

# Poverty & Equity Brief

East Asia & Pacific

## Mongolia

April 2023

Mongolia's national poverty headcount rate in 2020 was 27.8 percent, 0.6 percentage points lower than in 2018. While estimates show that poverty in 2020 was slightly lower than it was in 2018, the COVID-19 pandemic has sharply slowed down the pace of poverty reduction. Simulations indicate that had the COVID-19 pandemic not occurred, the poverty rate may have declined by an additional 3.5 percentage points in 2020. The wide array of COVID-19 relief packages, including top-ups of the Child Money Program (CMP), likely played a crucial role in preventing a rise in poverty between 2018 and 2020. Under the World Bank's lower-middle income class poverty line (\$3.65 per day, 2017PPP), 6.9 percent of the population was estimated to be in poverty in 2018.

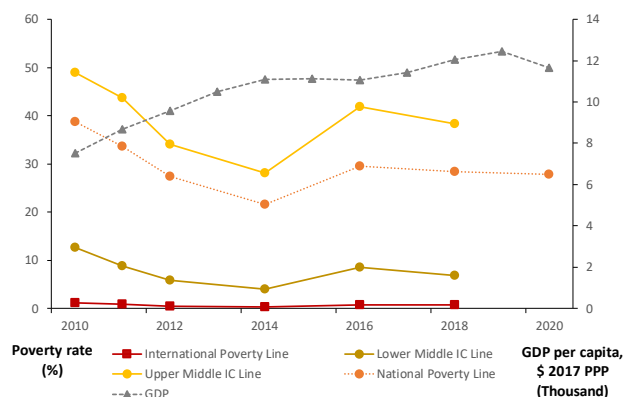
The labor market has improved throughout 2022 as borders were opened and the government's stimulus measures sustained. By Q4 2022, the employment-to-population ratio recovered to the pre-COVID-19 level of 55 percent, and the unemployment rate dropped to the lowest level (5.3 percent) in a decade. The labor market recovery and sustained social assistance (including the CMP, even though the limited targeting system was introduced in January 2023) are expected to contribute to robust household income growth. However, the continued high food inflation (14 percent y-o-y in January 2023) could erode income gains and threaten poverty reduction efforts. In addition, many rural nomadic households are likely to be hit hard by a large number of livestock losses due to the recent widespread extreme cold weather events.

Between 2016 and 2018, household consumption growth was relatively low and welfare gains were distributed less favorably to the poor: the bottom 40 percent achieved a 2.5 percent annual growth in real per capita household consumption, which is 0.6 percentage points lower than the average consumption growth of all households during this period. This is mainly due to stagnated consumption growth among the bottom 20 percent of urban households which achieved only a 0.1 percent annual growth in real per-capita consumption. Overall, inequality as measured by the Gini index has remained stable, between 32-34, since 2010.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	915.8	27.8	2020
International Poverty Line 2006.3 in Mongolian togrog (2018) or US\$2.15 (2017 PPP) per day per capita	22.5	0.7	2018
Lower Middle Income Class Poverty Line 3406 in Mongolian togrog (2018) or US\$3.65 (2017 PPP) per day per capita	217.6	6.9	2018
Upper Middle Income Class Poverty Line 6392.1 in Mongolian togrog (2018) or US\$6.85 (2017 PPP) per day per capita	1,213.3	38.3	2018
Multidimensional Poverty Measure		2.0	2018
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		2.48	2016-2018
INEQUALITY			
Gini Index		32.7	2018
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-0.63	2016-2018
GROWTH			
Annualized GDP per capita growth		4.39	2016-2018
Annualized Consumption Growth per capita from Household Survey		3.11	2016-2018
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		2.49	2016-2018

Sources: WDI for GDP, National Statistical Offices for national poverty rates, PIP as of April 2023, and Global Monitoring Database for the rest.

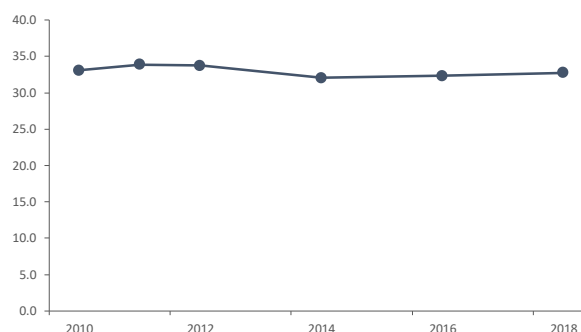
## POVERTY HEADCOUNT RATE, 2010-2020



Source: World Bank using HSES/EAPPOV/GMD

## INEQUALITY TRENDS, 2010-2018

Gini Index



Source: World Bank using HSES/EAPPOV/GMD

## KEY INDICATORS

Distribution among groups: 2018	Lower Middle Income line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	93	7	38	62
Rural population	94	6	44	56
Males	93	7	40	60
Females	93	7	40	60
0 to 14 years old	90	10	50	50
15 to 64 years old	94	6	36	64
65 and older	98	2	22	78
Without education (16+)	89	11	58	42
Primary education (16+)	92	8	47	53
Secondary education (16+)	93	7	40	60
Tertiary/post-secondary education (16+)	99	1	18	82

Source: World Bank using HSES/EAPPOV/GMD

Notes: N/A missing value, N/A\* value removed due to less than 30 observations

Multidimensional Poverty Measures: 2018		(% of population)
<b>Monetary poverty (Consumption)</b>		
Daily consumption less than US\$2.15 per person		0.7
<b>Education</b>		
At least one school-aged child is not enrolled in school		3.2
No adult has completed primary education		2.7
<b>Access to basic infrastructure</b>		
No access to limited-standard drinking water		13.0
No access to limited-standard sanitation		10.4
No access to electricity		0.2

Source: World Bank using HSES/EAPPOV/GMD

## POVERTY DATA AND METHODOLOGY

The National Statistical Office (NSO) and the World Bank have been collaborating in developing poverty measurement and estimating poverty rates since 2002. The Household Socio-Economic Survey (HSES) is the official survey for monitoring household welfare and poverty as well as key socio-economic indicators in Mongolia. The HSES has been implemented biennially since 2012. The current national poverty line in Mongolia is derived from the 2010 HSES using the cost of basic needs approach and the 2020 national poverty line is estimated at 184,747 MNT per person per month. Official poverty rates have been reported at the national, urban/rural and aimag level, estimated as a share of the population that has consumption below the national poverty line.

In line with international best practices, a new consumption module was introduced into the 2020 HSES to better reflect current consumption patterns. In order to restore comparability of the 2020 household consumptions and poverty rates to previous survey years, the 2020 poverty was simulated based on the SWIFT (Survey of Well-being via Instant and Frequent Tracking) Plus survey-to-survey imputation approach.

The international poverty lines are set by the World Bank for global poverty monitoring. Purchasing Power Parity exchange rates (PPPs) are used to put consumption estimates into internationally comparable terms.

**Note on new global poverty lines:** Poverty data are now expressed in 2017 Purchasing Power Parity (PPP) prices, versus 2011 PPP in previous editions. As price levels across the world evolve, global poverty lines have to be periodically updated to reflect the increase of the value of the lines in nominal terms. The new global poverty lines of \$2.15, \$3.65, and \$6.85 reflect the typical national poverty lines of low-income, lower-middle-income, and upper-middle-income countries in 2017 prices. In addition to reflecting updates in nominal terms, upper-middle-income countries raised the standards by which they determine people to be poor from 2011 to 2017. Hence, the increase in the upper line is larger, and the population that does not meet the new standard is higher in most countries than it was with 2011 PPPs. See [pip.worldbank.org](http://pip.worldbank.org).

## HARMONIZATION

The numbers presented in this brief are based on the EAPPOV database. EAPPOV is a database of socio-economic statistics constructed using microdata from household surveys in the East Asia and the Pacific (EAP) region and is managed by the East Asia & Pacific Team for Statistical Development (EAPSTD). As of January 2023, the collection includes 21 countries and 122 surveys. Harmonized surveys in the EAPPOV database are compiled into 4 modules following Global Monitoring Database (GMD) Harmonization guidelines. A subset of the harmonized variables form the basis of the GMD collection, including the welfare aggregate which is used for Global Poverty Monitoring. Terms of use of the data adhere to agreements with the original data producers.