



# CORONAVIRUS



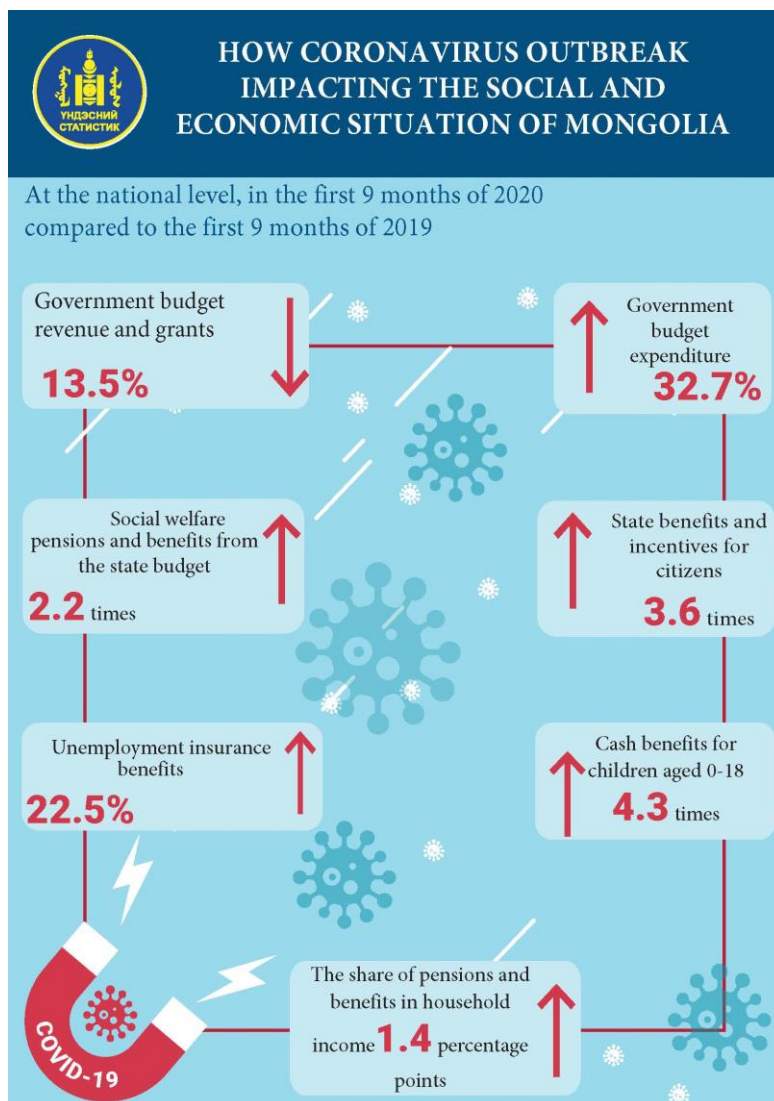
Ulaanbaatar

## INTRODUCTION

Socio-Economic Situation of Mongolia in the first 9 months of 2020 in connection with the COVID-19 pandemic.

According to monthly statistical bulletin of September 2020 – Socio – Economic Situation of Mongolia released from National Statistics Office of Mongolia on October 13, 2020, following changes are observed in the first 9 months of 2020.

- ↓ Equilibrated revenue and grants of the General Government Budget decreased by 13.5%,
- ↑ Total state budget expenditure 32.7%,
- ↑ Social welfare pensions and benefits from the state budget 2.2 times,
- ↑ State benefits and incentives for citizens 3.6 times,
- ↑ Unemployment insurance benefits 22.5%,
- ↑ Cash benefits for children aged 0-18 are 4.3 times
- ↑ The share of pensions and benefits in household income increased by 1.4 percentage points.



## GOVERNMENT BUDGET

The total budget deficit of Mongolia in 2020 is estimated at MNT 2.1 trillion or 5.1% of GDP, while the total budget deficit reached MNT 2.2 trillion or 13.1% of GDP in the first half of this year.

In the first nine months of this year, the budget deficit reached MNT 2.7 trillion. The budget deficit was mainly due to a decrease of 13.5% to MNT 6.7 trillion in equilibrated revenue and grants, while total expenditure and net lending reached MNT 9.4 trillion, showing an increase of 30% compared to the same period of the previous year.

The decrease in the government budget revenue was due to a decrease in tax revenues, which accounts for more than 80% of revenues.

The increase in total government budget expenditure was mainly due to current expenses by MNT 7.5 trillion to MNT 1.7 trillion (29.6%) and capital expenditures by MNT 610.0 trillion (46.2%) to MNT 1.9 trillion.

The increase in current expenditure compared to the same period of the previous year was mainly due to an increase of MNT 1.2 trillion (52.0%) in current transfers.

Table 1. Government budget expenditures, as of the first 9 months of each year

Type of expenditure	2017 I-IX	2018 I-IX	2019 I-IX	2020* I-IX	2020* I-IX 2019 I-IX
	Trillion MNT				Percentage
<b>TOTAL EXPENSES</b>	<b>5 631.1</b>	<b>5 991.9</b>	<b>7 103.8</b>	<b>9 427.3</b>	<b>132.7</b>
CURRENT COSTS	4 824.9	5 148.8	5 783.5	7 497.0	129.6
COST OF GOODS AND WORKS AND SERVICES	2 120.1	2 228.9	2 699.5	3 181.8	117.9
RATE	777.1	743.5	627.1	578.7	92.3
SUBSIDIES	181.5	153.5	178.1	272.0	152.7
CURRENT TRANSFER	1 746.1	2 022.8	2 278.8	3 464.4	152.0
Government current transfers	12.9	51.1	73.9	117.0	158.3
Other current transfers	1 733.3	1 971.7	2 204.8	3 347.3	151.8
Social insurance pensions	1 175.1	1 332.5	1 514.0	1 812.0	119.7
Social welfare pensions and benefits	349.6	441.3	504.6	1 127.6	2.2 <sup>1</sup>
Other benefits and incentives provided by the employer	3.2	3.6	3.2	3.7	115.6
Government benefits and incentives for citizens	98.9	105.7	78.4	285.7	3.6 <sup>1</sup>
Other	106.4	88.7	104.7	118.4	113.1
CAPITAL COSTS	806.2	843.2	1 320.3	1 930.3	146.2
Building	592.5	445.5	965.2	1 193.2	123.6
Major repair costs	39.4	39.2	76.0	80.9	106.4
Equipment	33.7	135.0	61.1	265.5	4.3 <sup>1</sup>
Other assets	120.9	220.5	207.5	376.7	181.6
Strategic resources	19.8	3.0	10.4	14.0	134.2

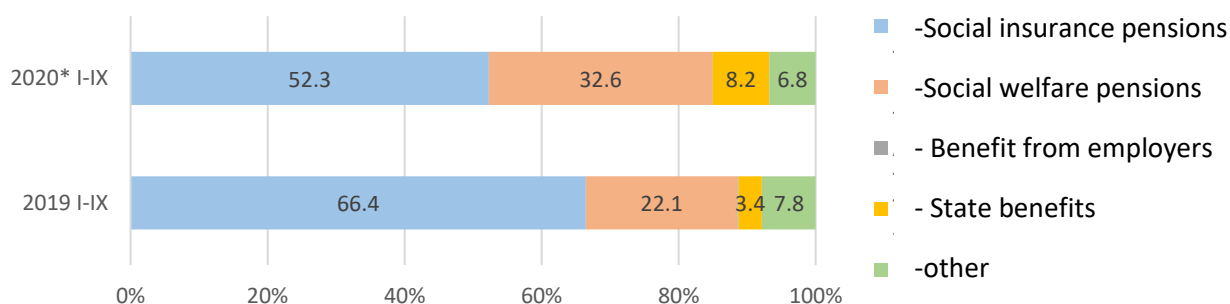
<sup>1</sup> times more

Current expenditures accounted for 42.4% of expenditures on goods and services, 46.3% of current transfers, 7.7% of interest expenditures, and 3.6% of subsidies.

The 52.3% of current transfers was consist of social insurance pensions and benefits, 32.6% was social welfare pensions and benefits, 8.2% was state benefits, 0.1% was other benefits from employers, and 6.8% was other expenses.

In the first 9 months of 2020, the share of social insurance pensions and benefits decreased by 14.1 percentage points, the share of other expenses decreased by 1.0 percentage points, the share of social welfare pensions and benefits decreased by 10.5 percentage points, while the share of state benefits increased by 4.8 percentage points.

Figure 1. Structure and percentage of current budget transfers



In the first 9 months of this year, social insurance pensions and benefits reached MNT 1.8 trillion, increased by 19.7%, social welfare pensions and benefits reached MNT 1.1 trillion, increased 2.2 times, and state benefits and incentives reached MNT 285.7 billion, increased 3.6 times compared with the same period of the previous year.

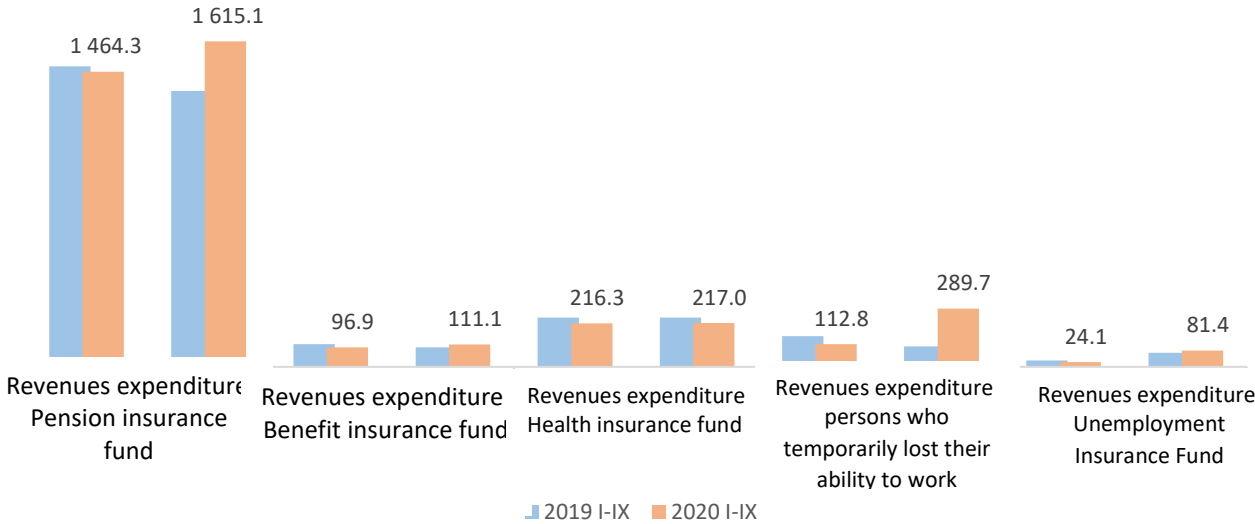
The increase in capital expenditure was mainly due to an increase of MNT 228.0 billion (23.6%) in construction expenditure, MNT 204.3 billion (4.3 times) increase in equipment expenditure, and MNT 169.2 billion (81.6%) in other capital expenditure.

In terms of total expenditures by type, in the first 9 months of this year, all expenditures except interest increased by 6.4% to 4.3 times compared with the previous year.

**SOCIAL INSURANCE**

In the first 9 months of 2020, 1.1 million people were insured with social insurance, of which 83.6% were compulsorily insured and 16.4% were voluntarily insured. Revenues of the Social Insurance Fund reached MNT 1.9 trillion in the first 9 months of 2020, decreased by MNT 115.9 billion (5.7%) compared to the same period of the previous year. The decrease in social insurance fund revenue was mainly due to a decrease of 11.4 thousand (1.3%) in compulsory insurance and 1.0 thousand (0.6%) in voluntary insured compared to the same period of the previous year.

Figure 2. Income and expenditure of the social insurance fund, by type, as of the first 9 months of each year, billion MNT



In the first 9 months of 2020, the expenditure of the Social Insurance Fund reached MNT 2.3 trillion, increased by MNT 431.5 billion (22.9%) compared to the same period of the previous year. The increase in Social Insurance Fund expenditure was mainly due to an increase of MNT 245.4 billion (17.9%) in pension insurance fund expenditure.

In the first 9 months of this year, the social welfare fund provided MNT 1.2 trillion to 333.0 thousand persons for old age pension, MNT 209.9 billion to 71.7 thousand persons for disability pension, MNT 60.4 billion to 20.1 thousand persons for survivors’ pension and MNT 114.2 billion to 19.1 thousand persons for military pension(a veteran’s pension).

The increase in expenditures of the pension insurance fund was mainly due to an increase of MNT 26.1 thousand (8.5%) in old age pensioners and MNT 195.7 billion (18.8%) in pensions.

In the first 9 months of 2020, the benefit insurance fund provided MNT 17.1 billion to 87.2 thousand persons who temporarily lost their ability to work, MNT 83.1 billion to 49.0 thousand persons pregnant and postpartum mothers, and MNT 9.7 billion to 9.7 thousand persons for funeral allowance.

The increase in the benefit insurance fund was mainly due to an increase of 1,143 (2.4%) people in maternity benefits and MNT 15.4 billion (22.8%) in benefits.

In the first 9 months of 2020, the Unemployment Insurance Fund disbursed MNT 37.7 billion to 15.8 thousand persons, a decrease of 1,086 (6.4%) recipients, while there an increase of MNT 6.9 billion (22.5%) in benefits compared to the same period of the previous year.

From July 2020, the Government of Mongolia was provided MNT 200 thousand monthly assistance to insured persons and non-voluntary insured persons working in non-state owned enterprises, organizations, universities and colleges whose activities are declining due to the spread of the coronavirus (COVID-19) epidemic. In the first 9 months of this year, MNT 43.2 billion was provided to 216.1 thousand insured persons (in duplicate).

## SOCIAL WELFARE

In the first 9 months of 2020, the Social Welfare Fund provided MNT 1.1 trillion in pensions, benefits, assistance, services and discounts to 2.3 million people (in duplicate), the amount of care, services and discounts increased by MNT 629.7 billion (2.3 times).

Table 2. Social welfare service recipients, pensions, benefits, assistance, services, amount and type of benefits provided to them, in the first 9 months of 2020

Type of service	Participants in social welfare services	<u>2020 I-IX</u> 2019 I-IX	Pensions, benefits, assistance, services and benefits provided for welfare services	<u>2020 I-IX</u> 2019 I-IX
	People	Percentage	Million MNT	Percentage
Total	2 313 210	108.6	1 122 751.6	2.3 <sup>1</sup>
Social welfare pensions, benefits and services	411 662	102.8	227 304.8	140.7
Social welfare pension	56 744	99.6	116 285.8	142.7
Social welfare benefits	110 058	116.4	70 792.4	131.4
Social welfare services	1 848	42.6	932.1	109.6
Social Development Services (Nutrition Support Services)	243 012	99.4	39 294.5	154.8
Cash bonus for maternal glory	224 956	103.6	29 205.0	101.2
Child allowance	1 177 009	120.1	733 335.3	4.3 <sup>1</sup>
Care and benefits for the elderly	86 956	81.6	16 985.5	92.9
Supplements and discounts for famous seniors	2 441	99.7	3 601.1	102.8
Assistance and benefits for people with disabilities	13 913	73.4	4 985.2	93.7
Benefits for single mothers and fathers with many children	254 945	94.4	84 122.9	101.1
Age endowment	140 951	104.9	22 662.9	101.7
Tsaatan civil allowance	377	105.9	548.8	113.7

<sup>1</sup> times more

The increase in pensions, benefits, assistance, services and discounts for social welfare services by 2.3 times compared to the same period of the previous year was due to the increase in government benefits to support citizens' livelihoods. These include:

- Welfare pension from the Social Welfare Fund and cash benefits to support the livelihood of children under 16 years of age in need of permanent care MNT 288.0 thousand,
- Child allowance of MNT 100.0 thousand,
- MNT 16 thousand for children in need of food support,
- MNT 32 thousand to adults in need of food support.

In the first 9 months of 2020, 56.7 thousand people were covered by social welfare pensions, a decrease of 238 (0.4%) persons compared to the same period of the previous year, while the amount of provided pensions increased by MNT 34.8 billion (42.7%). The 67.3% of the social welfare pensioners are persons with disabilities, 26.3% are children under the age of 18 whose breadwinners have died, 6.2% are the elderly, and 0.2% are dwarfs over the age of 16.

In the first 9 months of 2020, 110.1 thousand persons were covered by social welfare benefits, of which 53.7% were covered by care allowances and 46.3% by emergency and livelihood support cash benefits. In the first 9 months of 2020, MNT 70.8 billion were allocated for social welfare benefits, an increase of MNT 16.9 billion (31.4%) compared to the same period of the previous year.

In the first 9 months of 2020, 243.0 thousand persons were covered by food support services and received MNT 39.3 billion, which is a decrease of 1506 (0.6%) persons and an increase of MNT 13.9 billion (54.8%) compared to the same period of the previous year.

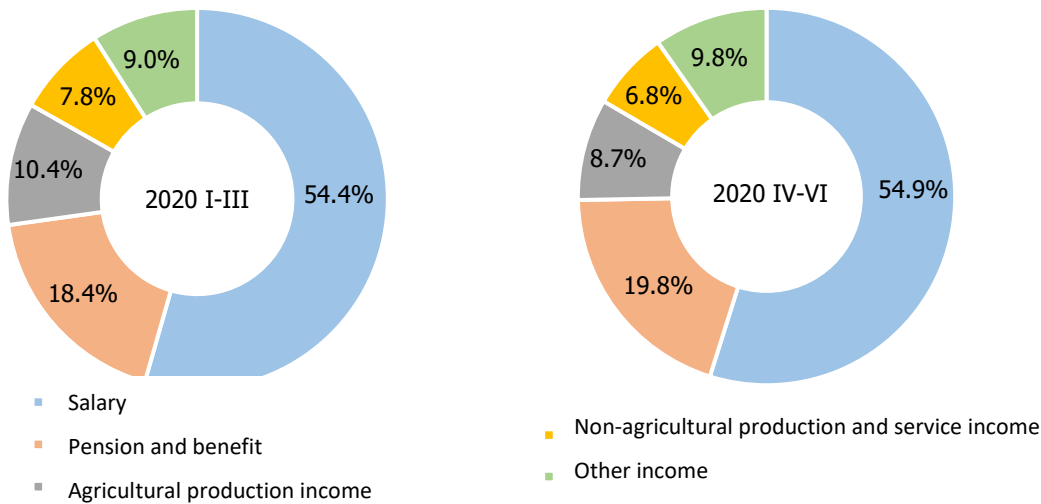
In the first 9 months of 2020, 1.2 million children under 18 years of age received MNT 733.3 billion in cash benefits, an increase of 197.0 (20.1%) thousand and MNT 563.8 billion (4.3 times) in the number of children aged 0-18 receiving benefits from the same period of the previous year.

**PERCENTAGE OF PENSIONS AND BENEFITS IN HOUSEHOLD INCOME**

According to the results of the Household Socio-Economic Survey in the second quarter of 2020, the average monthly total household income reached MNT 1.2 million at 2015 constant prices, increased by MNT 69.4 thousand (6.2%) compared to the same period of the previous year. This was due to an increase of MNT 40.6 thousand (7.3%) in salary income and MNT 28.3 thousand (15.0%) in pension and benefit income.

In terms of structure, the average monthly household income is consist of 54.9% from salary income, 19.8% from pension and benefit income, 8.7% from agricultural production income, 6.8% from non-agricultural production and service income, and 9.8% from other income.

Figure 3. Structure and percentage of average monthly household income by quarter



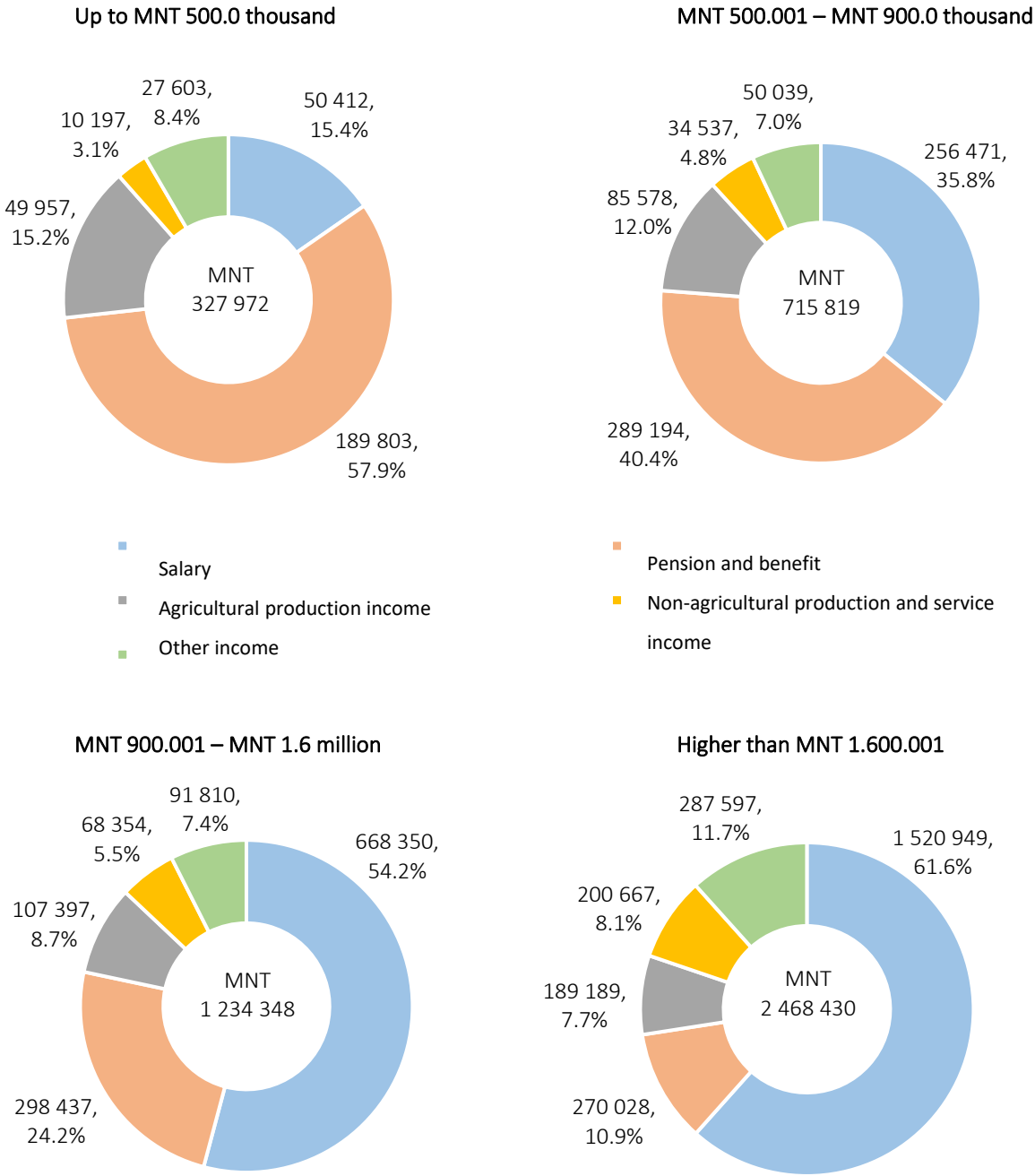
The share of pensions and benefits in household cash income increased by 1.5 percentage points in the second quarter of 2020 compared to the same period of the previous year and by 1.4 percentage points compared to the previous quarter.

For low-income households, the share of pensions and benefits in cash income is high. Considering the average income structure of households with a monthly income of up to MNT 500.0 thousand,

pension and benefit income is 57.9%, while pension and benefit income is 10.9% for households with a monthly income of more than MNT 1.6 million.

In the second quarter of 2020, the share of pensions and benefits in household income up to MNT 500.0 thousand increased by 3.2 percentage points, in households with cash income of MNT 900.0-1600.0 thousand by 2.0 percentage points, and in households with income with more than MNT 1.6 million increased by 1.1 percentage points. The share of pensions and benefits in the household income of MNT 900.0 thousand decreased by 0.2 points.

Figure 4. Revenue structure and share in total cash flow grouping, second quarter of 2020



According to the income structure of households, the average income of households with an income up to MNT 500.0 thousand is MNT 189.8 thousand, while the average income of households with an income of more than MNT 500.0 thousand is MNT 285.0 thousand.

## CONCLUSION

The Government is taking a series of measures to overcome the social and economic crisis against the coronavirus epidemic and to support the activities of citizens and businesses.

The government has increased the following livelihood support benefits:

- MNT 80.0 thousand for child allowance (Implementation period: April 1-12, 2020),
- Welfare pension from the social welfare fund and cash benefits to support the livelihood of children under 16 years of age in need of permanent care by MNT 100 thousand (Implementation period: 01.05.2012-12.31),
- Double the value of the food purchase voucher issued to a family member in need of food (Implementation period: 01.05.2012 to 12.31).

Among the measures taken by the government to support the activities of business entities and organizations are:

- Social security contributions paid by employers and insured who have lost their jobs but have retained their jobs have been canceled until October 1,
- In July 2020, we started to provide MNT 200 thousand per month to insured and voluntary insured people working in non-state owned enterprises, organizations, universities and colleges whose activities have been disrupted due to the coronavirus epidemic.

As a result of measures taken against the coronavirus epidemic, total expenditure of the General Government Budget increased by 32.7%, Subsidies from the General Budget by 52.7%, and recurrent transfers from the General Budget by 52.0% from the same period of the previous year.

In the first 9 months of 2020, the share of social insurance pensions and benefits decreased by 14.1 percentage points, the share of other expenses decreased by 1.0 percentage points, while the share of social welfare pensions and benefits increased by 10.5 percentage points, and the share of state benefits increased by 4.8 percentage points.

In the first 9 months of this year, expenditure on social insurance pensions and benefits increased by 19.7%, social welfare pensions and benefits increased by 2.2 times, and state benefits increased by 3.6 times compared to the same period of the previous year.

As one of the measures taken to support the activities of enterprises, the social insurance payment to be paid by employers and insured who kept their jobs failed, but in the first 9 months of 2020, the number of compulsory insured persons increased by 11.4 (1.3%) thousand compared to the same period of the previous year.

The increase in benefits from the Social Welfare Fund increased by 8.6% in the first 9 months of 2020, and the amount of pensions, benefits, assistance, services and benefits increased by 2.3 times compared to the same period of the previous year.

In the first 9 months of 2020, 2.3 million persons were covered by social welfare in duplicate, the majority of which, or 1.2 million, were children aged 0-18 receiving child benefits. The number of children aged 0-18 receiving child allowances increased by 20.1%, and the amount of benefits provided increased by 4.3 times compared to the same period of the previous year.

In the first 9 months of 2020, 110.1 thous.people were covered by social welfare benefits, of which 53.7% were covered by care allowances and 46.3% by emergency and livelihood support cash benefits. Compared to the same period of the previous year, the number of people receiving care allowances increased by 2.5%, and the number of people receiving livelihood allowances increased by 38.2%.

In the first 9 months of 2020, 243.0 thous.people were covered by food support services and received MNT 39.3 billion, a decrease of 1506 (0.6%) persons while there is an increase of MNT 13.9 billion (54.8%) compared to the same period of the previous year.



In the second quarter of 2020, average monthly household income reached MNT 1.2 million at 2015 constant prices, increased by MNT 69.4 thousand (6.2%) which was due to an increase of MNT 28.3 thousand (15.0%) in pension and benefit income. The share of pensions and benefits in household cash income in the second quarter of 2020 increased by 1.5 percentage points compared to the same period of the previous year.

For low-income households, the share of pensions and benefits in cash income is high. Considering the average income structure of households with a monthly income up to MNT 500.0 thousand, pension and benefit income consist of 57.9%, while pension and benefit income was consist of 10.9% for households with a monthly income of more than MNT 1.6 million.

In monetary terms, the per capita income of pensions and benefits was similar regardless of income grouping.

STATISTICAL RESEARCH SECTION  
NATIONAL ACCOUNTS AND STATISTICAL RESEARCH DEPARTMENT  
NATIONAL STATISTICS OFFICE OF MONGOLIA