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The Food Stamp Program

A Secret History of the First Targeted Benefit in Mongolia

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A complicated story

How successive crises: natural and man-made,

A strong desire to protect the poor,

And limited funds for social assistance,

Created a new benefit which has helped to

Develop political will and public understanding,

To move from universal or categorical to targeting social assistance

And is slowly but surely transforming social protection in Mongolia

Background

2008: Food and Fuel Crisis

- +30% inflation: highest in Asia
- Food = highest consumption item (70%) for poor (30% of population)
- Immediate impact: lower and less quality food consumption (particularly for women), postponing expenditures on education, health; limiting travel; substituting energy sources; moving in with relatives
 - Government Responses:
 - Food donations: limited impact, difficult to implement equitably, time lag
 - Reliance on CSO – not enough and not well distributed
 - Price protection – sets off other instabilities
 - Request for Food Stamp Program from ADB

Why food stamps?

- 2008 crisis made it clear some people were particularly impacted – desire to create targeted response; concern over social protests
- Very strong distrust of cash transfers to be used for hh nutrition: request for food stamps put forward by policy makers
- Global evidence of FS impact: More effective than cash transfers in increasing food consumption and improving nutrient availability

The Backstory: **All other SA benefits are universal or conditional.** CMP designed to use PMT but abandoned (2005-2006): viewed as problematic, administrative burden and subject to pressure from political promises: **2007 CMP became Universal and quickly expanded in cost**

Components of the Program

- **\$9m Program Loan and \$3m Technical Assistance Grant**
- **Targeting pilots** and agreement on mechanism
- Establishment of Food stamps and distribution **system**
- **Training and Awareness raising:** training of shopkeepers, social welfare agents, public, banks
 - Key challenges: distribution, monitoring, response to grievances (multiple causes), reassessments
- **Small grants program:** community and household based food security – urban focus
- **Research:** integrated early warning systems, fiscal sustainability, social welfare reform, impacts of social welfare programs

Food Stamps



Can only be used for 10 basic food items
Originally targeted lowest 5%

Targeting and how the PMT took hold

Methods used

- Categorical: All elderly (above 60) nationwide. Based on available lists of social welfare agency offices. Distribution achieved in 3.5 months to 25,333 individual beneficiaries.
- Community identification – never used
- PMT methodology approved in April 2010
- **2010 Big Challenge – Financial Crisis: Universal CMP was viewed as large burden on the budget.** Desire to target it, but no mechanism readily available.
- **In response to financial crisis agreement to adopt a nationwide PMT to ultimately target the CMP – FNSWPP** became the vehicle for achieving this – delivered much more than ever anticipated. 2010 IMF/WB/ADB/JICA program includes policy action on *“Targeting (through proxy means testing) of social welfare assistance improved and social welfare programs consolidated”*
 - Four phases of implementation – total nationwide coverage May 2012
 - Implemented by research institutes and NGOs – data collection, entry and processing. The first nationwide PMT database comprised 1,681,900 citizens in 449,581 households in 9 districts and 21 *aimags* of Mongolia.
 - Intersectoral database with access protocols developed
- **Backstory: Government abruptly stopped CMP and began a few months later HDF funded by mining revenue. Larger, universal benefit developed as a political promise and off the SW books. Therefore without the same protection as a benefit right. Concerns on possible impacts of inflation with no way to protect the poor.**

What is PMT?

- PMT is a tool that aims at providing an objective assessment of household living conditions
- A number of living standards proxies (for example household size and composition, ownership of certain assets, access to utilities and housing conditions) properly combined together can provide an assessment of living standards
- Such assessment computes a score for each household and allows us to say how poor a household is with respect to the conditions prevailing in the country
- PMT is therefore a tool that can be used for targeting certain benefits and services
- Eligibility to benefits is assessed based on pre-determined thresholds
- However, PMT can only offer an approximation of the actual household situation and it is less capable to quickly register income changes, it tends to better identify persistent poverty conditions rather than temporary poverty conditions or quick poverty changes
- PMT is only a tool, it must be assessed and used within an overall policy approach to social protection

The Questionnaire

Annex 1 of Joint order of Chairman of
National Statistical Office and
Minister of Social Welfare and Labor
No. 58/36 of 5th of April 2010

PMT form-1

The secrecy of your answers will be protected by "Statistics law" and

PROXY MEANS TEST SURVEY

SECTION 1. GENERAL INFORMATION

	CODE
1. AIMAG/UB	<input type="text"/>
2. SOUM/CAPITAL DISTRICT	<input type="text"/>
3. BAG/KHOROO	<input type="text"/>
4. LOCATION CAPITAL -1 AIMAG CENTER -2 SOUM CENTER -3 RURAL -4	<input type="text"/>
5. ENUMERATOR	<input type="text"/>
6. SUPERVISOR	<input type="text"/>
7. DATA ENTRY OPERATOR	<input type="text"/>

VISITS	DATE			RESULT *
	BAY	MONTH	YEAR	
1				
2				
3				
4				

Result of code

Complete	1
Household not found	2
No respondent	3
Temporarily not present	4
Postponed	5
Refused	6

Additional notes:

HOUSEHOLD HEAD SURNAME AND NAME

CODE

ADDRESS (street, number)

SECTION 2: Individual Information

INDIVIDUAL NUMBER	2.01	2.02	2.03		2.04	2.05			2.06	2.07
	Name surname	What is your relationship to the household head?	Can you please tell us your ID Registration number		Sex	Can you please tell us your date of birth			Did you work during past 12 months?	Are you/is [NAME] covered by health insurance?
		Head 1 Wife/husband 2 Son/daughter 3 Father/mother 4 Brother/sister 5 Father/mother in law 6 Brother/sister in law 7 Grand parent 8 Grandchild 9 Other relative 10 No relative 11	If you ID is not available, report one of the following reasons: Don't have ID = 1 1 Have ID, but not here = 2 2 Don't know = 3 3		Male: 1 Female: 2	If precise date of birth is not known just report the year of birth YEAR MONTH DAY			YES: 1 NO: 2	YES: 1 NO: 2
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										
14										
15										

2.08 What is highest education/qualification level achieved by the household head?

None 1	Vocational 5
Primary 2	Degree or higher education diploma 6
Secondary 3	Bachelor 7
Complete Secondary 4	Other 8

ORIGINAL PAGE 1

SECTION 3: Household characteristics

- 3.01 Type of this dwelling 3.04
- GER 1 →
 - DETACHED HOUSE 2
 - SEPARATE APARTMENT 3
 - DORMITORY 4
 - NON-LIVING QUARTERS 5
 - OTHER 6

(write)

3.02 Number of rooms in the dwelling Number

Do not include kitchen, hallways and bathrooms.

3.03 Main material of the roof

- METAL 1
- ASPHALT ROOF SHINGLES 2
- TILE 3
- OTHER 4

(write)

3.04 Number of segments in the ger: Number

- 3.05 Covering of the frame
- SINGLE 1
 - DOUBLE 2

3.06 What fuel do you use for heating? Mark all those used at least once.

- 1 Central A
- 2 Steam boiler E
- 3 ELECTRICITY E
- 4 FIREWOOD r
- 5 COAL A
- 6 DUNG E
- 7 OTHER E

(write)

- 3.07 Main water supply:
- Centralized: hot and cold water pip: 1
 - Centralized: cold water pipe only 2
 - Protected well 3
 - Unprotected well 4
 - Transportation distribution 5
 - River, fountain 6
 - Snow, ice 7
 - Other 8

- 3.08 Does your household has a telephone?
- Yes, land line phone 1
 - Yes, mobile phone 2
 - Yes, land line AND mobile 3
 - No 4

- 3.09 Do you use electricity for lighting?
- YES 1
 - NO 2

- 3.10 Does the household have a sewage system?
- YES 1
 - NO 2

3.11 Distance to the nearest grade secondary school: KM:

- 3.12 In the last 12 months has your household raised or owned herding, poultry or any other animal?
- YES 1
 - NO 2 → 3.14

3.13 How many (ANIMAL) does the HH own now? *Write 0 if none and skip to the next animal!*

Number	Name of animals	TOTAL (
1	Cattle	
2	Horses	
3	Camels	
4	Sheep	
5	Goats	
6	TOTAL	

3.14 Does your household have the following durable goods? IF YES PLEASE WRITE THE NUMBER. IF NO, WRITE "0" AND ► NEXT DURABLE GOOD

	DURABLE GOOD	Number
1	Refrigerator	
2	Vacuum cleaner	
3	Washing machine	
4	Stove (gas or electric)	
5	Electric generator set	
6	Electric Iron	
7	Color TV	
8	Motorcycle	
9	Truck, Large truck	
10	СУУДЛЫН МАШИН	

Declaration by Household Head: I hereby declare that the information given on this form is correct and complete.

Year.....month.....day.....

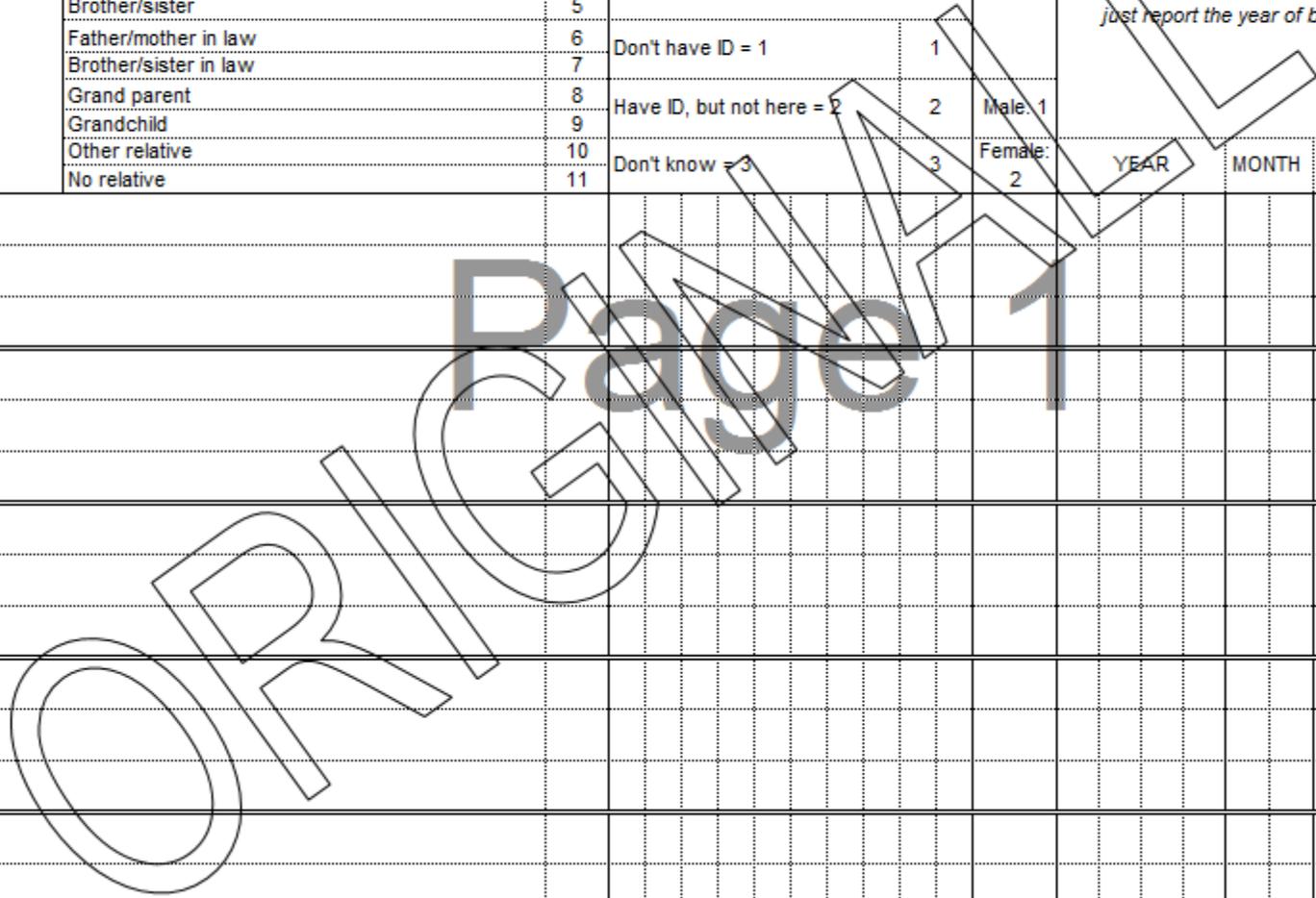
Signature

Name

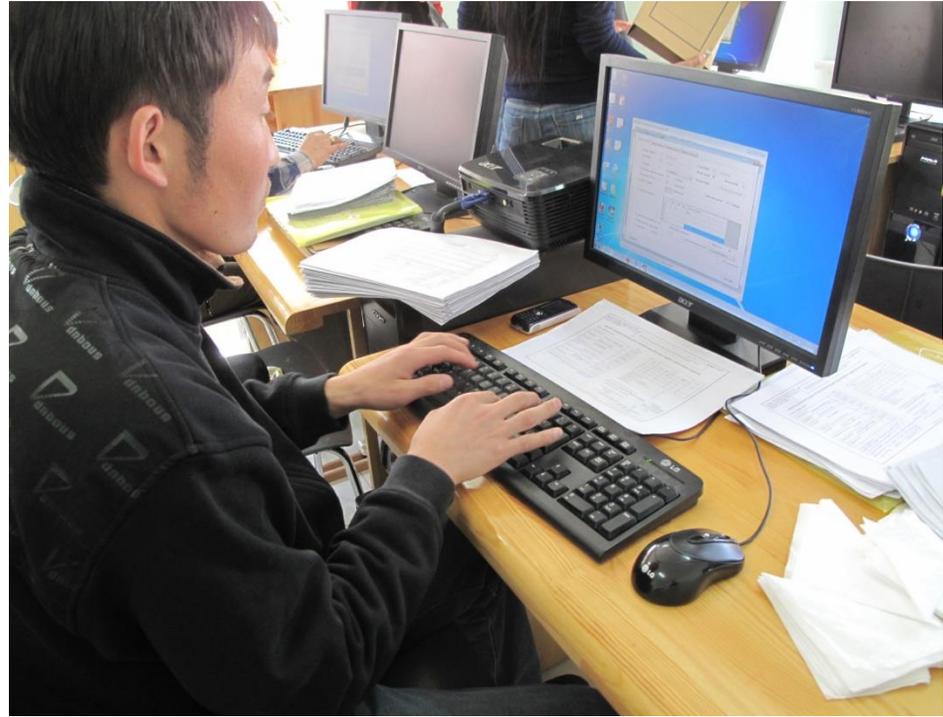
SECTION 2: Individual Information

ADDITIONAL INFORMATION

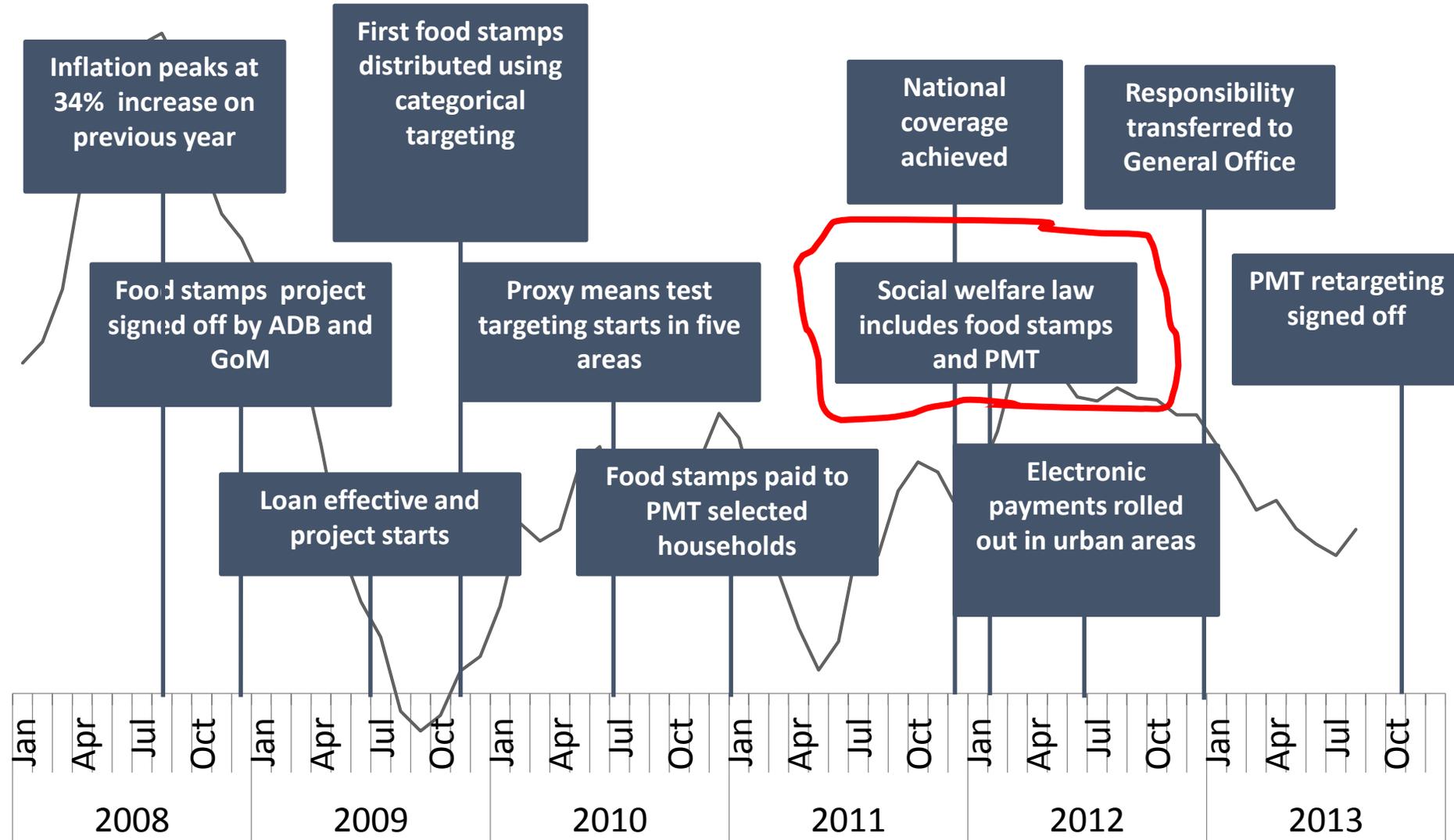
INDIVIDUAL NUMBER	2.01 Name surname	2.02 What is your relationship to the household head?		2.03 Can you please tell us yours ID Registration number		2.04 Sex	2.05 Can you please tell us your date of birth			2.06 Did you work during past 12 months?	2.07 Are you/ is [NAME] covered by health insurance?
							YEAR	MONTH	DAY		
		Head	1	If you ID is not available, report one of the following reasons: Don't have ID = 1 Have ID, but not here = 2 Don't know = 3	1	Male: 1	If precise date of birth is not known just report the year of birth				
		Wife/husband	2		2						
		Son/daughter	3		3						
		Father/mother	4								
		Brother/sister	5								
		Father/mother in law	6								
		Brother/sister in law	7								
		Grand parent	8								
		Grandchild	9								
		Other relative	10								
		No relative	11								
1											
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15											







A short history of the food stamps programme



Food stamps facts and figures

1.7 million
individuals in inter-
sectoral database

Food stamps
targeting the poorest
5% of households

125,250 beneficiaries
(exceeding the
100,000 project
target)

Pay MNT 10,000 per
month for adults
(45% recipients)

Pay MNT 5,000 per
month for children
(55% recipients)

Pay an average of
MNT 7,250 per
household member
per month

Value is about 10%
of average monthly
spending in poorest
5% of households

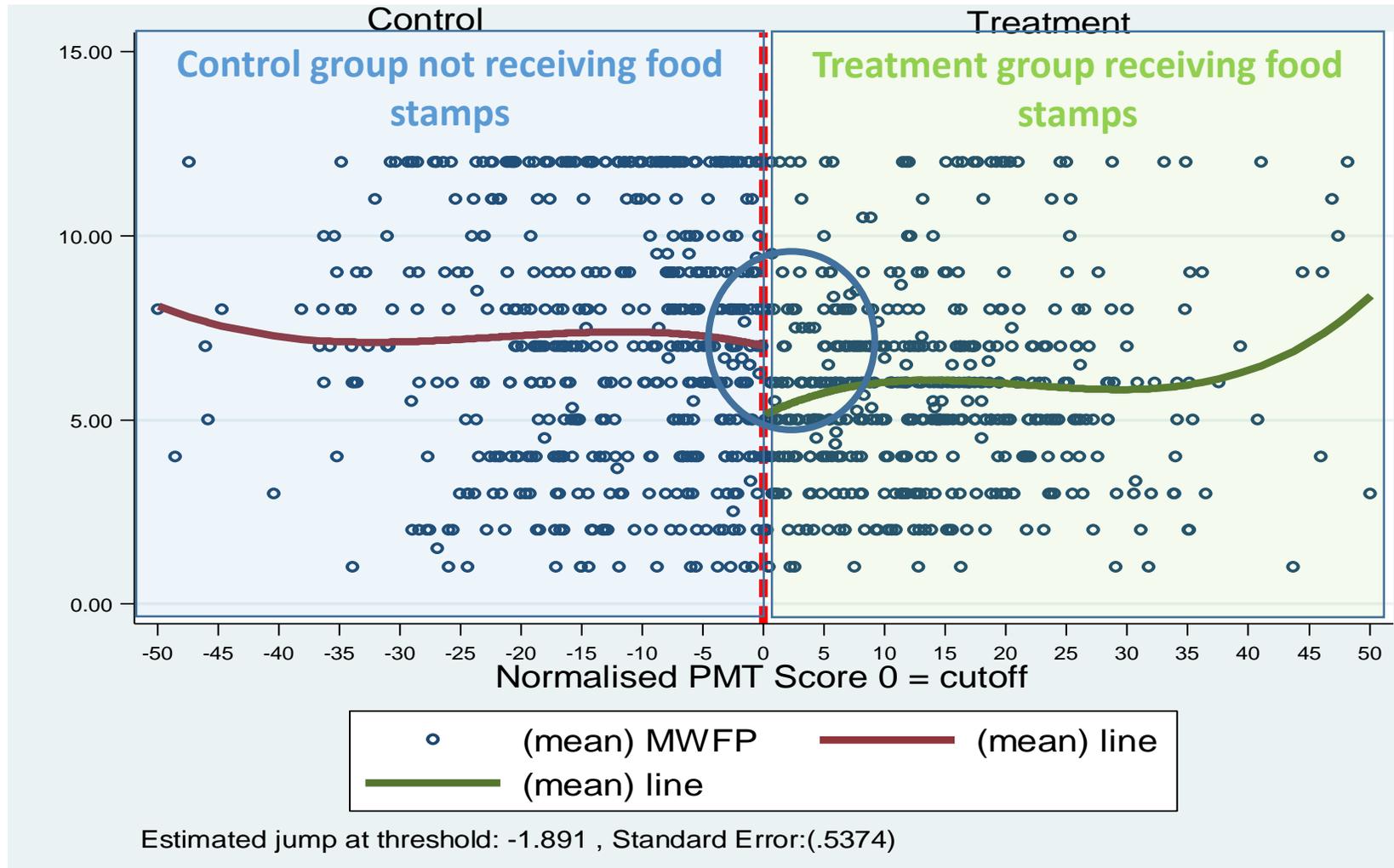
Monthly e-payments
in urban areas

Bi-monthly paper
payments in rural
areas

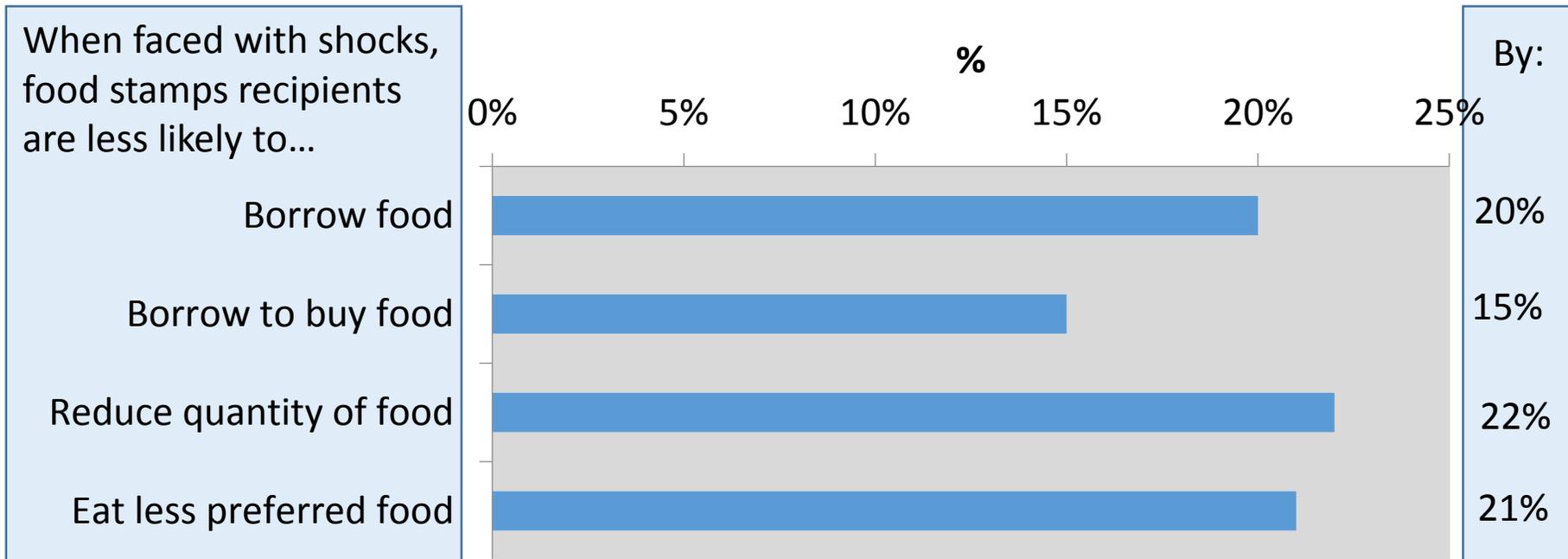
What are the impacts of the food stamps programme?

Impact area	Quantitative	Qualitative
Food security	Positive	Positive
Dietary diversity	Positive	Positive
Negative coping strategy	Positive	Positive
Self-esteem	Positive	Positive
Employment	No impact	Some positive examples
Health and education	No impact	Some positive examples in education

Households receiving food stamps have 1.891 fewer months without adequate food provisioning (MWFP)



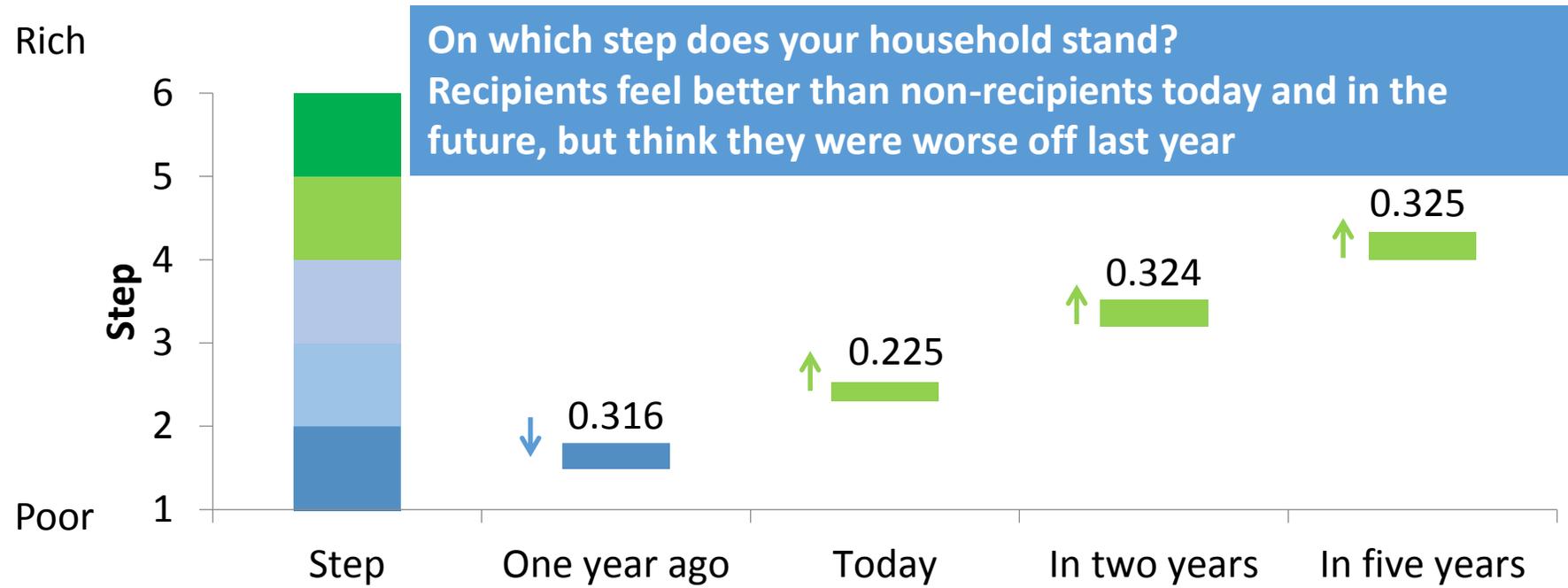
Food stamps recipients use negative coping strategies less



We do not incur debts. We used to borrow money from others when it was needed but we have stopped incurring debt completely since we started receiving the food stamps.

Recipient in Ulaan Baatar

Positive impact on self-assessed well-being



Households that are receiving the food stamps feel much better. They no longer have to beg for a cup of flour from others and are now living with confidence.

Social worker in Khan-Uul

No negative impact on employment and possibly positive

5% more adults in recipient households working in October

No other significant impacts

Employment hard to assess using survey because is part of PMT

The food stamps programme does not affect the employment rate of the soum.

Social worker, Khovd.

Very reassuring result

No widespread impact on education or health, but some positive examples in education

No significant impacts on education or health

95% primary attendance rates

Education and health outcomes unlikely to be affected by small transfer value in short time, but possibility in longer-term

As food items are now bought with the food stamps, my salary can go towards my child's educational costs.

Recipient, Dundgovi

I have these two boys in the class where, since their involvement in the food stamps programme, their parents send them with some proper food now. Before, they were exhausted in class due to having insufficient food.

Teacher, rural Mongolia

What difference did the IE make

- Evidence Evidence Evidence for all . The program was implemented during multiple governments each second guessing the methodology
- Program is now fully funded and implemented by government and viewed as effective. This has also meant an increase in the human resources for implementation.
- Based on the evidence, both benefit rates and coverage were expanded in 2015 and 2017.
- Confirmed results from other assessments conducted under the program
- Gave push to acceptance of targeting methodology, second round of the PMT and dedication to maintaining the database.
- Government desire to use the database for other targeting initiatives (i.e., legal assistance for the poor, energy subsidies, housing, textbooks)

Postscript

- 2014 and 2017 reassessments and updates of database
- HDF ended, CMP began again
- 2015 – Financial crisis: PBL \$100m. Benefit coverage and rate increases (7-8% with goal of 10%, threshold raised from 201 to 240, MNT 13,000 (adult), MNT 6,500 (children).
- 2016/2017 – IMF/ADB/WB program: ADB PBL \$150. Maintenance of program costs and slight benefit coverage and rate increases. **Decision to target the CMP (lowest 60%) but quickly rescinded after the 2017 election.**
- Sustainability lies in: (i) sharing costs across programs, (ii) maintaining quality and capacity; (iii) developing strong re-assessment, grievance and monitoring systems