

Country Name	<b>Project on Strengthening the Capacity for Social Insurance Operation</b>
Mongolia	

**I. Project Outline**

Background	The pension system in Mongolia was put into statutory form with the establishment of the Social Security Office in 1942 and the enactment of the first “Pension Law” in 1958. After that, through the pension system reforms in 1994 and 1999, the current pension system was established. However, as of 2015, as for the system, issues such as optimization of pension benefit levels, adjustment of benefits of old-age insurance pensions and old-age welfare pensions*, and pension fund management were identified. In terms of the operation of the pension system, issues such as the establishment of a structured training system for the staff of the Social Insurance General Office (SIGO), extension of insurance coverage to the informal sector including nomads, improvement of pension records, and improvement of methods of public relations for the people were identified. * Old-age welfare pensions are provided to those who do not pay social insurance premiums without any asset screening.		
Objectives of the Project	Through developing guidelines for social insurance operations, establishing a staff training system, and strengthening public relations capacities of related agencies in Ulaanbaatar city and the pilot sites, the project aims at strengthening of the capacity of SIGO in social insurance application, premium collection, and benefit payment, thereby contributing to improvement of the operation of social insurance application, premium collection, and benefit payment in Mongolia.		
	1. Overall Goal: Operation of social insurance application, premium collection, and benefit payment in Mongolia is improved. 2. Project Purpose: The capacity of SIGO in social insurance application, premium collection, and benefit payment is strengthened.		
Activities of the Project	1. Project Site: Ulaanbaatar city, four pilot sites (Bayangol District and Baganuur District in Ulaanbaatar City, Dornod Province, Khövsgöl Province) 2. Main Activities: 1) Developing operation improvement guidelines for social insurance application, premium collection, and benefit payment for the purpose of nationwide utilization. 2) Establishing a training system at SIGO for social insurance application, premium collection, and payment. 3) Strengthening public relations capacities of policymaking and implementation agencies related to social insurance. 3. Inputs (to carry out above activities) Japanese Side 1) Experts: 6 persons 2) Trainees Received: 120 persons 3) Equipment: Vehicles, PCs, copy machines, etc. Mongolian Side 1) Staff Allocated: 2 persons 2) Facilities and Equipment: Project office 3) Local cost: Utility cost for the project offices (electricity, water and telephone)		
Project Period	Ex-ante: April 2016 – March 2020 (48 months) Actual: 31 May 2016 – 30 May 2020 (48 months)	Project Cost (Japanese side only)	Ex-ante: 400 million yen Actual: 263 million yen
Implementing Agency	Ministry of Population Development and Social Protection (Current Ministry of Labor and Social Protection), Social Insurance General Office (SIGO)		
Cooperation Agency in Japan	Ministry of Health, Labour and Welfare, National Institute of Population and Social Security Research		

**II. Result of the Evaluation**

1 Relevance/Coherence
<p>[Relevance]</p> <p>&lt;Consistency with the Development Policy of Mongolia at the Time of Ex-Ante Evaluation&gt;</p> <p>The project was consistent with the development policy of Mongolia at the time of ex-ante evaluation. The “Government Action Plan 2012-2016” aimed to formulate long-term policies for pension reform, review the legal environment relating to the pension system, and enroll the informal sector including nomads into the social and health insurance system.</p> <p>&lt;Consistency with the Development Needs of Mongolia at the Time of Ex-Ante Evaluation&gt;</p> <p>The project was consistent with the development needs of Mongolia at the time of ex-ante evaluation. In terms of the pension system, in the Government of Mongolia recognized optimization of pension benefit levels, adjustment of benefits of insurance pension and welfare pension, and investment management of pension funds in the system as institutional issues. Also, as for the operation of the pension system, establishment of a structured training system for the staff of SIGO, extension of insurance coverage to the informal sector including nomads, improvement of pension records, and improvement of methods of public relations for the people were identified as issues to be addressed.</p> <p>&lt;Appropriateness of Project Design/Approach&gt;</p> <p>The project design/approach was appropriate. The plan of the project reflected the lessons learned from the “Enhancement of Tax Administration Project” (2005 - 2008), a technical cooperation project implemented by the government of Mongolia and JICA. This included dispatching Japanese experts from relevant government agencies and training institutions of Japan to share the Japanese government’s administrative experience and knowledge to the Mongolian side, and conducting the PDCA cycle several times during the</p>

project period in order to foster ownership of the project on the Mongolian side and ensure its sustainability. In addition, in the implementation process of the project, it was recognized that changes in the awareness of related staff was more important than improving their business practices in order to achieve the Project Purpose. Based on this recognition, staff members of related agencies were added to the target group and the Outputs were reviewed accordingly. This review of the project plan contributed to the achievement of the Project Purpose. No problem attributed to the project design/approach was confirmed.

<Evaluation Result>

In light of the above, the relevance of the project is ③<sup>1</sup>.

[Coherence]

<Consistency with Japan's ODA Policy at the Time of Ex-Ante Evaluation>

The project was consistent with the Japan's ODA policy to Mongolia at the time of ex-post evaluation. The "Country Assistance Policy for Mongolia" (April 2012) listed assistance to achieve the growth that benefits all people as one of its priority areas. For that purpose, it was planned to assist the country's efforts to improve the living standards of the poor by strengthening basic social services.

<Collaboration/Coordination with JICA's Other Interventions>

The collaboration/coordination between the project and other interventions of JICA was not planned at the time of ex-ante evaluation but was implemented during project implementation, and the positive effects expected were confirmed at the time of ex-post evaluation. The project collaborated and coordinated with the technical cooperation project, "Project for Promoting Social Participation of Persons with Disabilities in Ulaanbaatar City" (2016-2020). The project provided advice and information on accessibility for persons with disabilities, jointly conducted disability equality training, and checked the accessibility of social insurance offices. This collaboration/coordination resulted in synergy effects for both projects by improving disabled people's physical and information accessibility<sup>2</sup> to the social insurance services.

<Cooperation with other institutions/ Coordination with International Framework>

No cooperation/coordination with other institutions was clearly planned at the time of ex-ante evaluation or during the project period.

<Evaluation Result>

In light of the above, the coherence of the project is ③.

[Evaluation Result of Relevance/Coherence]

In the light above, the relevance/coherence of the project is ③.

## 2 Effectiveness/Impact

<Status of Achievement of the Project Purpose at the Time of Project Completion>

At the time of project completion, the Project Purpose was achieved as planned. All executives of SIGO answered the interview conducted by the project that social security policies and related issues have been improved (Indicator 1). It was pointed out in the interview that the capability of the staff of SIGO to analyze and estimate future pension finances had improved through the project, and estimation of future balance of the pension fund had become made by each model case. Also, 87% of the SIGO staff who participated in the seminars and training provided by the project responded to the interview that they had made wide range of improvements including in office works, over-the-counter operations, customer services, assistance for disabled people, staff training, and others (Indicator 2)<sup>3</sup>.

<Continuation Status of Project Effects at the Time of Ex-Post Evaluation>

By the time of the ex-post evaluation, the project effects have been continued. At the time of the ex-post evaluation through utilization of the manuals developed by the project, various improvements have been made in daily operations, including the work environment, service facility environment, customer services, public relations, and so on. These effects have been highly appreciated in customer satisfaction surveys. The knowledge acquired through the pension actuarial training conducted by the project has increased further by the JICA's country-focused group training program for Mongolia "Strengthening the Practical Capacity for Financial Verification of Social Insurance" (2020-2023). The knowledge has been utilized for various calculation tasks such as estimation of social insurance funds, preparation of budget proposals, drafting of related laws, and others. Regarding the training, the online training proposed by the project started in October 2022. Also, the staff training tailored to the conditions of each province has been conducted at the provincial office level. These training programs and the use of the manuals have brought about various improvements in services.

<Status of Achievement of the Overall Goal at the Time of Ex-Post Evaluation>

At the time of ex-post evaluation, the Overall Goal has not been achieved. While the number of voluntary insured people increased in 2024, no increasing trend was observed in the nine years from 2015 to 2023 (Indicator)<sup>4</sup>. Possible reasons for the no increase in the number of voluntary insured people after 2015 included a decline in the motivation of the people to voluntarily insure due to changes in the system such as the introduction of a back payment system for unpaid insurance premiums, and an increase in insurance premiums along with an increase in the minimum wage, which has increased the burden of paying. To cope with these situation, SIGO designated 2024 as a campaign year to increase the social insurance enrollment rate and implemented various measures to increase the number of insured people by providing information to recipients of national pension insurance subsidies and making various procedures available online. The increase in the number of voluntary insured people in 2024 was likely to be a result of these activities.

<Other Impacts at the Time of Ex-Post Evaluation>

No other impacts, either positive or negative, have been confirmed.

<Evaluation Result>

In light of the above, the effectiveness/impact of the project is ②.

<sup>1</sup> ④: very high, ③: high, ②: moderately low, ①: low

<sup>2</sup> Physical accessibility refers mainly to accessibility related to facilities, such as barrier-free facilities. Information accessibility refers to accessibility related to information, such as the provision of information through various media and online services.

<sup>3</sup> The indicator for Project Purpose was initially the degree to which the SIGO staff understood the contents of the training they participated in. However, as it was recognized that changing staff awareness and thereby solving issues was more important to improving social security services, and the indicator was revised in 2019.

<sup>4</sup> At the time of ex-ante evaluation, it was planned to decide the increase rate of voluntary insured people with the specific numerical target value as an indicator for the Overall Goal. However, it was found difficult to specify a numerical target, and in the 2016 revision of the project plan, the increasing trend in the number of voluntary insured people was decided to be the indicator.

Achievement of Project Purpose and Overall Goal

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Aim	Indicators	Results					Source																																																	
Project Purpose: The capacity of SIGO in social insurance application, premium collection, and benefit payment is strengthened.	Indicator 1: More than 70% of executives of SIGO answer that social security policies and related issues are improved by citing specific examples.	Status of Achievement (Status of the Continuation): Achieved as planned (continued) (Project Completion) All executives of SIGO answered the interview that social security policies and related issues had improved because of the improvement of the capacity of the staff of SIGO to analyze and estimate future pension finances, such as by making estimates of revenue and expenditure of pension funds on a model case basis with the aim of stabilizing pension funds. (Ex-Post Evaluation) The manuals created by the project have still being used at the time of ex-post evaluation and their effects have continued in daily operations including the improvement of work environment, attitude toward customers, service-hall layout, public relations, etc. Staff’s polite and prompt services have been highly evaluated in customer satisfaction surveys conducted by provincial and district social insurance offices. The knowledge acquired through the pension actuarial training conducted by the project has been further increased by the JICA’s country-focused group training program for Mongolia “Strengthening the Practical Capacity for Financial Verification of Social Insurance” (2020-2023). The knowledge has been utilized in various calculation tasks such as medium- to long-term estimates for social insurance funds, preparation of budget proposals, drafting of related laws, etc.					Project Completion Report, SIGO																																																	
	Indicator 2: More than 70% of staff of SIGO who participated in the seminars and training provided by the project answer that social security services and related issues are improved by citing specific examples.	Status of Achievement (Status of the Continuation): Achieved as planned (continued) (Project Completion) According to the interview conducted by the project, 87% of staff of SIGO who participated in the seminars and training provided by the project made various improvements including in office works, over-the-counter operations, customer services, assistance for disabled people, staff training, and others. (Ex-Post Evaluation) The online training proposed by the project was launched in October 2022 with the support of the World Bank’s “Mongolia Employment Support Project” (2017- ). Staff training tailored to the circumstances of each province has also been conducted at the provincial office level. The training guidelines prepared by the project have been utilized in these training programs. The training and the use of manuals has brought about various improvements in services.					Project Completion Report, SIGO																																																	
Overall Goal: Operation of social insurance application, premium collection, and benefit payment in Mongolia is improved.	Indicator: The number of voluntary insured people increases compared with the number in December 2015.	<div>Status of Achievement: Not achieved (Ex-Post Evaluation)</div> <table><tr><th>Year</th><th>2015</th><th>2016</th><th>2017</th><th>2018</th><th>2019</th></tr><tr><td>The number of voluntary insured people (1,000 people)</td><td>189.2</td><td>228.5</td><td>199.1</td><td>169.7</td><td>162.3</td></tr><tr><td>The total number of insured people (1,000 people)</td><td>989.0</td><td>1028.1</td><td>1035.6</td><td>952.0</td><td>987.5</td></tr><tr><td>The ratio of the number of voluntary insured people to the total number of insured people (%)</td><td>19.1</td><td>22.2</td><td>19.2</td><td>17.8</td><td>16.4</td></tr></table> <table><tr><th>Year</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>2024</th></tr><tr><td>The number of voluntary insured people (1,000 people)</td><td>187.1</td><td>157.0</td><td>156.5</td><td>152.0</td><td>171.3</td></tr><tr><td>The total number of insured people (1,000 people)</td><td>1013.2</td><td>1019.1</td><td>1069.6</td><td>1105.8</td><td>1332.6</td></tr><tr><td>The ratio of the number of voluntary insured people to the total number of insured people (%)</td><td>18.5</td><td>15.4</td><td>14.6</td><td>13.7</td><td>12.9</td></tr></table> <p>From 2015 to 2023, there was no increasing trend in either the number of voluntary insured people or the ratio of the number of voluntary insured people to the total number of insured people. Possible reasons for this include a decline in motivation to voluntary insurance due to changes in the system such as the introduction of a back payment system for unpaid insurance premiums and a system to convert the number of children into the eligibility period for pension. Another reason may be an increase in the burden of payment due to the increase in insurance premiums caused by the increase in the minimum wage. To cope with these situation, SIGO designated 2024 as a campaign year to increase the social insurance enrollment</p>					Year	2015	2016	2017	2018	2019	The number of voluntary insured people (1,000 people)	189.2	228.5	199.1	169.7	162.3	The total number of insured people (1,000 people)	989.0	1028.1	1035.6	952.0	987.5	The ratio of the number of voluntary insured people to the total number of insured people (%)	19.1	22.2	19.2	17.8	16.4	Year	2020	2021	2022	2023	2024	The number of voluntary insured people (1,000 people)	187.1	157.0	156.5	152.0	171.3	The total number of insured people (1,000 people)	1013.2	1019.1	1069.6	1105.8	1332.6	The ratio of the number of voluntary insured people to the total number of insured people (%)	18.5	15.4	14.6	13.7	12.9	SIGO	
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		rate and implemented various measures to increase the number of insured people. It included an introduction of national subsidies for pension insurance premiums for voluntary insured people, nomads, and mothers raising children under the age of three, as well as making various procedures available online. As a result, the number of voluntary insured people increased in 2024 for the first time in four years. Besides, the ratio of voluntary insured people to the total number of insured people has not increased.	
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### 3 Efficiency

The project cost was within the plan, and the project period was as planned (the ratio against the plan: 66% and 100%, respectively). The cost underrun was due to the shortening of the dispatch period of Japanese experts due to the COVID-19 pandemic, which led to a partial scale-down of a part of the project activities. The reduction of the project activities did not affect production of the planned outputs.

	Project Cost (Japanese side only, yen)	Project Period (months)
Plan (ex-ante)	400 million yen	48 months
Actual	263 million yen	48 months
Ratio (%)	66%	100%

Outputs were produced as planned.

In the light above, the efficiency of the project is ④.

### 4 Sustainability

#### <Policy Aspect>

The “Government Action Plan 2020-2024” of Mongolia includes the reform of the social insurance legislation in the section of human development. To achieve this goal, the parliamentary assembly in July 2023 deliberated and approved amendments to the “Law on Social Insurance,” “Law on Pensions and Benefits Provided by the Social Insurance Fund,” and “Law on Pensions, Benefits and Payments from the Social Insurance Fund in the case of Industrial Accidents and Occupational Diseases.” The amended laws have come into effect on January 1, 2024.

#### <Institutional/Organizational Aspect>

In line with the amendments to the social insurance-related laws stated above, organizational changes took place in SIGO and social insurance offices. In SIGO, the section responsible for providing information to citizens has been upgraded to the Department of Service Development and Public Relations to further activate its operations; the Division of Pension Reserve Fund Investment has been established to invest the savings of individual pension accounts through the pension reserve fund; the Department of Collection on Insurance Premium and Management has been established to centrally manage collection and risk management of social insurance premiums. Organizational changes of social insurance offices have also taken place including the establishment of the “One-Stop Service Electronic Information Office” in Ulaanbaatar and social insurance offices in areas far from the city center. These institutional/organizational improvements have enabled technical improvements stated below, which resulted in the reduction of time for various procedures and the reduction of errors. Concerning the number of staff, both SIGO and social insurance offices surveyed in the ex-post evaluation responded that there was no shortage. In addition, since 2019, SIGO has worked with the Confederation of Mongolian Trade Union to promote non-permanent workers’ voluntary enrollment in social insurance. Collaboration and cooperation with other organizations has thus been established.

#### <Technical Aspect>

The Manuals and guidelines developed by the project have been utilized by SIGO and social insurance offices and revised as circumstances change. For example, referring to the “Customer Service Manual,” improvements have been made to human aspects such as clothing of staff and manner of customer services, and physical aspects such as chairs, desks, and signboards in service halls. This includes the improvement of accessibility for visually impaired people and placing wheelchair-accessible entrances and exits. Also, by using the “Premium Collection Manual,” a phased approach to the collection of unpaid insurance premiums was introduced, which has led to a decrease in unpaid premiums and an increase in the collection rate. As for the introduction of online systems, 45 services out of 57 services provided by social insurance offices have been transferred to the online system since 2024. This has reduced the burden on both users and the staff by eliminating the need to issue social insurance booklets and write insurance premiums in them, and by accepting insurance premium payment reports online. Regarding financial verification capacity (pension actuarial science), the JICA’s country-focused group training program for Mongolia “Strengthening the Practical Capacity for Financial Verification of Social Insurance” (2020-2023), which was implemented with the aim of putting the basic understanding improved through the project into practice, has further improved the capacity. The capacity has been utilized in daily operations including medium- and long-term estimates of social insurance funds, preparation of budget proposals, implementation of surveys, and drafting of social insurance-related laws. In terms of training, 2,047 training sessions, both face-to-face and online, were held over the three-year period from 2021 to 2023 with a total of 50,134 staff participating. In the first half of 2024, 621 training sessions were held with a total of 9,599 staff participating.

#### <Financial Aspect>

As shown in Table 1, the financial balance of the Social Insurance Fund has been in deficit from before the start of the project to the present, and the deficit has been covered by state subsidies. Note that state subsidies include the appropriation for those who are legally entitled to receive state subsidies including beneficiaries of the old pension system, military personnel, nomads, and families with children. Therefore, not all subsidies are to cover the negative balance of the fund. Besides, the annual budget of SIGO significantly increased in 2023 and 2024 as shown in Table 2. This was due to the economic situation, such as the increase in the minimum wage along with rising prices and the significant increase in average wages (public servant salaries have increased by 20 to 40% every year since 2022). According to SIGO, it is expected that the current budget level will be maintained unless there is an extreme economic downturn in the future.

Table 1: Financial balance of Social Insurance Fund

Unit: million Tugrik

Year	2011	2013	2015	2017	2019	2021	2023
Revenue	565,068.8	1,018,382.5	1,187,878.3	1,544,027.5	1,879,512.9	2,138,187.9	3,507,258.0
Expenditure	600,232.4	1,058,574.5	1,541,464.3	1,890,850.6	2,062,270.0	2,565,563.0	4,036,152.6
Revenue and expenditure	-35,163.6	-40,192.0	-353,586.0	-346,823.1	-182,757.1	-427,375.1	-528,894.6
State subsidy	190,721.9	264,576.2	292,600.9	570,232.4	605,492.8	593,852.6	774,367.1
Total balance	155,558.3	224,384.2	-60,985.1	223,409.3	422,735.7	166,477.5	245,472.5

Source: the data for 2011 and 2013, “Detail Planning Survey Report

the data for after year 2015, “Social Insurance Statistics Data 2022” and “Social Insurance Fund 2023 Report”

Table 2: Annual budget of SIGO

Unit: million Tugrik

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024
Budget	3,126.2	3,031.4	2,586.7	3,167.9	2,600.5	2,512.7	2,808.1	5,111.2	6,326.2

Source: SIGO

#### <Environmental and Social Aspect>

No issue on environmental and social aspects has been observed, and it has not been necessary to take any countermeasures.

#### <Evaluation Result>

In light of the above, no problem has been observed in terms of the policy, institutional/organizational, technical, financial, environmental and social aspects. Therefore, the sustainability of the project effects is ④.

#### 5 Summary of the Evaluation

The project achieved the Project Purpose as planned by strengthening the capacity of staff of SIGO for social insurance operation including the estimation of future pension finances, better service offering, and others. However, the Overall Goal was not achieved because the number of voluntary insured people has not increased. Considering all of the above points, this project is evaluated to be satisfactory.

### IV. Recommendations & Lessons Learned

#### Recommendations for Implementing Agency:

- In order to turn the balance of the social insurance fund into positive, it is recommended that SIGO continue its efforts to increase the number of voluntary pension insured people. To this end, it is recommended that SIGO formulate and implement a rational action plan, which includes the establishment of quantitative targets for the number of insured people based on future estimates of the pension fund, setting appropriate pension contributions and pension benefits, publicizing and providing information to the public, simplifying various procedures, improving customer services, and building a concrete and systematically organized structure of activities to achieve these goals.

#### Lessons Learned for JICA:

- As for the pension financial verification capacity (pension actuarial science) of the staff of SIGO, the project (2016-2020) improved their basic understanding. And based on that, the country-focused group training program “Strengthening the Practical Capacity for Financial Verification of Social Insurance” (2020-2023) was implemented and raised the basic understanding of the staff to a level where they could fully utilize it. The financial verification capacity improved through these two projects has been used in daily work for financial estimation and surveys. This has contributed to the continuation of the effects of the project and improved its technical sustainability. From this, it was confirmed that following up technical cooperation projects with other schemes such as training programs, i.e. taking a program approach, contributes to the continuation of project effects and sustainability.



Chingeltei District Social Insurance Office

Procedures were simplified and online services were introduced.

October 2024



Baganuur District Social Insurance Office

Barrier-free access was provided.

October 2024