenstein, M. A. (2009). Transnational actors in Central and East European pension reforms. In A. Cerami & P. Vanhuyse (Eds.), *Post-communist welfare pathways: Theorizing social policy transformations in Central and Eastern Europe* (pp. 129-147). Hampshire, England: Palgrave Macmillan.
- Parliament of Mongolia. (1992). *The Constitution of Mongolia*. Retrieved from http://www.mongolianembassy.us/government_and_policy/the_constitution_of_mongolia
- Persson, H. (2010). Shared background, different outcomes: A comparison between Mongolia and Turkmenistan's transitions from Communism. *Social and Political Review*, 20, 49-58.
- Potucek, M. (2004). Accession and social policy: The case of the Czech Republic. *Journal of European Social Policy*, 14(3), 253-266. doi:10.1177/0958928704044623
- Potucek, M. (2009). Welfare state transformations in Central and Eastern Europe. In T. Hayashi & A. Ogushi (Eds.), *Post-communist transformations: The countries of Central and Eastern Europe and Russia in comparative perspective* (pp. 99-144). Sapporo, Japan: Slavic Research Centre, Hokkaido University. Retrieved from http://src-h.slav.hokudai.ac.jp/coe21/publish/no21_ses/contents.html
- Ringen, S. (2006). *The possibility of politics: A study in the political economy of the welfare state* (2 ed.). Retrieved from http://books.google.co.nz/books?hl=en&lr=&id=SVc9k-WoXegC&oi=fnd&pg=PR7&dq=definition+of+welfare+sate*&ots=uW5C0ZKFrD&sig=8SGrsx8m0FSYFY1rwRSTPvSpwzs#v=onepage&q&f=false
- Rossabi, M. (2005). *Modern Mongolia: From Khans to Commissars to Capitalists*. Berkeley, Los Angeles and London: University of California Press.
- Rudra, N. (2007). Welfare States in Developing Countries: Unique or Universal? *Journal of Politics*, 69(2), 378-396.
- Rys, V. (2001). Transition countries in Central Europe entering the European Union: Some social protection issues. *International Social Security Review*, 54(2-3), 177-189.
- Sanders, A. J. K. (1987). *Mongolia: Politics, economics and society*. London: Lynne Rienner Pub.
- Sen, A. (1999). The ends and the means of development. In *Development as Freedom*. New York: Alfred A Knopf, Inc. Retrieved from Electronic Reserve Course Materials, University of Utah database.
- Severinghaus, S. R. (2001). Mongolia in 2000: The Pendulum Swings again. *Asian Survey*, 41(1), 61-70.
- Sindelar, D. (2009). *Mongolian Democracy: From Post-Soviet Success To Post-Transition Struggle*. Retrieved from

- http://www.rferl.org/content/Mongolian_Democracy_From_PostSoviet_Success_To_PostTransition_Struggle/1899808.html
- Smith, R. (n/d). *The Problem of Poverty in Mongolia: From Socialism to the Millennium Development Goals* (Master's Thesis). University of California, Berkeley, CA. Retrieved from http://www.welfareacademy.org/pubs/international/policy_exchanges/asp_papers/1811.pdf
- Sotiropoulos, D. A., Neamtu, I., & Stoyanova, M. (2003). The trajectory of post-communist welfare state development: The cases of Bulgaria and Romania. *Social Policy & Administration*, 37(6), 656-673.
- Suvd, B., Altantsetseg, B., & Bayarmaa, D. (2010). *Analysis on possibilities of social assistance including employment and social supports to poor and low income household*. Study report. Food, Nutrition and Social Welfare Project, ADB Ulaanbaatar.
- Szikra, D., & Tomka, B. (2009). Social policy in East Central Europe: Major trends in the twentieth century. In A. Cerami & P. Vanhuysse (Eds.), *Post-communist welfare pathways: Theorizing social policy transformations in Central and Eastern Europe* (pp. 17-34). Hampshire, England: Palgrave Macmillan.
- Teplova, T. (2007). Welfare state transformation, childcare, and women's work in Russia. *Oxford University Press*(Fall, 2007), 284–322. doi:10.1093/sp/jxm016
- The Economist Intelligence Unit. (2010). *Democracy index 2010: Democracy in retreat*. London, New York, Hong Kong, Geneva. Retrieved from www.eiu.com/democracy
- The Government of Mongolia. (2003). *Economic growth support and poverty reduction strategy*. Ulaanbaatar: The Ministry of Finance. Retrieved from http://siteresources.worldbank.org/INTMONGOLIA/Resources/Mongolia_PRSP.pdf
- The Government of Mongolia. (2008a). *Legal Information System*. Retrieved from <http://legalinfo.mn/pages/1/page1.php>
- The Government of Mongolia. (2008b). *Resolution on approval of the Action plan of the Government for 2008-2012*. Retrieved from www.open-government.mn
- The Government of Mongolia. (2009). *National program on social welfare reform of Mongolia*. Ulaanbaatar: Mongolia. Retrieved from www.mswl.gov.mn
- The Government of Mongolia, & Ministry of Social Welfare and Labour. (2003). *Social security sector strategy paper*. Ulaanbaatar, Mongolia.
- The Ministry of Social Welfare and Labour. (2009a). *Annual report 2008*. Retrieved from <http://mswl.gov.mn/index.php/mn/news/2010-08-13-03-26-26/880--2008-.html>
- The Ministry of Social Welfare and Labour. (2009b). *Types of social welfare services and concession, aids*. Retrieved from http://mswl.gov.mn/files/table_eng.pdf
- The State Great Hural of Mongolia. (1996). *Development concept of Mongolia*. Ulaanbaatar.
- The State Great Hural of Mongolia. (2008). *Endorsement of the Millennium Development Goals (MDGs)-based comprehensive national development strategy of Mongolia*. Ulaanbaatar. Retrieved from <http://www.carecinstitute.org/uploads/docs/MON-National-Development-Strategy-en.pdf>
- The UNDP. (2010). *Human development report 2010*. Retrieved from <http://hdrstats.undp.org/en/indicators/49806.html>
- The World Bank. (2003). *Mongolia: Poverty reduction strategy paper and Joint staff assessment*. Washington D.C. Retrieved from http://www-wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2003/08/20/000090341_20030820103735/Rendered/PDF/265630MG0PRSP.pdf
- The World Bank. (2010). *International development association: Project appraisal document*. Retrieved from <http://www->

- wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2010/07/04/000333038_20100704235042/Rendered/PDF/543530PAD0P1191IC10disclosed0711110.pdf
- The World Bank. (2011a). *Poverty*. Retrieved April 15, 2011, from <http://data.worldbank.org/topic/poverty>
- The World Bank. (2011b). *World development indicators and global development finance*. Retrieved from <http://data.worldbank.org/news/wdi-database-updated>
- UNICEF. (1997). *Children at risk in Central and Eastern Europe: Perils and promises*. Florence: UNICEF. Retrieved from www.unicef-irc.org/publications/pdf/monee4sume.pdf
- UNICEF Regional Office for CEE/CIS. (2010). *TransMONEE 2010 DATABASE*. Retrieved from <http://www.unicef.org/ceecis/>
- United Nations. (2010). *The MDGs in Europe and Central Asia: Achievements, challenges and the way forward*. Geneva. Retrieved from <http://europeandcis.undp.org/poverty/show/F0B4D50C-F203-1EE9-BAAB1ACDE59A7757>
- Van Mechelen, N., & De Maesschalck, V. (2009). Devolution of social protection arrangements In A. Cerami & P. Vanhuyse (Eds.), *Post-communist welfare pathways: Theorizing social policy transformations in Central and Eastern Europe* (pp. 181-198). Hampshire, England: Palgrave Macmillan.
- Vanhuyse, P. (2009). Power, order and politics of social policy. In A. Cerami & P. Vanhuyse (Eds.), *Post-communist welfare pathways: Theorizing social policy transformations in Central and Eastern Europe* (pp. 53-70). Hampshire, England: Palgrave Macmillan.
- Walker, W., & Hall, D. (2010). Reforming social protection systems when commodity prices collapse: The experience of Mongolia. In A. Bauer & M. Thant (Eds.), *Poverty and sustainable development in Asia: Impacts and responses to the global economic crisis* (pp. 389-403)
- Weimer, D. L. (1998). Policy analysis and evidence: A craft perspective. *Policy Studies Journal*, 26(1), 114-128.
- World Bank. (1996). *From Plan to Market: World Development Report 1996*. Washington, DC. Retrieved from <http://www.rrojasdatabank.info/wdr1996toc.htm>
- World Bank. (2003). *Mongolia: Poverty reduction strategy paper and Joint staff assessment*. Washington D.C. Retrieved from http://www-wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2003/08/20/000090341_20030820103735/Rendered/PDF/265630MG0PRSP.pdf
- World Bank. (2009). *Mongolia: Consolidating the gains, managing booms and busts, and moving to better service delivery: A public expenditure and financial management review*. Retrieved from http://www-wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2009/02/08/000333037_20090208230004/Rendered/PDF/433530ESW0MN0v1eb05020090Box334131B.pdf