Mongolia
Participatory Living Standards Assessment
2000
MONGOLIA
Participatory Living Standards Assessment 2000

NATIONAL STATISTICAL OFFICE OF MONGOLIA

THE WORLD BANK

2001
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Foreword

Nambariin Enkhbayar, Prime Minister of Mongolia

Having stepped onto a road to market economy in 1990 Mongolia has faced with a challenge of making reforms in all areas of social life. The country endorsed a New Constitution committing it to the supreme goal of building a humane and democratic society and upholding human rights and freedoms. In line with the Constitution government policies and programmes are centered around the key goal of improving the livelihood of population and establishing a committed and capable governance by giving a priority to human development, education and culture and by improvement of distribution of social wealth and income and by setting up an operational social security system.

A policy is being pursued to improve the living standard of a population through comprehensive address and realization of development of economy and human factor related issues such as health, education, poverty and unemployment, price inflation and social security in an interwoven and closely linked fashion. And this is and will be the main focus in defining the development level of the country.

The fundamentals of defining and developing these policies are official statistics, information and survey results.

The Participatory Living Standards Assessment 2000 (PLSA) was an important exercise to use participatory learning and action methods to broaden and deepen the understanding of poverty at the national level. It was conducted by the National Statistical Office (NSO) with assistance from the World Bank and other international agencies, and was intended to inform national policies, in part as an essential building block for Mongolia’s Poverty Reduction Strategy Paper. It had been presented in Donor Consultative Group Meeting, Paris, May 15-16, 2001 as a basic document of the Mongolian poverty profile.

The PLSA provided an opportunity for the voices of rural and urban people to be brought to bear on national policy and their own meaning of the way resolving priorities of the problems in national and regional levels.

The Government of Mongolia expresses deep gratitude to the experts, researchers and Robin Mearns, World Bank expert for the pro-active contribution and the World Bank, United Nations Development Programme, United Nations Children’s Fund, Asian Development Bank and Department for International Development of United Kingdom for all round support to development of the document.

NAMBARIIN ENKHBAyar
PRIME MINISTER OF MONGOLIA

Ulaanbaatar
December 2001
Foreword

James D. Wolfensohn, President, The World Bank

The World Bank has supported participatory poverty assessments in over sixty countries around the world. These exercises aim to contribute to a better understanding of poverty in the countries concerned and, to varying extents, assist in improving the link between poverty diagnosis and pro-poor policy-making by ensuring that the voices of poor people themselves are heard and acted upon.

The Mongolia Participatory Living Standards Assessment 2000 (PLSA) is one such participatory poverty assessment. It forms one of the building blocks for the Government of Mongolia’s evolving Poverty Reduction Strategy – both in its analysis and as part of the process of consultation – and is thereby helping to contribute to the formulation of national policies to help foster more widely shared economic growth. For the first time in Mongolia’s history, the PLSA brought the perspectives and priorities of community members throughout Mongolia systematically to bear on policy-making, and did so using their own words.

A number of important conclusions emerged from the PLSA. They are helping to re-orient the approach taken within the Government of Mongolia’s national anti-poverty program, with the support of foreign donors and international financial institutions. Rather than focusing on short-term approaches to reducing income poverty alone, the program now emphasizes the important role that household- and community-level assets can play in reducing vulnerability and in helping to foster secure and sustainable livelihoods. These assets include not only physical infrastructure and financial capital, but also social networks bridging the rural-urban divide, for example, which help people to gain access to markets and essential services.

The National Statistical Office (NSO) of Mongolia deserves the strongest praise for the way in which it carried out the PLSA. The staff involved were introduced to participatory research techniques which were unfamiliar to them, and notoriously difficult to apply systematically and with rigor. They more than rose to the challenge, and the research teams worked long into the night, day after day, and week after week in the field. The combination of their existing experience in quantitative approaches to poverty measurement and analysis with these newly acquired skills in more open-ended and qualitative approaches offers unprecedented opportunities for NSO to contribute to Mongolia’s Poverty Reduction Strategy over the coming years.

JAMES D. WOLFENSOHN
PRESIDENT, THE WORLD BANK
Washington, D.C.
December 2001
The Participatory Living Standards Assessment 2000 (PLSA) was the first exercise of its kind in Mongolia to use participatory learning and action methods to broaden and deepen understanding of poverty at the national level. The PLSA was conducted by the National Statistical Office of Mongolia (NSO) with the financial and technical support of the World Bank. Local consultants and logistical support in fieldwork were provided by Consulting Unit/Center for Social Development, Ulaanbaatar. The PLSA provided an opportunity after voices of rural and urban people to be brought to bear on national policy making, it began with participants understanding of the differences between well being and ill being. The main finding of the PLSA is giving more detailed and differentiated figure of the poverty to the policy makers.

Both national and international agencies’ staff have dedicated a great deal of time and effort towards the successful completion of this project, both during the conducting of the survey and in the preparation of this report.

First of all I would like to express my special gratitude to the head of Social statistics division D. Oyunchimeg (NSO, team leader), specialists B. Davaakhuu, D. Oyun and Ts. Amartuvshin of National Statistical Office and colleagues of Consulting unit/Center for Social Development for their tremendous work, their dedication and commitment during the entire period of the project. The acknowledgement should go to all who assisted in the field work and data collection, namely officials in regional statistics offices and other governmental officials.

Also I would like to express my deep appreciation to World Bank for its financial and technical support for this survey.

A number of other international agencies also supported the PLSA in various ways. DFID provided additional financial support, notably to cover the costs of three key consultants (Enkhtor Dulamdary, Meera Kaul Shah, and Simon Hunt). UNICEF seconded a staff member (S. Uranchimeg) as a member of the core research team, and special thanks are due to the UNICEF Assistant Representative in Mongolia, Gabriella de Vita, for making this possible. ADB financed the costs of a local gender consultant (T. Battsetseg); thanks are owed to Tamara Goodstein for her role in facilitating this input. UNDP provided financial support to cover the costs of in-country publication. The Press Institute of Mongolia, with World Bank support, organized a competition to promote print and broadcast media coverage of issues relating to poverty and living standards in Mongolia during the PLSA fieldwork period (March-June 2000). Mustafa Eric’s role in this initiative was greatly appreciated.

Caroline Robb (IMF) was external peer reviewer, and offered invaluable advice and comments at various stages of the work. The staff of many Mongolian government agencies, local and international non-governmental organizations (NGOs), international agencies, and other individuals provided valuable written comments on the draft report circulated in September 2000. Further comments were elicted during a national-level consultation workshop held in Ulaanbaatar in November 2000. Although too numerous to mention by name, all these contributions were essential to the final product.

Finally I would like to express my sincere gratitude to Robin Mearns (World Bank’s team leader), Meera Kaul Shah (Consultant), E. Dulamdary (Consultant), B. Enkhbat (Consulting Unit), L. Ganzaya (NSO) for writing this report, their valuable comments, advice and their technical inputs. Most important of all were the contributions of over 2,000 community members who gave their time so generously to participate in the PLSA.

CH. DAVAASUREN
THE CHAIRMAN OF
THE NATIONAL STATISTICAL OFFICE.
Research Team

Dandar Oyunchimeg, Social Statistics Division, National Statistical Office (NSO Team Leader); Robin Mearns, World Bank (Task Team Leader); Enkhtor Dulamdary, Consultant (Coordinator)

Enkhtor Dulamdary (Consultant), Meera Kaul Shah (Consultant), and Robin Mearns (World Bank), with Badarch Enkhbat (Consulting Unit) and Luvsansambuu Ganzaya (NSO)

### List of abbreviations

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<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
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<tr>
<td>DFID</td>
<td>Department for International Development (UK)</td>
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<td>IFAD</td>
<td>International Fund for Agricultural Development</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>LSMS</td>
<td>Living Standards Measurement Survey</td>
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<td>NGO</td>
<td>Non-Governmental Organization</td>
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<td>NPAP</td>
<td>National Poverty Alleviation Program</td>
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<td>NSO</td>
<td>National Statistical Office of Mongolia</td>
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<td>PLSA</td>
<td>Participatory Living Standards Assessment</td>
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<td>PRSP</td>
<td>Poverty Reduction Strategy Paper</td>
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<td>SME</td>
<td>Small and Micro Enterprises</td>
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<td>UNDP</td>
<td>United Nations Development Program</td>
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<td>UNICEF</td>
<td>United Nations Children’s Fund</td>
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<td>UN FAO</td>
<td>United Nations Food and Agriculture Organization</td>
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### Currency equivalents

Mongolian Tögrög (Tg.) 1.050 = US $ 1.00 (approx.) at time of fieldwork (March-June 2000)
Glossary of Mongolian terms

aimag  province; the largest sub-national administrative unit. Mongolia is divided into 21 aimags

ambaar  storage shed

bag  sub-district: the smallest administrative unit. Sums are divided into bags

deel  traditional Mongolian clothing; tunic

duureg  urban district (of the capital city, Ulaanbaatar)

dzud  a generic term denoting late autumn, winter, or early spring weather conditions which prevent livestock from obtaining sufficient forage from open grazing. Dzud are manifested in different ways, such as deep snow or a layer of ice covering pastures

ger  felt tent used as a dwelling by nomadic herders and in the outer districts of urban settlements; also household"

idesh  literally “food for the winter”; meat customarily provided by rural families for their urban relatives, in informal exchange for access to urban goods and services

khashaa  a fenced enclosure around a ger or wooden house, or a livestock enclosure

khoroo  urban sub-district (of the capital city, Ulaanbaatar)

khot ail  primary unit of herding society, composed of cooperating households who customarily camp together (varying in size and membership over time, by region/ecology, and by season)

khural  elected Council of Citizens’ Representatives (found at each level of public administration: bag, sum/khoroo, aimag/duureg, and national level)

negdel  former pastoral collective (an economic unit coterminal with a sum, pre-1991)

otor  rapid, long-distance movement of animals in search of good grazing, in order to fatten animals in the summer and autumn in readiness for winter (and during the winter in cases of dzud)

sum  district; the sub-national administrative unit below aimag level

tsagaan sar  New Year in the Mongolian lunar calendar, a festival associated with gift-giving and conspicuous consumption
The Participatory Living Standards Assessment 2000 (PLSA) was the first exercise of its kind in Mongolia to use participatory learning and action methods to broaden and deepen understanding of poverty at the national level. It was conducted by the National Statistical Office (NSO) with assistance from the World Bank and other international agencies, and was intended to inform national policy, in part as an essential building block for Mongolia's Poverty Reduction Strategy Paper. The PLSA was also designed to build capacity within NSO to conduct similar participatory assessments in the future, and to integrate such approaches with conventional household surveys such as the Living Standards Measurement Surveys that they conducted in 1995 and 1998 and which remain the most reliable sources of quantitative data on poverty in Mongolia.

This final summary report and a full-length report (available separately) are being published in both English and Mongolian, following an extensive process of review and consultation over September 2000 to May 2001 with relevant stakeholders in Government, wider civil society, and international agencies and NGOs active in Mongolia.

The PLSA provided an opportunity for the voices of rural and urban people to be brought to bear on national policy. In so doing, it began with participants' own understandings of the differences between well-being and ill-being, differentiated by gender, age, and location (rural/urban, and regions more or less remote from markets). These perspectives highlighted the broader dimensions of well-being besides incomes and asset holdings, including freedom from dependence on others, self-respect, and family attributes such as having children that can take of their parents in old age. Important dimensions of ill-being included loss of self-respect through unemployment, and associated problems of domestic violence and alcohol abuse.

Using participatory well-being ranking, a method in which differences between well-being categories are based on the participants' own criteria, changes in perceived levels of well-being were analyzed for the period 1992-2000. New categories of both rich and poor emerged in the early 1990s as a consequence of unequal access to the opportunities offered during the initial process of privatizing many state-owned assets including livestock and urban housing. The gap between rich and poor was perceived to have widened even more markedly over 1995-2000. While some groups were able to take advantage of new economic opportunities and become quite wealthy, including those with access to information and having "connections" with local officials, many were not. The share of poor and very poor households was judged to have increased over this period at the expense of medium households, as more people fell into poverty than escaped from it.

A more detailed analysis of livelihood sources and strategies was conducted, again differentiated by gender, age, and location. Livelihoods became more diverse and complex over the 1990s, often combining opportunities in rural areas (e.g. herding, crop production and vegetable growing, and seasonal activities such as mining, hunting, and gathering of wild foods) with those in urban centers (e.g. petty trading, home-based micro-enterprises). Significant changes also took place within livelihood strategies. There began to emerge an informal labor market in livestock production, for example, in which poorer herders or newcomers to herding following privatization in the early 1990s attached themselves to the households of wealthier herders, assisting with herding and cleaning shelters in return for a share in animal products and for access to grazing for their own few animals. Many other forms of inter-household transfer, together with pensions and state allowances, also emerged as crucial to the survival of poorer families in urban centers.

One of the most significant features of Mongolia's poverty profile in the 1990s was the emergence of multiple sources of insecurity and vulnerability. Prior to the 1990s people had become accustomed to regular income from
formal employment in the public sector. With the privatization of state-owned enterprises and pastoral collectives unemployment rose sharply, and as people turned to livelihoods based on own production and employment in the informal sector, often subject to wide seasonal variation, their lives became much more precarious.

The number of herding families more than doubled in the early 1990s as families acquired animals under privatization and faced few alternatives. At the same time, public investment to reduce risk in livestock production declined, and herdsmen became more vulnerable to the ever-present threats of drought and harsh winter conditions (dzud). Conflict over pasture became endemic in more central regions and closer to urban centers, as herdsmen migrated to take advantage of better terms of trade and access to social services, thereby increasing congestion in these areas.

Illiquidity and crisis in the banking sector meant that salaries, pensions and allowances were often paid late, forcing people to dispose of assets and into a cycle of indebtedness. While support from relatives was crucial for many poorer families, the character of kin-based and other social networks began to shift towards semi-commercial forms and often excluded the most vulnerable.

Household case studies were analyzed to understand in more detail the processes that could trigger a downward spiral of impoverishment over time. Loss of employment topped this list, particularly in urban centers, closely followed by the cost of unexpected medical treatment and, for less poor families, the costs of children’s education. Losses of livestock to drought and dzud ranked very high in many rural communities.

A wide range of strategies for coping with and adapting to insecurity emerged in the 1990s. The liberalization of fuel prices coupled with the vast distances and low population density of rural Mongolia led to marked differentials in the prices of consumer goods and the prices paid for producer goods such as livestock products. As a result, geographical location became an important driver of economic opportunity, and migration (both seasonal and permanent) the livelihood strategy of choice for those in a position to take advantage of opportunities in more central regions or larger urban centers. The few rural communities to observe that economic opportunities had improved in the late 1990s were those with access to border trading points with China during a period of high cashmere prices. Family-splitting to take advantage of livelihood opportunities across the rural/urban divide became common. Reliance on inter-household transfers and social networks was vital for the poor, but many (often children) were also forced into degrading or illegal activities such as begging and theft.

Community groups were asked to rate the institutions and governance structures that mattered to them in terms of their relative importance, current and desired effectiveness, and accessibility in practice. Education and health services emerged as the most important among these institutions, but participants were widely dissatisfied with the extent and quality of their coverage, particularly in rural areas. Markets, shops, and kiosks were felt to be important not only as sources of consumer goods but also informal credit and information. Information hunger was a recurring theme in rural areas, and communications services were highly valued. Public administration received poor ratings in virtually all locations owing to its perceived lack of accountability and effectiveness.

Several conclusions emerged from the priorities voiced by participants in the PLSA that suggest a number of priorities for public policy and action to help create an enabling environment within which people may achieve more secure and sustainable livelihoods. These priorities include:

- The need for policy makers to come to terms with the more complex and differentiated profile of poverty that emerged from the PLSA. For example, broader dimensions of ill-being emerged as being important in people’s daily lives than low incomes alone, including alcohol abuse, crime and domestic violence, highlighted particularly by women;
• Approaches to poverty diagnosis and monitoring in future that combine the complementary strengths of both household surveys and more open-ended, participatory methodologies (e.g. an expanded focus on assets as well as income and expenditure in future household surveys, as suggested by PLSA findings);

• Recognizing the interdependence of urban and rural locales, particularly in the context of plans to deconcentrate population and promote regional development. A clearer picture emerged of the intricate web of rural-urban linkages and social networks which bind together apparently separate communities, which challenges the notion that “rural” and “urban” poverty can be addressed in isolation from each other;

• Understanding the interrelationships between formal and informal labor markets: livelihoods for poorer and more vulnerable groups emerged as being complex, diverse, and often seasonal, rather than depending on a principal “job”. Emphasis should therefore shift in approaches to poverty reduction away from “employment creation” towards promoting the capabilities people need to secure their own means of living;

• Understanding the complementarities between formal and informal safety nets: while state pensions, allowances and other benefits remain essential safety nets – often for a much wider group than intended – they are complemented in practice by a variety of informal inter-household transfers;

• Reducing vulnerability to risks of various kinds by promoting the assets and capabilities of poor people (e.g. through public access to information, innovative micro-finance products, social networks, and life skills);

• Investing in public and private actions to reduce risk in pastoral livestock production in particular, including ways to promote pastoral mobility and community-based pasture land management, in combination with livelihood diversification;

• Improving the quality and effectiveness of social services and infrastructure as a basis for thriving local economies, particularly in rural areas and smaller urban centers, including giving communities a greater stake in their provision;

• Giving citizens greater voice and influence over patterns of public spending more generally.
The Participatory Living Standards Assessment 2000 (PLSA) was designed to shed new light on the understanding of poverty in Mongolia, and to ensure that the perceptions and voices of poor people themselves could be brought to bear on the formulation of national policy and strategies to combat poverty. Conceived in part as an input to Mongolia’s Poverty Reduction Strategy, the PLSA was conducted by the National Statistical Office of Mongolia (NSO), with the support of the World Bank and other international agencies, over the period March-September, 2000. It aimed to complement and, to the extent possible, update earlier poverty analysis carried out on the basis of the 1995 and 1998 Living Standards Measurement Surveys (LSMS). These two surveys provided the most reliable, quantitative data on levels of poverty in Mongolia at the time the PLSA was carried out (World Bank 1996, NSO 1999).

The findings of the 1995 and 1998 LSMS surveys suggested that the overall poverty headcount in Mongolia remained more or less unchanged over this period at around 36%, having risen sharply from a virtual absence of officially recorded poverty until 1990 or so. The geographical distribution of poverty incidence (headcount) over 1995-98 was found to have declined slightly in Ulaanbaatar, declined very slightly in rural areas (which include the district, or sum, centers in LSMS surveys), and increased slightly in provincial (aimag) centers, although these changes were in the order of 1% or less. Changes in the depth and severity of poverty were relatively more significant, suggesting a widening of income differentials between the poor and the poorest. Overall income inequality increased slightly between 1995 and 1998 as measured by the change in the Gini coefficient from 0.31 to 0.35 (although this remains relatively low by international standards).

Mongolian capacity in the measurement, monitoring, and analysis of income- or consumption-based poverty using household survey instruments has been significantly enhanced through the experience of conducting the LSMS and other surveys, particularly within NSO. Considerable attention has also been paid to the wider, “human development” dimensions of poverty, such as access to social services and other public goods. Nonetheless, the PLSA was motivated by a concern to help broaden still further both poverty analysis and public discourse on poverty in Mongolia, which has turned largely on distinctions between deserving and undeserving poor. Anti-poverty strategies such as the National Poverty Alleviation Program (NPAP) have been more widely conceived as social assistance and formal public safety-nets than public action to enhance the capabilities of poor and vulnerable groups to sustain their own livelihoods. There is little shared understanding of the multiple dimensions, causes and consequences of impoverishment and vulnerability; of differentiation among the poor and the places where they live, and the implication that very different forms of public action may be required to reach different groups of poor people; of poverty dynamics and distinctions between chronic and transitory poverty; or of how the poor themselves define ill-being and well-being. Although there has been some participatory action-research in particular localities throughout Mongolia during the 1990s, and some strengthening of local capacity to carry out such analysis, the PLSA represents the first exercise of its kind to bring these skills to bear on national-level understanding of poverty and the formulation of future anti-poverty strategies, and the first experience on the part of NSO in applying participatory methodologies in poverty analysis.

The PLSA aimed systematically to present a disaggregated analysis of the diverse range of experiences of poverty and living standards in Mongolia over the 1990s by wealth or well-being category, by location (rural/urban, more/
less remote from markets), by gender, and by age group. The specific objectives were:

- to deepen understanding of poverty with respect to the multiple dimensions, causes, dynamics, and perceptions of poverty;
- to integrate such understanding with existing household survey data and poverty analysis;
- to strengthen local capacity to conduct such integrated analysis in the future;
- to broaden public debate on poverty; and
- to bring this deeper understanding of poverty to bear on national policy formulation.

Using participatory research methodologies, the PLSA permitted a deeper analysis of certain issues that LSMS and other household survey methodologies are often not well equipped to address, such as poverty dynamics over time, spatial dynamics in livelihood strategies, and processes that affect individual people and communities as well as household units. But headcount data mask the fact that the location of poverty may shift over time through migration, for example, and disguise complex rural-urban linkages which are themselves dynamic.

### Timing

The timing of the PLSA was important, for several reasons. First, fieldwork was conducted over the period immediately preceding the 2000 parliamentary election in Mongolia. The preliminary results were made available just as the new Government took office, and around the time of the local government elections of November 2000. This Government has declared good governance and the elimination of poverty in Mongolia to be foremost among its priorities. It is hoped that the PLSA may serve as a baseline against which the new Government can measure its progress towards these goals over the coming years.

Second, the PLSA was designed to feed into national policy and strategies to reduce poverty and promote sustainable livelihoods, such as the Government’s overall Action Program, its emerging Poverty Reduction Strategy, and the provisionally named Household Livelihoods Capacity Support Program, intended to follow up NPAP (1994-2000).

Third, the PLSA was also intended to inform the approaches of international agencies and NGOs in their support of Mongolia’s efforts to eliminate poverty and promote secure and sustainable livelihoods for all. It was conceived as a foundational building block of the Mongolian Government’s Poverty Reduction Strategy Paper (PRSP), supported by the World Bank and International Monetary Fund (IMF).

A clear understanding of the country’s poverty profile is essential in this process, and the PLSA has helped to provide this, as well as carrying with it the conviction and credibility of a wide range of stakeholders (IDS 2000). Other agencies have also supported the PLSA in various ways – notably the UK Department for International Development (DFID), UNICEF, ADB, and UNDP – and the PLSA is intended to help to shape their own and other agencies’ future program support to Mongolia.

### Process

Training of the research team and the pilot fieldwork around Ulaanbaatar was led by a DFID-funded trainer in participatory methods over two weeks in early March, 2000. Fieldwork proper was conducted by four teams working in parallel over a two-month period from mid-March to mid-May. Each team comprised four core team members, including NSO staff and local consultants. Effort was made to achieve gender balance in team composition, and most teams included two men and two women. In total, the teams worked with 32 urban and rural communities, in seven provinces (aimags) and the capital city, Ulaanbaatar (see Page X for a map of field sites and Annex 2 for a summary of their main characteristics). The teams spent around a week working with community members at each location, and prepared detailed daily and overall site reports in the field.

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3 All site reports are available in both Mongolian and English. Daily reports and visual analytical materials (social maps, diagrams, etc) are available only in Mongolian, and are archived at NSO, Ulaanbaatar.
A five-day mid-term workshop took place in mid-April, during which the teams shared preliminary findings from the first round of fieldwork with each other and with senior NSO and World Bank staff. Detailed guidance was given to the teams on the application of methodology, reporting requirements, and general trouble-shooting. Following the fieldwork phase, the teams reconvened for a six-day synthesis workshop in late May, during which fieldwork findings were reviewed and a detailed report outline developed, with further support from World Bank staff. The first draft synthesis report was prepared by a smaller team made up of NSO staff, local consultants, the social scientist, participatory methods trainer, and World Bank staff team members.

Presentations of preliminary findings from the first round of fieldwork were made at relevant conferences and workshops to audiences that included Members of Parliament, governors of all aimags, and senior representatives of all government ministries, local NGOs, and other civil society groups with a stake in future anti-poverty policies and programs. Separate briefings took place for the UN agencies active in Mongolia, donor agencies, and leading international NGOs. The research teams met with local government officials at aimag, sum and bag levels in all the field sites both before and after the fieldwork. This allowed comparison of the findings from the discussions with community members, and provided important feedback to the local administration on the findings from their constituency.

A full draft report was circulated widely over September-December 2000 for written comment and feedback from government agencies, NGOs, and other civil society representatives, and international agencies and NGOs working in Mongolia. A national-level consultation workshop was held in November 2000 during which further verbal comments and feedback were received, and several briefing meetings were held for particular target audiences such as the newly elected aimag governors and chairs of aimag khurals (elected councils of citizens' representatives), and the Poverty Alleviation Council secretaries responsible for the coordination of NPAP implementation at aimag and duureg (capital-city district) levels.

In support of the PLSA objective to promote public debate on poverty and public and private actions to reduce poverty, a media competition was conceived and executed jointly with the Press Institute of Mongolia. The competition was open to all journalists in print and broadcast media, and recognized with an award the single best piece of published or broadcast coverage of poverty/living standards issues over the three-month period mid-March to mid-June 2000, coinciding with the fieldwork phase of the PLSA. The winning entry, published in the national newspaper Unen, was an article entitled “Does Poverty Rust the Mind and Disable the Hands?”, emphasizing the importance of self-reliance and the unintended, dis-empowering effects of being labeled “poor”.

Methodology

The overall conceptual approach to understanding the individual and household-level livelihoods and livelihood dynamics that form the analytical core of the PLSA, and the macro-level processes that help to shape them, was guided by a broad “sustainable livelihoods” framework (DFID 1999). This framework has been developed over a number of years with particular support from DFID, although other international agencies including UNDP, FAO, IFAD, and the World Bank also increasingly make use of sustainable livelihoods approaches in their country-level programs. Such approaches are also broadly consistent with the framework adopted in the World Bank’s World Development Report 2000/2001 entitled “Attacking Poverty” (World Bank 2000).

Field research for the PLSA was conducted using the suite of methods developed over the last twenty years or so under the auspices of rapid and participatory rural appraisals (RRA/PRA), or what are now commonly known as participatory learning and action methods (Chambers 1997). The methods used included matrix ranking and scoring, including wealth or well-being ranking; trend analysis; institutional analysis; and mapping and other diagramming techniques, such as cause-
sequence of research methods to be used. The training and mid-term workshops were of vital importance in instilling the required level of rigor in the approach of the research teams such that the results were sufficiently robust to allow meaningful conclusions to be drawn.

The PLSA was designed to ensure a high level of complementarity between existing quantitative data from the LSMS and other surveys, and the new qualitative (and, to a lesser extent, quantitative) data arising from the PLSA (Carvalho and White 1997). This was achieved in the following ways:

- First, the field research was guided by hypotheses that emerged from an initial desk study of the 1995 and 1998 LSMS and other surveys;
- Second, the sampling approach (see below) entailed revisiting many of the same clusters which were sampled under the 1998 LSMS;
- Third, an attempt was made to include in the analysis, where possible and relevant,
newly analyzed and previously unavailable quantitative data from the 1998 LSMS;

- Fourth, an action plan was prepared to guide further analysis of the 1998 LSMS data by NSO staff, that would assist in deepening the poverty profile when used in conjunction with the PLSA findings (Hunt 2000). This action plan dealt with, inter alia, the construction of simple household-level asset indices to complement the analysis of vulnerability (see chapter 4).

**Sample selection**

The selection of provinces (aimags), districts (sums), and communities that participated in the PLSA was guided by three principles: (i) the need to ensure complementarity and comparability with existing quantitative data; (ii) the need to capture as much as possible of the diversity in living conditions among rural and urban communities; and (iii) the need to balance sample size (number of participating communities) with depth of analysis.

In accordance with these principles, the PLSA followed the broad-level sampling frame used for the 1998 LSMS. Research was conducted in the following seven aimags and the capital city, which are taken to represent Government of Mongolia's regional classification based on petrol prices: Govi-Altai and Khovd (western region); Arkhangai and Khövsögöl ("middle" region); Dornod (eastern region); Ömnögovi (southern region); Töv (central region); and Ulaanbaatar (capital city). This sampling frame also covers all of the main ecological zones, which tend to be characterized by distinct patterns of herder mobility (see map of field sites in Page X and the summary of their characteristics in Annex 2).

Within each aimag, the research teams worked with four communities: one at the aimag center (urban), one sum center (semi-urban/rural), and two rural communities in different sums. The unit of analysis was generally taken to be the bag (sub-district), although in some more densely populated rural areas, the appropriate unit of analysis for some focus group discussions was a herding community below bag level that customarily shared the same set of seasonal pastures and/or water sources (known by locally varying terms such as neg nutgii khankhan ("people of one place"), or neg jalgyn khankhan ("people of one valley"), etc). In the case of Ulaanbaatar, four urban sub-districts (khoroo) were selected as units of analysis, although many focus group discussions were centered around neighborhoods within a sub-district. The participants from aimag centers, and particularly in Ulaanbaatar, found it difficult to identify a "community" in an urban context, as many of them did not know even their next-door neighbor.

Urban and rural communities were represented in rough proportion to their share of total population. Overall, urban communities were slightly over-represented, making up 59% of the overall sample as compared with the urban share of total population of 51%. This was justified by the fact that 1998 LSMS data suggested that the poverty headcount, and depth and severity of poverty, were highest in urban centers outside of Ulaanbaatar.

It is important to note that rural district (sum) centers are included with the rural not the urban population in the 1998 LSMS (and other NSO statistical sources). As the PLSA analysis shows, however, sum centers are in many respects a locus of urban-rural transition, since their populations tend to vary widely by season with the large circular flow of migrants between winter residences in sum centers and summer camps on open pastures, and many families are split across this notional urban-rural divide as a way to exploit diverse livelihood sources and maintain access to markets and social services.

At each site, the research teams held focus-group discussions with three men’s groups, three women’s groups and one youth group, with around 7-15 people in each group. In total, 220 focus-group discussions and 269 individual household interviews were conducted, involving more than 2,000 individual
participants. This sample is of the same order of magnitude as the 1998 LSMS. The purposive selection of neighborhoods within bags and khorooes in rural and urban areas was based on discussions with the local bag/khoroo governor and other key informants, in order to ensure broad representation from different categories of households.

Certain logistical factors impeded this ideal sample frame from being followed in all cases, however. In the rural field sites, the considerable distances that research teams had to travel owing to extremely low population density presented significant challenges in gathering together sufficient people for focus group discussions. In Ulaanbaatar, there was some reluctance to participate on the part of some community members when they realized that they would receive no payment or other material incentive for doing so. These problems probably led to some degree of sampling error or self-selection bias in some groups.

Within these practical constraints, the sampling of households and individual participants within communities was guided by participatory wealth ranking. Using this technique, focus groups stratified their communities according to locally relevant parameters of difference in levels of well-being among households. The parameters themselves were elicited through the use of the wealth-ranking method. Using the resulting stratification as a sampling frame, individual households (and individuals within them) were then randomly selected within each stratum, to generate a purposive-random sample. This method combined the advantages of purposive sampling to ensure that the full range of diversity in living standards was represented, with some measure of random sampling.

**Limitations**

In addition to the practical obstacles to more rigorous sampling, the following challenges were faced in the PLSA:

- Translations of some key words and concepts from English into Mongolian proved to be difficult. Examples included: “well-being”, “ill-being”, “community”, “institutions”, “socially excluded”, “marginalized”, “shock” and “stress”;
- The timing of the PLSA was designed in part in order for the findings to be made available so that they could be used to inform the policies and strategies of the new Government. This meant that the fieldwork had to be conducted during the spring, which participants (especially in rural communities) universally identified as the most stressful period of the year. In addition to the logistical problems presented by inclement spring weather during fieldwork, participants’ discussions may also have been influenced by the stresses of the season, in some field sites exacerbated by the major dzud of 1999/2000;
- Participants found it culturally more acceptable to discuss factors external to their direct circumstances than issues related to intra-household and intra-community dynamics, such as gender relations, conflict, and domestic and other forms of violence;
- Cultural norms also inhibited certain groups from speaking up in the presence of outsiders, including poorer and younger people. Those with higher social status or perceived authority tended to speak out more freely and, at times, to dominate in focus-group discussions;
- Local government representatives were asked to absent themselves during focus-group discussions and household interviews, but this was not always possible (e.g. in cases of limited shelter in rural camps during snow or sand storms). In the few cases in which local government officials were present in group discussions, the degree of openness of participants is likely to have been compromised, especially during discussions of local government performance;
- Expectations were inevitably raised during fieldwork, in spite of the research team members’ efforts to explain clearly the
purpose of the study. In many communities, participants associated the PLSA with the direct design of future public anti-poverty interventions, and some community members assumed that the research teams were identifying potential recipient households and/or communities for future support. These expectations may have led participants to focus on problems rather than measures that they could take on their own initiative, and may also have skewed the definitions of well-being and ill-being more towards economic factors than would otherwise have been the case.

On a more positive note, the research teams frequently managed to build warm relations with local communities. Many participants expressed deep appreciation at being consulted on their views and opinions, and for the opportunity to air their concerns in a forum that would reach the ears of policy-makers.

Structure of the report

The community members who took part in the PLSA are referred to in this report as “participants”, “community members”, or simply as “people”, with an identification of specific focus discussion groups where gender or age distinctions are relevant. People’s names have been changed to preserve anonymity.

This introductory chapter explained the background to the PLSA, its objectives, timing, process, methodology, sampling procedure, and some of the challenges encountered. The following chapters then summarize the main findings of the PLSA in a thematic fashion. Chapter 2 describes the ways in which people perceive well-being and ill-being, differentiated by location and by gender. Chapter 3 then outlines the livelihood sources and strategies adopted by different groups of people, and the changes in livelihoods that have taken place through the 1990s. Chapter 4 elaborates on the meaning of vulnerability in the context of the multiple sources of insecurity that people face. The diverse ways in which people cope with and adapt to the challenges of economic transition, and the insecurities and stresses it has brought, are described in chapter 5, again disaggregated by well-being category, location, age, and gender. Chapter 6 deals with people’s perceptions of the formal and informal institutions that do have or that they feel should have a significant impact on their lives, with a particular emphasis on social service provision, local governance, and other spheres of public action. In the light of the PLSA findings summarized in this report, the concluding section raises a set of questions regarding the implications for public policy that aims to promote secure and sustainable livelihoods in Mongolia.
"Well-being and happy life means the ability to meet the needs of our families without having to rely on others for help and support, to be able to resolve our problems ourselves, to educate our children and to be healthy."

Women’s group, Bayanzurkh (rural bag), Khövsögol

"Ill-being is when we see no hope in the future, have uneducated youth, have health problems, and when we are unable to meet our physical and intellectual needs."

Mixed group of women and men, Jargalant (rural bag), Töv

The starting point for the PLSA was to understand how people themselves defined well-being and ill-being, and to distinguish the criteria used and implicit weighting assigned to various criteria according to gender, age, and location. This understanding was arrived at using participatory wealth-ranking.

Ability to meet basic household needs determined well-being for all participants, but what this meant in practice depended on the particular livelihood profiles in each community. Rural community members emphasized herd size and access to pasture and water sources, while urban community members stressed access to jobs, trading opportunities, and physical security. The age profile of the household also had an important influence at all sites, depending on the ratio of dependents to income-earners, and the relative importance of “dependents” themselves as sources of regular income from state pensions and allowances. Ill-being was perceived to be determined by inability to meet basic needs, but also by a range of non-economic factors including poor attitudes to life and abuse of alcohol.

Good health was mentioned by nearly all the groups as an important variable in determining a household’s level of well-being. Prolonged sickness, and the resultant costs (treatment and care, and the inability to work), often leads to a lowering of household living standards, especially among the poorer categories.

Ability to provide a good upbringing for children, including good education, and having “good children” was also mentioned at nearly all the sites (see Box 1). Not having to depend on others for support, individual initiative and hard work, and not being indebted also contribute to a household’s overall well-being. As a group of women in Zuunmod (Töv aimag center) put it, “It is not only a good job that makes life better, it also depends on one’s initiative”.

While there were no significant differences in perceptions of women and men regarding definitions of well/ill-being, women tended to stress more the ability to bring up their children well and having “good children”, food security, good health, family planning and small families, having responsible husbands (who are not addicted to alcohol) and social standing (respect). Men placed more importance on material well-being, and talked more about physical indicators of wealth such as owning a vehicle, herd size, number and type of gers, and having a good job.

**Box 1. “Good children”**

Children came up several times while discussing levels of well-being. The importance of having “good” children was stressed by most of the groups, more so by women participants. Three factors determine how “good” a child is. First, it depends on how good an upbringing the parents are able to provide the child: the type and level of education, and the general environment in which they are brought up. Second relates to the type and quality of livelihood the child adopts once they grow up—whether they have a well paid job, or are successful in trading or livestock rearing. Third, and perhaps the most important, is the ability and willingness of the child to support her/his parents, and share their responsibilities, as they grow older. It was stressed that children having well-paid jobs does not necessarily imply that they would be willing to support their parents or other family members.
### Box 2. Age matters

For medium and poorer category households, the age of household members plays a role in determining their level of well-being. Having older people in the household, and at times infants, who are eligible to receive a pension, or allowance, is a valuable asset. For some of the poorest households pensions and allowances are often the only source of their meager cash income. However, children of school-going age can be a huge economic stress. Payment of school and boarding fees, and obtaining books, stationery, clothes and shoes can consume most of the resources that the poorer households possess.

Poorer households do, therefore, tend to pull out some, or all, of their children from school, usually after they complete a couple of years of schooling. Children not in school help their parents, depending on their location and context, in herding, collecting fuelwood and wild food, housework, vending and petty trade, scavenging, and in some cases working for other households for which they can be paid in cash and/or kind.
Discussion of well/ill-being led to analysis of difference among households within a community. Households were categorized into groups according to their levels of well-being. Participants used their own categories and criteria. In general, most groups divided their communities into four categories: the wealthy, those “with means”, the poor, and the very poor. A composite summary of the range of characteristics identified for each of these categories is shown in Annex 1, distinguished by type of field site (rural bags, sum centers, aimag centers, Ulaanbaatar).

It is important to emphasize that the methodology of participatory wealth-ranking used in the PLSA differs substantially from that used in LSMS surveys, in which households are assigned to quintiles of differing poverty status according to the relative extent to which they satisfy certain minimum consumption requirements\(^5\). In the PLSA, by contrast, the categories were given by the participants’ own criteria and rankings.

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Changes in well-being

“We used to be concerned about having a shower, beautifying ourselves etc., a lot of fancy things ... Now we have stopped this. Food is becoming more important. Today we only think and worry about food for today. Earlier the maternity homes provided clothes and other necessities for babies of herding women. That’s why we say that the children born today are born in beggar’s time”

49 year old woman, Tariat (rural bag), Arkhangai

“...in reality there are just a few people whose life is changing for the better; for most of us nothing changes”

Byamba, a man, Dalanzadgad (aimag center), Omnogovi

“Living conditions of a few families have improved, but life for the majority of households has noticeably worsened [since 1992]”

Mixed group of women and men, Khan Uul, Ulaanbaatar

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\(^5\) In the 1998 LSMS survey, households were classified as ‘poor’ if their consumption was between 75% and 100% of an estimated minimum consumption basket (poverty line). The ‘very poor’ were those households that consumed less than 75% of this minimum basket. The three remaining quintiles were made up of non-poor households whose consumption rate was up to 50% higher than the poverty line (L), up to 125% higher (M), and more than 125% above the poverty line (U).
Box 3. Single-parent households, gender, and well-being

An important finding of the 1995 and 1998 LSMS surveys was that poor households are more likely than non-poor households to be headed by women. In 1998, 25% of very poor households and 18% of poor households were female-headed, compared with around 12-13% of non-poor households (NSO 1999). In the LSMS, a household is considered to be female-headed only if there is no surviving male partner.

The particular problems faced by female-headed households also came up for discussion in the PLSA, covering a wide spectrum of circumstances ranging from widows, divorced women, and single mothers who were never married, to households that are women-headed in practice if not in law, in which permanent male partners are alcoholic, sick, or jobless and otherwise unable to earn a living. Women-headed households tend to be relatively over-represented in aimag and sum centers. In one focus group with women in Khan Uul, Ulaanbaatar, 11 of the 18 participants were heads of households. Some focus groups, in both rural and urban communities, suggested that the proportion of young women having children outside marriage or without permanent male partners is on the increase.

Not all female-headed households were considered badly off, but those in which male partners were alcoholic, and those in which there is domestic violence against women, were generally considered to fall in the lower well-being category. One young female participant shared her view that “It is much better to remain single rather than having an unemployed, unable and alcoholic husband”.

A surprising finding of the PLSA was that single male-parent households were generally considered to be worse off than those headed by single women. At Bayantsogt (sum center), Töv, for example, one woman remarked that “at least the female-headed households have warm houses and can serve tea, but a man looking after his children without a wife lives a far worse life. They are not able to prepare food for their children or look after them properly, and the downcast and pallid-looking children often go hungry and can be found crying all the time”. Some groups also mentioned that a single man bringing up children without a wife is also likely to be alcoholic, which adds to the children’s ill-being.

While there were some significant regional exceptions, the general trends in movements between well-being categories identified in the PLSA were as follows. Across both urban and rural sites, people considered that new categories of “rich” and “poor” families emerged between 1992 and 1995, in contrast to the low levels of inequality that prevailed prior to 1992. The polarization between rich and poor intensified between 1995 and 2000. By 2000, poor and very poor households were perceived to account for the majority of residents in almost all of the urban communities surveyed, whether large or small. In rural communities, the largest
single group were the medium households, with around 40-50% of all households, although here too the poor and very poor categories together were perceived to make up around half of all households.

Between 1992 and 1995, people identified a general decline in the share of medium households, and a corresponding rise in the share of the poor and very poor, suggesting that many households fell into poverty over this period. Over 1995-2000, the increase in the proportion of poor and very poor households was even more marked. The relative share of rich households did not become significant in most places until after 1995, but was more noticeable between 1995 and 2000, at least in urban communities. A mixed picture emerged from the rural sites, with some identifying a rise in the share of the rich and others identifying a decline. In almost all rural communities, the share of poor and very poor households increased at the expense of those in the medium category, as more households fell into poverty than managed to escape from it.
"People with animals are doing fine. Poor people stay close to richer people. We do not have rich people [in our community], but we have wealthier people with many animals. In general, if you are wise and hard-working, you can have a decent life."

Men’s group, Bayantsogt (sum center), Töv

"1995 was considered the golden era of trade", when those who started trading did very well. At that time there were opportunities and people from the better-off households took them up and became wealthy. This is how the top-most category was born. There is a feeling of saturation in trading now. And if anyone does want to go into trading there is little chance of securing a loan to take it up."

Dalanzadgad (aimag center), Ömnögov

"We are surviving by collecting food and other things from the garbage"

Women’s group, Baganuur, Ulaanbaatar

Well-being analysis was followed by more detailed discussion of the diverse sources and strategies that households use to support their livelihoods. Ranking and scoring, trend analysis, and mobility-mapping methods were also used to facilitate the analysis of livelihoods within focus groups. Analysis of over 130 household case studies yielded some quantitative assessment of the prevalence of certain livelihood sources among different well-being categories. These findings are summarized in this section by type of field site (rural communities, sum centers, aimag centers, Ulaanbaatar). Seasonality of livelihood sources is also described, a factor that has become more important over the 1990s with the loss for many households of regular sources of paid employment.

As might be expected, herding (and in some places, arable cropping and vegetable production) was the major livelihood source in rural areas, although the ways in which people live by livestock varied according to their well-being category (see Box 4). The poor increasingly worked as casual laborers for better-off herding households. Pensions and allowances were also important and valued as sources of regular income (see table 2).

Certain livelihood opportunities were mentioned in particular places that were quite specific to locality. Many of these were also locally relevant indicators of relative well-being. Examples include: possession of race horses (Govi-Altai); cashmere (Ömnögovi, Govi-Altai, Khövsgöl, Khovd); size of field crop (Töv, Domod, Khovd); inherited wealth from parents or from previous generations (Arkhangai, Domod); small handicrafts (Domod, Ömnögovi, Govi-Altai, Arkhangai); hunting, blacksmithing and sewing (Domod); fees from tourists for camel-rides (Ömnögovi).

Given the chronic shortage of cash circulating in rural areas, the importance of regular cash income from fixed salaries, pension and allowances cannot be overstated. Even if these are relatively small as a proportion of overall household needs, they assume disproportionate importance to perceived levels of well-being. As members of a women’s group in Tosontsengel sum (rural bag), Khövsgöl, put it, "the pensioners are dying and now there are few persons who can earn income."

Although people from sum and aimag center communities mentioned a number of different livelihood sources, they tended not to vary very much between aimags. They are therefore grouped together in table 3 below, along with the livelihood sources mentioned by community members in Ulaanbaatar sites. Better-off members of urban communities relied on wages and salaries, or on self-employment in micro-enterprises and trade. Many of the poor also relied heavily on petty trade and other informal sector activities. The poorest survived through inter-household transfers, scavenging, and begging.
Livelihood sources | Arkhangai | Dornod | Govi-Altai | Khovd | Khovsgol | Omnogovi | Tov
---|---|---|---|---|---|---|---
Herding | ++ | + | ++ | + | + | ++ | ++
Vegetables and crops | | | + | + | + | ++ | ++
Hunting | + | + | + | + | + | + | ++
Collecting wild food | | | + | + | + | + | +
Selling firewood | ++ | + | + | + | + | + | ++
Logging and timber | + | + | + | + | + | + | +
Salt making | | | | | | ++ | +
Gold mining | | | | | | + | +
Fishing | + | | | | | | +
Tourism | ++ | | | | | | +
Pension and allowances | ++ | ++ | ++ | ++ | ++ | ++ | ++
Remittance and support from relatives | ++ | ++ | ++ | ++ | ++ | ++ | ++
Selling scrap | | | | | | | +

**Box 4. Changing division of labor in herding**

While the chief source of livelihood for almost all households in Khag bag of Mönkhkhairkhan sum, Khovd, is livestock, different categories of households derive a living from livestock in different ways. This represents a new division of labor in herding, which did not emerge until the mid-1990s.

**Rich or wealthy** herding households derive their major income from the sale of cashmere, wool, and meat. They tend to be more specialized these days.

**Middle and poor** households also sell cashmere and wool, but also sell live animals and dairy products. However, their income from these sources alone is insufficient, so they tend to supplement with pensions and allowances, if they can, or they may herd other people’s livestock for payment.

**Very poor** households have few livestock of their own. Rather, they make a living by herding other people’s livestock for payment, by working as laborers for other herders (e.g. repairing livestock enclosures, slaughtering animals), by selling dairy products from livestock they herd for others, and by relying on gifts of organ meat and other inferior cuts of meat from other herders.
Many communities indicated that accessibility to urban centres, particularly Ulaanbaatar, has an important impact on their livelihoods, in terms of access to markets, services and information. According to this criterion, Töv aimag communities have the advantage of being the closest to Ulaanbaatar. Arkhangai and Khovd’s Darvi sum communities stated that they have a relatively good access to Ulaanbaatar, since Arkhangai has a new road connecting it with the capital, whereas Darvi sum is located on the main road from western aimags to Ulaanbaatar. Most of the aimags covered in the assessment (Khovd, Khövsgöl, Govi-Altai, Ömnögovi and Dornod) were located far from Ulaanbaatar, and petrol prices in these aimags were much higher than in the capital or less remote aimags. Arkhangai’s Khotont, Govi-Altai’s Khökhmör’t, Khovd’s Mönkhairkhan, Khövsgöl’s Bayanzurkh, Dornod’s Bayandun and Dashbalbar communities described themselves as isolated, since it is particularly difficult to reach these areas due to exceptionally poor roads and remoteness.

Ömnögovi’s Gurvan Tes and Sevrei sums, and Kherlen in Dornod are located near the border points with China, offering exceptional trading opportunities for local communities. Even here, however, there is a growing perception that opportunities in trading are on the wane.

In order to understand the differences in livelihood strategies of households in different well-being categories, the results from the livelihood analysis carried out during the individual interviews were used. There are important limitations in these data, however. First, insufficient data for very poor households were available to include this category with confidence in our analysis.

Second, a very important component of livelihoods – inter-household transfers and kinship support – is also absent from this analysis. While such transfers were mentioned by most households, they were unable to quantify them. For most poor households, transfers from other households were very often the only, or the major, source of survival (see Box 5). Indeed, at the time of the 1995 LSMS survey, it was estimated that the national poverty headcount would have been 10% higher (46%) in the absence of such private transfers, which were found to be far more significant than transfers from the state through direct programs to reduce poverty (World Bank 1996).

Third, particularly in rural areas, people mentioned hunting, collecting wild food, and cutting and selling fuelwood, as important

<table>
<thead>
<tr>
<th>Table 3. Livelihood sources – urban communities</th>
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<tbody>
<tr>
<td><strong>Sum centers</strong></td>
</tr>
<tr>
<td>- Public sector employment</td>
</tr>
<tr>
<td>- Private sector employment</td>
</tr>
<tr>
<td>- Home-based micro-enterprise</td>
</tr>
<tr>
<td>- Herding/livestock</td>
</tr>
<tr>
<td>- Pensions and allowances</td>
</tr>
<tr>
<td>- Small cafes</td>
</tr>
<tr>
<td>- Manufacturing and repair</td>
</tr>
<tr>
<td>- Petty vending</td>
</tr>
<tr>
<td>- Collecting and selling dung and fuelwood</td>
</tr>
<tr>
<td>- Sending children to work for wealthier neighbors and relatives</td>
</tr>
<tr>
<td></td>
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sources of livelihood. However, participants were unable to quantify these livelihood sources either, and so they do not figure in the tables presented below.

**Box 5. Varying degrees of reciprocity in inter-household transfers**

"Both my children look after livestock for other families during the summer. In return these families have agreed to give forty notebooks and a pair of boots in the autumn. We are not able to borrow from others because people and shopkeepers tell us that we will not be able to repay them. My son got married and lives separately now. We hope that he will not ask us for help or bring any trouble"

Ganbaatar, a man, below middle category, Mönkhkhair Khan (sum center), Khovd

Baatar and Oyun sent their 14 year old son to herd livestock for a rural household in November. He returned home for Tsagaan Sar with goat meat and intestines. He has also been promised two goats and a cow.

Esonbulag (aimag center), Govi-Altai

Batsaikhan herds his livestock along with that of his elderly pensioner parents and a brother who lives at the aimag center. Batsaikhan supplies his parents and his brother with meat and milk. His brother in turn provides him with flour, rice and other necessities. His brother's children visit him during summer and help their uncle with herding. The three households recently pooled their savings and purchased a motorcycle for Batsaikhan.

Bayandun (sum center), Dornod

"I am a single mother with seven children. It is only because of my livestock and the help of relatives that I am able to survive. Because most of my young children are girls, we do not have a man around the house. During summer my brothers help me with herding and they do not demand anything in return"

Enkhtsetseg, a woman, Khökhmör't (rural bag), Govi-Altai

**Rural communities**

<table>
<thead>
<tr>
<th>Well-being category</th>
<th>Livelihood sources (% of total)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pension &amp; Cashmere</td>
</tr>
<tr>
<td>Wealthy</td>
<td>8</td>
</tr>
<tr>
<td>Poor</td>
<td>49</td>
</tr>
</tbody>
</table>

Income from raw cashmere sales accounted for more than half of the wealthy households' earnings in rural communities (see table 4), and a little less than half for the medium category. This was consistent with people's assessment that one reason why some herders were able to improve their living standards was the rising price of cashmere in the late 1990s.

As we move down the well-being categories, we find that dependence on allowances and pensions tends to increase, as poorer households tend to have smaller herds, which may be non-viable in the medium- to long-term. Much of poorer households' sustenance in rural communities comes from kinship support, and patron-client arrangements of varying degrees of informality. For example, poorer households herd for the richer households or do odd jobs (cutting fuelwood, slaughtering animals, cleaning and repairing shelters, helping with moving camp) for them in return for food, shelter, clothes, and/or cash. Often children from poorer households are sent to live with the wealthier relatives or neighbors, where they work for them in return for their upkeep. Such exchanges are often explained as "help from some good wealthy households in order to help us survive".
Sum centers

Table 5: Sources of livelihood by well-being category: sum centers
(Based on a sample of 28 households, not including the very poor)
Numbers indicate percentage of household livelihood needs met from a particular source

<table>
<thead>
<tr>
<th>Well-being category</th>
<th>Pension &amp; allowance</th>
<th>Cashmere</th>
<th>Wool</th>
<th>Hides and skin</th>
<th>Dairy (idesh)</th>
<th>Meat</th>
<th>Livestock sales</th>
<th>Agricultrure</th>
<th>Trade</th>
<th>Tourism</th>
<th>Micro enterprise</th>
<th>Salary</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wealthy</td>
<td>14</td>
<td>1</td>
<td>4</td>
<td>3</td>
<td>39</td>
<td>39</td>
<td>18</td>
<td>17</td>
<td>15</td>
<td>21</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>With means</td>
<td>16</td>
<td>5</td>
<td>1</td>
<td>4</td>
<td>3</td>
<td>1</td>
<td>18</td>
<td>17</td>
<td>21</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poor</td>
<td>50</td>
<td>10</td>
<td>1</td>
<td>5</td>
<td>1</td>
<td>21</td>
<td>12</td>
<td>100</td>
<td></td>
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</tbody>
</table>

As we move from the rural bags to the sum centers (see table 5), we already see an important shift in livelihood profiles. Trade and micro-enterprise become the main sources of livelihoods for better-off households, each accounting for almost 40% of total income. Lower down on the well-being scale we find an increase in dependence on salaries and allowances and pensions, which account for half of total income for poor households.

Households at sum centers often have a link with relatives and friends in the rural areas. Relatives or friends in rural bags tend their livestock. Poor households also look after the wealthier households' herds, and provide other support services, in return for payments in cash or kind. Several examples of split households were also found across the research sites, in which the wife and younger children live at the sum or aimag center and the husband and older children continue to herd in rural areas. This enables the younger children to attend school.

Aimag centers

Table 6: Sources of livelihood by well-being category: aimag centers
(Based on a sample of 28 households, not including the very poor)
Numbers indicate percentage of household livelihood needs met from a particular source

<table>
<thead>
<tr>
<th>Well-being category</th>
<th>Pension &amp; allowance</th>
<th>Cashmere</th>
<th>Wool</th>
<th>Hides and skin</th>
<th>Dairy (idesh)</th>
<th>Meat</th>
<th>Livestock sales</th>
<th>Agricultrure</th>
<th>Trade</th>
<th>Tourism</th>
<th>Micro enterprise</th>
<th>Salary</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wealthy</td>
<td>8</td>
<td>2</td>
<td>2</td>
<td>60</td>
<td>18</td>
<td>8</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>With means</td>
<td>24</td>
<td>5</td>
<td>4</td>
<td>19</td>
<td>26</td>
<td>22</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poor</td>
<td>46</td>
<td>6</td>
<td>32</td>
<td>32</td>
<td>16</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
The relative importance of pensions and allowances for the poor is marginally lower in aimag centers by comparison with those in sum centers, while they depend relatively more on micro-enterprises (see table 6). The opportunity for setting up a small enterprise or vending is greater as compared to sum centers. The better-off households continue to improve their economic status by investing in larger businesses and trade. Because of their lack of access to capital, and also a saturating market, poorer households depend on petty trade and home-based activities, and find it difficult to expand their economic activities. Hence, the better-off household could own a shop, while those in the medium category run a kiosk, and poorer households depend on allowances and pensions and could get seasonal wage employment or collect and sell items like dung for fuel.

Ulaanbaatar

<table>
<thead>
<tr>
<th>Well-being category</th>
<th>Pension &amp; allowance</th>
<th>Cashmere</th>
<th>Wool</th>
<th>Hides</th>
<th>Dairy</th>
<th>Meat (idesh)</th>
<th>Livestock</th>
<th>Agriculture</th>
<th>Trade</th>
<th>Tourism</th>
<th>Microenterprise</th>
<th>Salary</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wealthy</td>
<td>100</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>With means</td>
<td>39</td>
<td>2</td>
<td>2</td>
<td>42</td>
<td>2</td>
<td>13</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poor</td>
<td>56</td>
<td>1</td>
<td>43</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Although based on a very small sample size, the data for Ulaanbaatar suggest a clear difference between the best-off and worst-off households, with the former relying entirely on various forms of micro-enterprise, and the latter on pensions and allowances (see table 7). Timely payment of pensions, salaries and allowances is therefore critical for maintaining a poorer household’s level of well-being.

**Seasonality of livelihoods**

"Spring is the hardest time as food prices increase, households use up the last of their [winter] stocks of meat and dairy products, and many go short of food. Although in the autumn there is enough food, milk and dairy products, a lot of money is required to pay school fees and related expenses. By the end of winter everything is spent preparing for Tsagaan sar celebrations; most loans are taken out at this time."

Bayanzurkh sum ( rural bag), Khövsgöl

In general, rural livelihoods, and those of certain other groups such as traders and casual workers, are highly seasonal. The diagram below (figure 1) presents a simplified view of the relative seasonal flows of income from various livelihood sources, by occupational category. No attempt is made to compare total levels of income between these categories; the diagram simply aims to show seasonal variations throughout the year within each activity type.

Herding households derive income chiefly from the sale of cashmere (and perhaps wool) in spring, and fresh milk and/or other dairy products in summer. Households relying on arable cropping or vegetable production have little income and heavy expenses in the spring and..."
summer, and enjoy peak income flows following the autumn harvest, a period that coincides with peak demand for children's education expenses. Traders also have highly seasonal income earning opportunities. *Tsagaan sar* is the peak period of activity, with high demand for food and consumer goods to give as gifts; autumn may also be a busy period as households prepare for the winter and need to acquire clothing, footwear and school materials for their children. Those with steady sources of income in urban settlements, either from salaries or from pensions and allowances, do not have highly seasonal income flows. Casual workers in a range of jobs (e.g. mining, occasional work for better-off herders) tend to have most work during the summer, and fewest opportunities to earn income in the winter.

Seasonal income insecurity frequently results in households having to take out loans for consumption purposes. The most stressful periods of the year mentioned by both urban and rural community members were:

- **Tsagaan Sar** (lunar New Year), and certain other festivals such as Women's Day and *Naadam* (National Day). These are periods of peak activity for petty traders, who are able to meet the high demand for food products and consumer goods from supplies purchased wholesale. There was a widespread observation that the burden of social expectations in gift-giving at *Tsagaan Sar* has become more onerous since the onset of transition. Most herders have no source of income before *Tsagaan Sar*, and so forward-sell the coming year's cashmere yield to traveling traders in exchange for consumer goods acquired on credit;

- **Spring**, owing to a shortage of food once winter food stocks run out, price increases for basic goods, "longer days" (need to stay up longer with less food), and failure of pensions and salaries to arrive on time at the beginning of the year (e.g. Dornod aimag centre):

  ![Figure 1](Photo by Robin Mearns)

  * Autumn, due to the cost of preparing children for the school year and/or covering college fees; and the need to stock up on meat, firewood, and animal fodder and hay for the winter.*
"Families that would have been considered to be living reasonably eight years ago have gradually been moving down into the poor and very poor groups. This process is still going on. It was caused by the wrong way in which privatization was implemented and the closure of many enterprises, leading to an increase in the number of unemployed people. Since enterprises fell into the wrong hands, they were closed down and many workers were fired."

Mixed group, Dalanzadgad (aimag center), Omnogovi

"Livestock numbers have usually not increased for average households. They have to spend a lot of money to send their children to educational establishments or for the weddings of their grown-up children. The main reason for the worsening of the livelihoods of high- and low-level households was the drought and drought of 1997."

(Men’s group, Khökhmor’i (rural bag), Govi-Altaï)

With the privatization of collective and state enterprises beginning from the early 1990s, there came a major shift in livelihood profiles for virtually all households. Those of working age had long been accustomed to regular wages and salaries, even for livestock production under the pastoral collectives, and the rapid rise in formal unemployment came as a profound shock across all urban and rural communities. By necessity, livelihoods became more complex, and livelihood sources more diverse. Across the country, the number of herding households more than doubled, as the livestock sector absorbed much of the labor displaced from the public sector. In both urban and rural areas the “informal sector” flourished, particularly in petty trade, but for many the new sources of livelihood were highly insecure. State marketing networks both for producer and consumer goods collapsed, and subsidies and incentives for those living in remote parts of the country were abolished. As fuel prices were progressively liberalized, they became the major determinant of the terms of trade faced by individual households, and therefore geographical location in this vast yet sparsely populated country the principal driver of opportunities.

Against this background, the livelihoods of many families became vulnerable in the face of multiple, interlocking forms of insecurity:

- **Economic insecurity** stemmed particularly from unemployment and remoteness from markets. Social safety nets persisted, and pensions and allowances became for many households the only source of regular cash income, but crisis in the banking sector meant that pensions, allowances and salaries were frequently late, forcing people to dispose of household assets and into a cycle of indebtedness.

- Public action and investment to reduce risk in livestock production and agriculture declined, and **environmental insecurity** — while never new in Mongolia — acquired new significance, particularly for those new to livestock production. The effects of natural hazards, such as drought and harsh winter weather conditions (dzud), were exacerbated by a growing over-concentration of grazing pressure, as the numbers of herders and livestock increased while pastoral mobility declined. Conflict over pasture became endemic in many areas, particularly in central
aimags and the Khangai region. Steppe fires and rodent infestations were also perceived to occur with increasing frequency, in part also symptomatic of rising grazing pressure.

- **Social insecurity** derived from changes in kinship and other social networks. Support from relatives and friends was a vital, even primary source of livelihood for many households, and took diverse forms in urban and rural areas. But the 1990s saw a weakening of kinship networks, and a rise in semi-commercial forms of intra-household transfers. The most vulnerable of all were those excluded from kinship and other social networks.

  Many households were also prone to **physical insecurities**, particularly among poorer groups. Unemployment and economic insecurity led to widespread social malaise, alcohol abuse, rising crime (particularly theft), domestic violence and marital breakdown, which compounded problems of economic and social insecurity.

  These insecurities shape the context within which households could be afflicted by various unexpected shocks (e.g. loss of employment, loss of livestock owing to natural hazards, death or illness of a family member, theft of assets, costs of contingencies such as weddings and *Tsagaan sar* and longer-run stresses (e.g. indebtedness, shortage of cash, cost of schooling and health care, high ratio of dependents to economically active household members) likely to trigger a process of impoverishment. Over time, as household assets are liquidated to meet consumption needs and contingencies, vulnerable households become prone to impoverishment through progressively more minor shocks and stresses.

  Triggers of impoverishment, disaggregated by well-being category, by location (rural/urban), and by aimag. This section presents the summary results of this analysis, showing only the most prevalent shocks and stresses in descending rank order. The analysis excluded households in the wealthy or rich categories, as these households would not be expected to be as vulnerable in the face of shocks and stresses.

  Table 8 summarizes the results of the analysis by well-being category. For poor and very poor households, loss of employment was the most commonly mentioned shock, followed by illness of a household member and associated cost of medical treatment. For households of medium well-being, cost of children’s education was the most frequently mentioned factor. Although this should properly be considered a stress rather than a shock, it has contributed to impoverishment even of households of medium well-being, as it prevents them from accumulating assets to “risk-proof” them against other, unexpected contingencies. The same is true for many poor and very poor households, for whom education cost was also a prevalent stress, but to a lesser extent, most likely because fewer of these households are able to access and use education services, by comparison with households in the medium category. Illness/cost of medical treatment was also the second most prevalent shock for households of medium well-being. Other important shocks for households in the medium category were those that threatened assets to “risk-proof” them against other, unexpected contingencies. The same is true for many poor and very poor households, for whom education cost was also a prevalent stress, but to a lesser extent, most likely because fewer of these households are able to access and use education services, by comparison with households in the medium category. Illness/cost of medical treatment was also the second most prevalent shock for households of medium well-being. Other important shocks for households in the medium category were those that threatened.

  Table 9 presents the results by location, distinguishing rural and various types of urban communities, but grouping together households of medium, poor and very poor well-being categories. In this analysis, as might be expected,
a clear difference emerged between rural and all urban sites. In the rural sites, taken together, loss of livestock to natural hazards (e.g. dzud) rose to become the second most commonly mentioned trigger of impoverishment, though still following behind cost of children’s education. Cost of medical treatment ranked third in significance, while livestock theft was also a significant factor.

<table>
<thead>
<tr>
<th>Shock or stress factor</th>
<th>Medium</th>
<th>Poor</th>
<th>Very poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss of employment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Illness/ cost of medical treatment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of children’s education</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural hazards/ loss of livestock</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fuel price increase</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Theft of livestock or other assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shortage of cash</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Death of household member</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In all urban sites except Ulaanbaatar, loss of employment was the most prevalent trigger of impoverishment, and it ranked second in the case Ulaanbaatar after illness/cost of medical treatment. Next in importance in urban centers came cost of education and/or cost of medical treatment, varying little between centers of different sizes. Other significant factors varied more with size of urban settlement, including homelessness in Ulaanbaatar; cash shortage and fuel price increase in sum centers; and cost of Tsagaan Sar or other festivals and theft of assets in aimag centers.

### Table 4: Frequency of shocks adversely affecting livelihood, in descending rank order by well-being category

<table>
<thead>
<tr>
<th>Shock or stress factor</th>
<th>Medium (N=104)</th>
<th>Poor (N=57)</th>
<th>Very poor (N=20)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss of employment</td>
<td></td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Illness/ cost of medical treatment</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Cost of children’s education</td>
<td>1</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Natural hazards/ loss of livestock</td>
<td>3</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Fuel price increase</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Theft of livestock or other assets</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shortage of cash</td>
<td></td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Death of household member</td>
<td></td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

### Table 5: Frequency of shocks adversely affecting livelihood, in descending rank order by location

<table>
<thead>
<tr>
<th>Shock or stress factor</th>
<th>Rural (N=86)</th>
<th>Sum center (N=36)</th>
<th>Aimag center (N=33)</th>
<th>UB (N=13)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss of employment</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Illness/ cost of medical treatment</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Cost of children’s education</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Natural hazards/ loss of livestock</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fuel price increase</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Theft of livestock or other assets</td>
<td>5</td>
<td></td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Shortage of cash</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of tsagaan sar or other festivals</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Homelessness</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Who is most vulnerable?

The most vulnerable groups are those least able to absorb shocks and deal with stresses. The cumulative impact of apparently minor stresses can have devastating consequences for the poor and very poor. The most vulnerable of all tend to be:

- families with many children and no secure source of income (sum/ aimag centers)
- single-parent households
- "new" herding households with few livestock, little herding experience, and with many children
- newly established, young families
- poor families without better-off relatives who can help them or inherited assets
- families that are entirely dependent on pensions and allowances which are often paid late
- unemployed people
- those physically unable to work
"[Coping with shocks] does not depend on how wealthy people are or how many animals they have, but on how much they have worked and prepared, how they organize their work, and whether or not they consider in advance the possibility of bad weather or natural disaster."

Mixed group, Bayandun (rural bag), Dornod

"We have all grown up and lived in these places together, so we know each other well and try to help each other."

Mixed group, Jargalant (rural bag), Töv

With the onset of economic transition in Mongolia, people began to experience a radical change in their lives from the long-term predictability and stability of regular wage incomes and state benefits, towards the much riskier environment of informal sector and self-employment. This chapter outlines the range of coping and adaptive livelihood strategies people adopted to deal with growing insecurity and vulnerability. Some groups managed to adapt themselves to the changes, and were able to exploit the new opportunities presented, particularly in trading for those who had assets and “connections” to begin with. Others, particularly the young and the elderly, were less capable of such a shift.

As many households have moved deeper and deeper into poverty, they have been forced to fall back on a range of coping strategies in order to survive. Others have fared rather better under economic transition, and have been able to adapt in various ways. A distinction is therefore made in this chapter between coping and adaptive strategies, but it is important to recognize that there is a continuum between the two extremes. A strategy pursued successfully by one household may be regarded as an adaptive strategy, while a less successful household pursuing the same strategy may barely be able to cope. In spite of the overlap between these categories, it is therefore useful to distinguish the different forms they take. Tables 10 and 11 summarize the types of coping and adaptive strategies respectively that people described during the course of the fieldwork.

<table>
<thead>
<tr>
<th>Table 10. Types of coping strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inter-household vertical linkages between better-off and poor households, with little or no reciprocity (patron-client relations); collective action (horizontal linkages), including help from relatives and friends</td>
</tr>
<tr>
<td>Vertical linkages between better-off and poor households, with little or no reciprocity (patron-client relations); collective action (horizontal linkages), including help from relatives and friends</td>
</tr>
<tr>
<td>Access to credit for consumption and to meet contingencies</td>
</tr>
<tr>
<td>Formal (banks, NPAP, in-kind through restocking in some places), and informal (kiosks leaving pension book as collateral), pawnbrokers, money lenders incl. Cashmere traders – interest highly variable – sometimes interest-free if known/ small amount; or up to 18%/month)</td>
</tr>
<tr>
<td>RURAL-URBAN LINKAGES</td>
</tr>
<tr>
<td>Family-splitting, exchange of goods and services/ informal economy, seasonal migration between rural bags and sum centers</td>
</tr>
<tr>
<td>LIVELIHOOD SWITCHING AND DIVERSIFICATION</td>
</tr>
<tr>
<td>Hunting, theft, begging, prostitution</td>
</tr>
<tr>
<td>Reducing consumption, switching to inferior foods (e.g. internal organs, boiled bones with salt), barter trade, selling/pawning or otherwise disposing of assets (distress sales)</td>
</tr>
</tbody>
</table>

Reduction strategies

Many individuals and groups, particularly in urban areas, mentioned that they have had to severely curtail household food consumption as a primary means of coping with economic stress. Many participants remarked that people in poor and very poor households could eat meat only once or twice a week, if at all. People have widely switched to lower-value foods as a means to acquire sufficient calories. In the worst cases, people scavenge food wastes from rubbish dumps, such as animal bones that can be boiled with salt.
We are surviving only by picking up whatever food wastes and things we can find from rubbish bins. There are many such old and young people, who are known as tojiliinhon [scavengers]. They are generally people with no job, no money, no relatives who can help them, who rely on assistance from others, who lack education and motivation, and who will do anything to survive. It is hard for me to tell you how difficult are their living conditions."

Woman from Baganguur, satellite town of Ulaanbaatar

Inter-household transfers

Various forms of inter-household transfer have become the primary coping strategies of both poor and non-poor households. The first option is usually to seek support from relatives where possible. Non-monetized forms of exchange between wealthier and poorer rural households, and between urban and rural households, whether kin relations or not, have become very commonplace. In rural areas, the poor provide their labor to richer households, in return for which they receive food, clothing, assistance with moving camp, and so on. In aimag centers and Ulaanbaatar, the poor help better-off people to sell their goods on the market in return for a small fee.

Wealthier people were found to have their own networks that exclude the poor. People tend to be included in these networks on the basis of their positions of social or professional standing. Once they lose these positions, they are excluded from the network. Non-kin relations tend to be mainly horizontal which leads to kinship relations becoming more and more horizontal in nature as well, since poorer people tend to be able to marry only someone with comparable means and social status. This trend has resulted in a growing fragmentation of Mongolian society, as poor households with equally poor kin and friends are sinking deeper and deeper into poverty, and have little contact with wealthier groups.

Access to credit

"Loans seem to go to those with a very good life and those with a very bad one. In fact, credit should be given only to people who can pay it back. There should be a differentiation between charity and credit. The very vulnerable should get the charity".

Women's group, Songinokhairkhan (former state farm), Ulaanbaatar

In all communities, households in the poor category and to lesser extent in the medium category borrow for consumption and to meet contingencies. Very few, however, can access formal sources of credit, such as NPAP. For most the primary sources of credit are local traders and shops or kiosks. If borrowers have no guaranteed source of income, they are expected to leave pension and allowance books with the creditor, who will collect the pension or allowance on their behalf on the day of payment. Poor households are often in a constant debt (living “from pension to pension”). But sources of credit for poor households diminish over time if they are unable to repay their previous debts. People do not lend to “very poor” households. Food vendors, who offer small, interest-free loans, complained that they are going bankrupt spending all their time trying to collect debts.

Rural-urban linkages

It is better if at least one family member lives in an urban area, or has a good relationship with relatives in
Ulaanbaatar or the aimag center. For instance, school children can stay with urban relatives, or if rural people go to town to trade or to seek medical treatment they can be put up by their urban relatives. There are many households in the sum with such relations. They prepare idesh [winter food] for them, or at other times send meat and dairy products.”

Khotont (rural bag), Arkhangai

Wealthier herding households are often happy to allow a poorer family to move and camp with them in return for assistance with odd jobs and herding, particularly if the “patron” household has few members of working age.

Livelihood diversification

Common forms of livelihood diversification in rural areas including gathering of wild foods (grains, fruit and berries, wild onions), and hunting (particularly for marmot in the autumn, and for antelope and deer horns). Households in some areas have always grown vegetables, primarily for household consumption. However, more and more households in all field sites including peri-urban areas of Ulaanbaatar have started to grow vegetables in order to support their livelihood. In the peri-urban districts of Ulaanbaatar such as Songino-khairkhan there are also pig and poultry farms.

Casual employment and livelihood switching

From the mid-1990s onwards, many of the “new” herders who proved unable to survive as herders began to return to sum centers or other urban centers to make a living at whatever casual work they can get. Others survive on seasonal and other informal sector work such as mining, perhaps combined with income from allowances. Their livelihoods, however, tend to be highly precarious. The most commonly mentioned among the illegal coping strategies was theft, especially by children from poor families. This was a particular issue in Dornod aimag center, and in Ulaanbaatar. Begging by small children from poor families is also an increasingly common means by which they and other members of their families survive in larger centers such as Dornod aimag center, Baganuur (Ulaanbaatar satellite town), and Ulaanbaatar.
Owing to the challenges of economic transition, access to markets has become one of the strongest determinants of livelihood security and well-being. As a result, one of the chief adaptive strategies has been migration: of rural households to sum and aimag centers, and to more central aimag centers; and of sum and aimag center households to Ulaanbaatar and other large cities. Others have invested in motorcycles, Russian jeeps and trucks as means to increase their returns in trading, including some who have switched livelihoods altogether from herding, for example, to trading. More generally, trading has become the livelihood strategy of choice for people in virtually all communities trying to better their lives. Urban and peri-urban centers have seen a proliferation of restaurants, tea houses and canteens.

Adaptive change within herding

Following privatization there was an unprecedented growth in both the number of herding households and numbers of livestock, as public sector employees who lost their jobs migrated from urban to rural areas to become herders. This added to growing pressure on the declining area of pasture land that is in current use in many areas. One response, among more skilled and experienced herders, was to go more frequently on otor. This is a traditional strategy for fattening livestock by moving them rapidly over good pasture. It is most commonly practiced in the autumn, in preparation for winter, and during winter months when pasture is inaccessible through snow cover, or has become exhausted. It is exhausting work, over extended periods involving being away from the rest of the family. Otor is also a common response to dzud. Increasingly, however, more experienced herders are going on otor as a means to escape the high density of grazing livestock in areas close to roads and urban settlements. Participants from all aimag also stated that high cost of petrol has begun to prevent them from moving further to the new pastures, shortening the distances between their winter pastures and summer pastures, and reducing the number of moves and total area of pasture that they can use.

Trading

In all field sites, participants stated that many people have become involved in trade, whether as petty traders or, in the case of a few wealthy individuals, in larger-scale trade often involving international imports and exports. A common adaptive strategy among poorer households in all aimag is to purchase goods from more distant wholesale markets and sell them for higher retail prices at more upscale markets where wealthier people shop. The poor in Ulaanbaatar also sell home-made goods such as bed sheets or dumplings in local markets.

Micro-enterprises

In sum and aimag centers and Ulaanbaatar, many families have begun to establish small and medium sized enterprises and home-based micro-enterprises such as bakeries, tailoring, and boot-making and repair. Some people have kiosks or shops, and some have become involved in pawn-brokering or money-lending.

Mining

In various sites, new income earning opportunities have arisen in recent years in mining. Examples included gold mining in Töv aimag, salt mining in Ömnögovi, and coal mining in Töv aimag and near Ulaanbaatar. Working conditions are generally extremely tough and dangerous, and only younger, more active people are prepared to take the risks.
Migration

"...households come and settle in Baganuur in order to transfer to UB, because it is easier to register in Baganuur than in central UB. Baganuur district is one of transfer points for migrants to UB." A man from Baganuur, satellite district of Ulaanbaatar

There were two significant trends in migration as an adaptive livelihood strategy during the 1990s. First, in the early 1990s, came the net flow of urban to rural migrants, moving to begin life as herders having newly acquired livestock in privatization. This flow of migrants largely ceased from the mid-1990s or so. Second has been the progressive movement of better-off households from smaller to larger urban settlements, with most aspiring eventually to move to Ulaanbaatar. Wealthier herders also moved from western aimags to the central region of the country, in order to improve their terms of trade and to access better health and education services.

Inter-household transfers

There are about eight families of relatives—that is, around 30 thirty people—who probably survive on the support they get from us. We hire them for work and pay them for it; lend them our products to sell without any interest, making sure that they later do some accounting back with us; and we support them by giving them flour, rice and other stuff without asking for anything in return.” Wealthy trader in Esonbulag (aimag center), Govi-Altai

In rural bags, neighbors help out extremely poor people by giving food, offering them occasional odd jobs or in herding, for which they are paid in kind. In sum centers neighbors usually give food to very poor people only in exchange for some kind of labor. In aimag centers and Ulaanbaatar, neighborhood support was reported to be virtually absent with only few cases reported of people occasionally providing homeless, alcoholic acquaintances with some food and old clothing.

However, kinship networks were reported to have been weakening, and people’s ability to help each other to have been on the decline. Very poor households who have wealthier kin depend largely on their support, unless they live far from each other. This dependency seems to diminish as households get wealthier, and turn more into more of a form of collaboration. Growing inequality has modified the nature of kinship networks, turning them more into patron/client relations, as poorer relatives offer their labor to their wealthier kin in exchange for food and other goods.

Kinship and social networks appear to have weakened to a lesser degree in rural bags, as kin and neighbors, including the poor, still collaborate by helping each other in building a new ger, felt making, collecting fire wood, cutting hay, and so on. However, lack of trust even among kin was cited by all communities; some gave the specific example of relatives being unable to deputize one of their members to sell their cashmere at a remote market for lack of trust.
"We are very worried about our children’s education, their upbringing, and their future."

Women’s group, Tosontsengel (rural bag), Khövsgöl

"We are very far from the market and the only people who come here are traveling traders. But they discriminate against people by property and number of animals. They look at a herder’s enclosure and if there aren’t many animals they skip that household. Herders look through binoculars and come to the household where the traders stop. They won’t offer cash in return for our livestock products, only goods, but sometimes pay cash to wealthy herders when they want to make a large deal."

Men’s group, Dashbalbar (rural bag), Dornod

Discussion groups at all field sites were asked to list the “institutions” which mattered to them or which they wished to matter. They were then asked to rank these institutions according to their relative importance and accessibility, and to explain the reasons behind the rankings. No significant gender differences emerged in this institutional analysis. “Institutions” were taken to mean any organization (including social service providers, public utilities, organs of state administration), or informal institution (e.g. kinship networks) with which people engaged in their lives. The major findings can be summarized as follows:

- **Education and health** services emerged overwhelmingly as the most important institutions to community members in all locations. However, numerous problems with service quality, lack of resources, excessive distance to facilities, and the high cost of services were identified in many instances, which led some groups to rank them low in terms of current performance;

- **Markets** in larger urban centers and **shops** or **kiosks** in smaller ones closely followed education and health services in importance. Apart from their essential role as sources of essential consumer goods, markets, shops and kiosks also emerged as vital sources of supplementary income from trading, information, and informal credit. By contrast, **traveling traders**, often the only source of consumer goods for rural communities, took the brunt of rural inhabitants’ widespread perception that they were being offered unfair terms of trade;

- **Communications** services were widely considered to be important, reflecting the isolation of rural communities and their high demand for information, but were generally regarded as inaccessible or inadequate in coverage;

- **Electricity** was identified as having an important impact on the quality of daily life, at least in those urban communities in which it was available, and as a prior condition for establishing small and micro-enterprises, and thereby creating job opportunities;

- **Water** providers were considered to be of high importance for human and animal drinking water supply, particularly in rural **bags** and **Gobi aimags**. In urban communities, communal bathing facilities were also accorded high priority;

- **Public administration**, particularly **sum governors**, received generally poor ratings in all locations, owing to their perceived lack of accountability and effectiveness. **Bag governors**, however, generally received higher ratings as a result of being in closer touch with people. **Aimag governments** were barely mentioned, owing to their even greater physical and psychological distance from most communities;

- **Veterinary services** were roundly criticized in rural areas for their poor performance, limited outreach – particularly in excluding poorer herders – and high cost; and

- **Banks** were considered to be functioning extremely poorly everywhere except in
Ulaanbaatar and central areas of Töv aimag. Chief among the problems identified was their failure to make timely payments of pensions and salaries.

**Education services**

"Children who have poor clothes and stationery are being treated differently, not only by other children but even by teachers. There are even teachers who grade children differently based on their living standards."

Women's group, Möörön (Khövsgöl aimag center)

While community members in all locations felt that education services were of top priority, and a critical factor in well-being (see chapter 2), they were generally dissatisfied with the accessibility and quality of current provision. The principal reasons for this high level of dissatisfaction were:

- **Low quality of staff** – rural schools in particular were found to be unable to attract and retain recently trained teachers, who preferred to work in schools in Ulaanbaatar or other urban centers where living conditions are better. Community members complained that most teachers in rural schools were either high-school graduates or retired people;

- **Unmotivated staff** – poor living conditions and low salaries led to many teachers neglecting their teaching responsibilities in order to supplement their low salaries through petty trade. Many parents felt they spent too little time with the children and that some teachers treated children badly;

- **School facilities in disrepair** – schools buildings in virtually all field sites were judged to be in poor repair, and budgets were generally too low to provide for adequate running costs or educational materials. Inability to heat schools during the long winter months was one of the most serious concerns;

- **School dormitories fail to meet demand** – since very few rural dans had schools, pupils generally attended schools in the nearby sum or aimag center, staying in dormitories if they had no relatives nearby with whom they could stay. But these dormitories were frequently ranked as the least accessible of all institutions, since they were invariably filled beyond capacity (sometimes three children to a bed);

- **Prohibitive costs for poorer families** – although no tuition fees are payable, the costs of education often prove prohibitive for poorer families, including the cost of clothing, textbooks and notebooks, miscellaneous collections for graduation parties, holiday celebrations, school building repairs, and fees for extra classes. At the time the PLSA fieldwork was carried out, it was also a requirement that the families of children staying in dormitories provide 45-60 kg of meat per child, which contributed to higher rates of school dropout by children from poorer families. In spite of this, parents were still concerned that their children went hungry or were fed low-quality food;

- **Curriculum irrelevant** – teaching content was widely felt to be inappropriate to the

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6 Government has since abolished this meat quota.
needs of contemporary life in Mongolia, and failed to transfer essential "life skills". In some areas, such as Töv and Ömnögovi aimags, children complained of constant change in curricula and grading systems.

Consistent with the findings of the 1998 LSMS, a clear picture emerged that rates of **school drop-out** were significantly higher in rural areas and from poorer families, although non-poor herding families also commonly withdrew boys from school to assist in herding tasks. Other factors explaining higher drop-out rates in rural communities, particularly for poorer families, included long distances to schools and transportation constraints.

The children of in-migrants (whether from rural areas to towns or from more distant to more central rural areas) faced bureaucratic hurdles to enter local schools, which invariably required the formal completion of their transfer of registration.

**Health services**

"Since the transition to the market economy, we have stopped going to hospital. This is not because we have become healthier, but because we have become poorer. For someone with no money it is easy to die."

Women's group, Sukhbaatar district, Ulaanbaatar

The great majority of communities ranked health services as the most important institution to them, and identified improving health services as among their top priorities for immediate action. As the vulnerability analysis showed (chapter 4), the high cost of health services was often the most frequently mentioned shock/stress that could trigger a downward spiral of impoverishment for the entire household. While communities in Ulaanbaatar and aimag center communities were generally satisfied with the quality of their local health service provision, those in sum centers and rural bags were widely dissatisfied. Although bag-level doctors were commended for their efforts, they frequently lacked the transport and medicines they needed to do their jobs. The 1998 LSMS found that people in rural areas attended health facilities only half as frequently as those in urban centers. The PLSA elaborates on some of the reasons behind this important finding, including:

- **High costs** – fees are payable for every step towards obtaining medical treatment from opening a medical history file, such that many people no longer go for regular check-ups. Some participants also complained of hidden expenses, as a focus group in Khövsgöl explained: "To get proper treatment in Mörin (the aimag center) or Ulaanbaatar you have to give "tips" to medical staff". Even those with health insurance coverage felt the costs were still too high;

- **Low coverage of health insurance** – health insurance premiums must be paid in cash, and the full annual premium must be paid up front. This excluded even many non-poor families in rural areas who have difficulty obtaining cash given the high prevalence of barter trade. In several focus-group discussions it was suggested that payment in monthly installments should be allowed;

- **Lack of availability of medicines** – many rural inhabitants were forced to purchase medicines at high cost from traveling traders or obtain them via urban relatives, since local doctors rarely had adequate supplies;

- **Remoteness** – access to medical services in rural areas is restricted by poor road infrastructure, lack of transportation, and the high cost of fuel;
Referral system — rural community members in all field sites remarked on the obstacles presented by the referral system, as illustrated by this account from women in Khövsgöl:

“When there is a need for medical attention, first you have to call and get a check-up by the bag nurse. To bring the nurse you need to travel at least 1-2 hours by horse. The bag nurse has no vehicle, so has to ride back with you. Based on her diagnosis, if you need emergency services from the sum center you have to travel another 4 hours on horseback. By this time the patient’s condition may have worsened. If the bag nurse doesn’t give a referral the sum emergency services won’t come. If the patient’s family insists they have to pay the cost of transport both ways.”

Poor quality service provision – particularly in the case of sum center hospitals and maternity homes, participants complained of lack of trained staff, shortages of equipment for specialized treatments, and insufficient beds, which often necessitated bribes. They also observed that since food was not provided, patients could only stay in hospital if they had family members bring them food.

Local governance

Sum officials show up only when it is time to collect taxes. We haven’t seen the sum governor’s face for the last four years.”

Men’s group, Bayanzurkh (rural bag), Khövsgöl

The sum administration, and particularly the sum governor, was rated among the least important and least accessible institutions in virtually all locations outside Ulaanbaatar. Bag governors, by contrast, were included among the most and least important institutions, particularly in rural bags. Their importance and high accessibility ratings were explained by their being in closer touch with their constituents. But many groups ranked them low since bag governors were known to have limited authority and no budget at their disposal. Some rural bag communities suggested that bag governors should be given more power and appropriate funds to assist their communities more effectively.

Several focus-group discussions perceived a lack of accountability and transparency in the actions of the sum and aimag governments, in areas such as credit and job allocation where these fell within the control of local governments (e.g. under NPAP). Petty corruption on the part of local administration was judged by some groups to lead to higher inequality, as poorer and vulnerable groups were excluded from sources of credit and income, while wealthier and more powerful groups had privileged access to such opportunities.

Memories of the privatization process in the early 1990s were still raw for many community members, and there was widespread
resentment among groups in middle and lower well-being categories at the way in which privatization had been carried out. Central government leadership was felt to have been lacking during this process, which resulted in higher inequality as state assets were transferred into the hands of already better-off groups with strong connections with local administrations. Many participants remarked that they felt starved of information about the options they faced when they had share coupons to use, and ended up selling them for much less than they now believe they were worth. There was a widespread perception that the new owners of formerly state-owned enterprises were often more interested in using their new assets as collateral against loans for trading businesses than in running them as going concerns. Rapidly rising unemployment following the bankruptcy and closure of former state-owned enterprises was commonly attributed to this perceived failing in the privatization process.

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**Access to information**

**Hunger for information of all kinds was a recurring theme throughout the fieldwork.** Particularly desired but missing was information from local administrators about policies, laws, and regulations decided at national level that people may have read about in the newspapers or heard about on the radio but did not see implemented in their local communities. Radio served as the main source of outside information in rural communities, and was particularly valued for up-to-date cashmere price information, educational programs, and information about new opportunities such as credit schemes.

Communications centers where people could use telephones, postal and telegraph services were highly valued, most notably by rural communities. Rural community members frequently observed that they lack opportunities for public meetings since the demise of the collectives and state farms. Young people felt the absence of meeting places most keenly of all.
What do these findings mean for Mongolia’s poverty reduction strategy in policy and practice? This is not the place for firm policy recommendations. But in the light of the priorities articulated by rural and urban community members across Mongolia, and the picture that emerged from the PLSA of the constraints and opportunities they face in making a better living for themselves and their families, this concluding section reflects on the kinds of issues that will need to be confronted at the level of public policy in order to help create an enabling environment within which all groups in Mongolia may achieve more secure and sustainable livelihoods.

The profile of poverty in Mongolia that has emerged from the PLSA is complex. It highlights the broader dimensions of ill-being that loom large in daily life, such as alcoholism, crime and domestic violence, which women in particular regard as symptoms of poverty and lack of economic opportunity. It suggests that pro-poor policy and public actions will need to differentiate between different groups of people and the diverse places in which they live. While the overall findings of the PLSA were consistent with those of the 1995 and 1998 LSMS surveys, there are some important differences when it comes to the conclusions drawn from them for policy. For example, the 1998 LSMS concluded that since poverty appeared to be more widespread in urban areas, where higher concentrations of the poorest people were also to be found (notably in aimag centers), then poverty reduction strategies needed to focus more on urban centers than in rural areas, where people seemed to face fewer constraints in making a living based primarily on livestock production.

The PLSA suggests a more complex reality. Many families and individuals construct their livelihoods across both rural and urban space. While high rates of urban unemployment resulted from the collapse of many state-owned enterprises following their privatization, the higher concentrations of poverty in urban centers is also in part a symptom of the relative lack of economic opportunity in rural areas. Migration, both seasonal and more permanent, has become a vital livelihood strategy in order to take advantage of better individual terms of trade, better access to social services, and alternative sources of formal or informal sector employment. The physical isolation of many rural communities and small urban centers poses a severe challenge for the provision of social services and other public goods, which rural community members say they desperately need if their livelihoods are to be both more secure and more sustainable. Better roads and more secure access to water and electric power, particularly in smaller urban centers, are critical in overcoming the tyranny of distance” and in diversifying livelihood options through value-added livestock product processing and the establishment of micro-enterprises.

Among other public goods, education is universally regarded as the key to wider livelihood opportunities. But the quality and coverage of education services currently leaves much to be desired, particularly in rural areas. Education content has also been found wanting, both in and out of school. Enhanced opportunities to acquire “life skills” and vocational training was widely perceived as an important priority, notably in urban centers.

The PLSA findings draw attention to the importance of multiple sources of insecurity and vulnerability, which poorer rural and urban people highlight as being more relevant threats to their livelihood security than low incomes alone. This in turn focuses attention on the importance of assets for the poor, such as livestock, small plots of land for vegetable production, and a broader range of financial assets including savings, credit, and micro-insurance, for example, but also including social capital in the form of strong kinship-based and other social networks. All of these kinds of assets can provide a buffer against the inevitable shocks and stresses that life brings.

Health-related risks appear to be among the most significant for urban as well as rural people. There is scope to improve to the coverage of health insurance in practice, including through such simple steps as permitting monthly installments to be paid on premiums, although these alone will not overcome the barriers to more accessible and effective health services, particularly in remote rural areas.
Formal safety-nets remain vital to livelihood security for more vulnerable groups. Pensions and allowances have “multiplier” effects that extend well beyond the individual recipients themselves, including benefits to entire extended families. Often the only source of regular cash income, they can be essential in obtaining medicines and paying health insurance premiums, among other things that can only be acquired with cash. Coupled with the importance of such regular sources of cash income is the high priority placed on effective and timely payment services through local bank branches, and access to formal credit to meet contingencies so as to avoid the need to surrender pension and allowance books as collateral to informal money lenders.

In rural areas, weather-related risks are among the greatest threats to livelihood security, particularly from drought and harsh winter conditions (dzud), as the events of 1999-2001 have clearly shown. But vulnerability to natural hazards has been greatly exacerbated by the changes in livelihoods and the public policy context over the last decade or so. The dramatic rise in the total number of herders and animals is a reflection of the lack of opportunities elsewhere in the economy, while livestock production risks are now shouldered by herders themselves rather than by the state. Inexperienced and poorer herders in particular are currently ill-equipped to manage such risks, given their narrow asset and knowledge base. Pastoral risk management in the widest sense is therefore a critical priority, including upstream measures to reduce or avoid risk such as better coordination and management of pasture land use, and downstream efforts to coordinate responses to drought and dzud when they occur.

Community members across Mongolia also demand that their voices be heard by those responsible for formulating public policy. This alone would be an important step towards empowering them to take control over their own lives, together with better access to information about law and policy, prices and economic opportunities. But empowerment also means more than this. It also implies a greater role for communities themselves in public goods provision, such as prioritizing among the kinds of investments in infrastructure and social services that would make a difference in widening economic opportunities in their localities, determining where and how they are made and so on. Communities themselves appear willing to contribute to such investments in various ways, particularly in the form of their own labor, materials and ideas. A major challenge lies ahead in opening up the state budget to closer public scrutiny, and allowing patterns of public spending to be influenced in part by the priorities emerging from rural and urban communities themselves.
List of references


### Household Characteristics by Well-being Category and Location

#### 1. Characteristics of Wealthy Households

<table>
<thead>
<tr>
<th>Rural bags</th>
<th>Sum centers</th>
<th>Aimag centers</th>
<th>Ulaanbaatar</th>
</tr>
</thead>
</table>
| - Life is good  
- Own 500 or more heads of livestock (better yields of milk, meat, or cashmere)  
- Not having to make distress sales  
- Own means of transport, TV, and a power generator  
- Small family (if the family is big - there are many who are able to work in the family business)  
- Have cash reserves/savings  
- Able to pay taxes  | - Over 150 heads of livestock  
- Good accommodation/big ger, hashaa, ambaar  
- Sufficient furniture  
- Small enterprise  
- Own means of transport  
- Small family  
- Vegetable plot  
- Salary  
- Pension and allowances  
- Involved in cross-border trade (Omnogov')  
- Able to pay for children's tertiary education  | - Good accommodation/big ger, hashaa, ambaar  
- Sufficient furniture  
- Own enterprise, shop  
- Heads of agencies, owners of companies, both husband and wife work for a salary  
- Own livestock  
- Never lack anything  
- Own means of transport (including truck, container, car)  
- Additional apartment in Ulaanbaatar that may belong to them or their children  
- Able to pay for children's university education  
- Able to pay taxes  
- Able to hire labour  | - City center:  
- Own property  
- Own and manage big companies  
- Engaged in trade  
- Have access to credit  
- Run restaurants in apartment buildings  
- Have regular salary/income  |
| Other districts:  
- Own 1-2 hectares of land for growing vegetables  
- Have 1-2 vehicles  
- Own winter and summer houses  
- Own more than 500 heads of livestock  |

#### 2. Characteristics of Households with Means

<table>
<thead>
<tr>
<th>Rural bags</th>
<th>Sum centers</th>
<th>Aimag centers</th>
<th>Ulaanbaatar</th>
</tr>
</thead>
</table>
| - Own about 250 heads of livestock  
- Never have to ask for anything from anyone  
- Have good relatives  
- Some own means of transport (truck or motorcycle)  
- Some may have recently moved to rural areas and their livestock is still increasing. They are able to sell some cashmere  
- Pension and allowances  | - Less than 150 heads of livestock  
- 1-2 milking cows  
- 10-20 sheep  
- Salary/pension/allowance  
- Small amount of cashmere  
- Self employed  
- Small trade  
- Big family  
- Vegetable plot  
- May have a car or motorcycle  
- Make handicrafts, home-based micro-enterprise  
- Receive some support from relatives  
- Able to provide some support for children's higher education  
- Monthly income ranges between 0.8-1 million Tg  | - Employees in government agencies -doctors, teachers  
- Some property/livestock/or grow vegetables  
- Have just enough to eat  
- 4-5 wall ger with fence and furniture  
- Pension and allowances  
- Engage in marketing, and/or home-based micro-enterprise  
- Earn a regular income between 16-30,000 Tg per month  
- Own a vehicle obtained during privatization or a motorcycle  
- They try to save money little by little for children's higher education, celebrating Tsagaan Sar, purchasing new clothes or make arrangements for providing a house for children when they get married  | - Small household  
- Employed/have a source of income  
- People with higher pension  
- Private car  
- Run private business and engaged in wholesale trading  
- Street vendors  
- Employed in big companies  
- Have other sources of income in addition to salary  
- One or two members have a job |
### 3. Characteristics of poor households

<table>
<thead>
<tr>
<th>Rural bags</th>
<th>Sum centers</th>
<th>Aimag centers</th>
<th>Ulaanbaatar</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Own about 150 heads of livestock</td>
<td>• No assets</td>
<td>• Small <em>ger</em> with torn covers, most without a fence</td>
<td>• Have a poor house/ <em>ger</em> or no home</td>
</tr>
<tr>
<td>• Big families</td>
<td>• No job</td>
<td>• Few livestock (20-30)</td>
<td>• Irregular source of income</td>
</tr>
<tr>
<td>• Receive pension and allowances</td>
<td>• One member may receive allowance or pension</td>
<td>• Many children</td>
<td>• Whole household lives off one person’s salary/ allowances</td>
</tr>
<tr>
<td>• Could be able to sell some cashmere, but not enough to meet all expenses</td>
<td>• Less than 10-50 sheep</td>
<td>• Few belongings in poor condition</td>
<td>• Unable to work</td>
</tr>
<tr>
<td>• Not able to pay any taxes or even health insurance premiums</td>
<td>• One milking cow</td>
<td>• Household with only one employed member</td>
<td>• Some female headed households</td>
</tr>
<tr>
<td>• Some grow potatoes on about a hectare of land and may have some pigs and chicken</td>
<td>• Many children</td>
<td>• Would not survive without the regular support of relatives</td>
<td>• No livestock, no land</td>
</tr>
<tr>
<td></td>
<td>• Large families</td>
<td>• Live in a half-starved condition and manage to eat hot meals with meat only 2-3 times a week</td>
<td>• Monthly income is no more than 15,000 Tg</td>
</tr>
<tr>
<td></td>
<td>• Eat irregularly</td>
<td>• Some have to spend a lot on medical treatment</td>
<td>• Poor appearance, some collect garbage</td>
</tr>
<tr>
<td></td>
<td>• Some addicted to alcohol</td>
<td>• Big families</td>
<td>• Sometimes sleep without having anything to eat</td>
</tr>
<tr>
<td></td>
<td>• No relatives</td>
<td>• No animals, no income</td>
<td>• Some addicted to alcohol</td>
</tr>
<tr>
<td></td>
<td>• Some are single parent households</td>
<td>• Unable to work</td>
<td>• Some have relatives</td>
</tr>
</tbody>
</table>

### 4. Characteristics of very poor households

<table>
<thead>
<tr>
<th>Rural bags</th>
<th>Sum centers</th>
<th>Aimag centers</th>
<th>Ulaanbaatar</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Herd size less than 50, which is not sufficient to make ends meet</td>
<td>• Poor dwelling</td>
<td>• No source of income, no property, no livestock</td>
<td>• No income at all</td>
</tr>
<tr>
<td>• No support from relatives</td>
<td>• No animals, no income</td>
<td>• Large families</td>
<td>• Homeless, wander in the street</td>
</tr>
<tr>
<td>• Big family</td>
<td>• Unable to work</td>
<td>• Some rely on allowance for the new-born</td>
<td>• Sleep at entrances of apartments</td>
</tr>
<tr>
<td>• Pensioners living on their own</td>
<td>• Resort to begging</td>
<td>• Some engaged in vending, collecting dung</td>
<td>• Scavenge</td>
</tr>
<tr>
<td>• Many small children</td>
<td>• Single parent households</td>
<td>• Survive by begging</td>
<td>• Have no relatives</td>
</tr>
<tr>
<td>• Some are single parent households</td>
<td>• Alcoholic husband</td>
<td>• Face constant hunger because of lack of food</td>
<td></td>
</tr>
<tr>
<td>• Always face lack of cash</td>
<td>• No education</td>
<td>• Have almost no clothes</td>
<td></td>
</tr>
<tr>
<td>• Are forced to trade in their livestock in return for essential food items</td>
<td>• No relatives</td>
<td>• Collect scrap and bottles from garbage to sell</td>
<td></td>
</tr>
<tr>
<td>• Unable to pay taxes or health insurance</td>
<td>• One member of household may receive pension/ allowance</td>
<td>• Scavenge garbage for food</td>
<td></td>
</tr>
</tbody>
</table>

Ulaanbaatar:
- Have a poor house/ *ger* or no home
- Irregular source of income
- Whole household lives off one person’s salary/ allowances
- Unable to work
- Some female headed households
- No livestock, no land
- Monthly income is no more than 15,000 Tg
- Poor appearance, some collect garbage
- Sometimes sleep without having anything to eat
## LIST OF FIELD SITES AND THEIR CHARACTERISTICS

<table>
<thead>
<tr>
<th>Aimag</th>
<th>Name of field site</th>
<th>Type of field site</th>
<th>Population of sum(^7)</th>
<th>Distance from aimag center to Ulaanbaatar center (km)</th>
<th>Distance from sum center to aimag center (km)</th>
<th>Population of bag(^6)</th>
<th>Ecological zone</th>
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\(^7\) Source: NSO, 1999

\(^6\) Source: local government statistical data

\(^5\) Source: local government statistical data