



# YOUTH EMPLOYABILITY LANDSCAPE STUDY

MONGOLIA 2022





Lorinet Foundation is a family foundation with offices in Switzerland, Singapore, and Mongolia. Founded by Bolor Chojamts Lorinet and Pierre Lorinet in 2013, the foundation is led by the purpose of enabling a positive and sustainable impact on the lives of children, youth, and families living in vulnerable communities. To enable this purpose, the Lorinet Foundation supports pioneering, impactful, and sustainable initiatives that promote education and employment for vulnerable communities in Mongolia and Southeast Asia.

**GENERAL DISCLAIMERS:**

The content and views expressed in this publication are those of the source materials as well as the authors and do not necessarily reflect the views or policies or carry the endorsement of the Lorinet Foundation. The Lorinet Foundation does not guarantee the accuracy of the information and data cited from multi-sources included in this publication and accepts no responsibility for any consequence of their use. The Lorinet Foundation encourages printing or copying information exclusively for personal and non-commercial use with proper acknowledgement of the Lorinet Foundation. Users are restricted from reselling, redistributing, or creating derivative works for commercial purposes without the express written consent of the foundation.

© 2022 Lorinet Foundation.

All rights reserved. Published in 2022.

**Lead Author:**

Khandsuren Tumendemberel /Programme and Knowledge Manager, Lorinet Foundation/

**Co-Authors:**

Sumit Joshi /Global Director, Lorinet Foundation/

Tamir Batsaikhan /Country Director of Mongolia, Lorinet Foundation/

**Other contributors:**

Odontuya Altansukh /Intern, Lorinet Foundation/

Bilguun Munkhjargal /Copyeditor/

Saingerel Otgonbayar /Designer/

Available online at [www.lorinetfoundation.org](http://www.lorinetfoundation.org)

For inquiries, please contact: [info@lorinetfoundation.org](mailto:info@lorinetfoundation.org)

Cover photo credit to Zorig Foundation

# Acknowledgements

This study would not have been possible without the support of Board members of the Lorinet Foundation. The authors would like to thank Bolor Choijamts Lorinet, Pierre Lorinet, and Nathalie Moral for their input and support throughout the study execution and for valuable comments on the drafts of this report. We also extend our thanks to our reviewer Zayasaikhan Dugeree for providing expert judgement and feedback and helping strengthen the quality of the study.

The authors wish to express our deepest gratitude to the many stakeholders such as government officials, implementers, funders, research organisations, employers as well as individual experts for their kind participation in the interviews to share their knowledge and expertise. The full list of individual interviewees is in the Appendix section. Special appreciation is expressed to the Labour Force Department of the National Statistics Office for their assistance and for providing the authors with data that is not usually publicly available. Similarly, we wish to acknowledge the collaboration of World Vision Mongolia and HR Club NGO for providing us with continuous support and assistance in arranging focus group discussions.

Lastly, we would like to thank Section heads, Social workers, and youth from 19<sup>th</sup> and 21<sup>st</sup> khoroo of Bayanzurkh district and 13<sup>th</sup>, 14<sup>th</sup>, 16<sup>th</sup>, and 17<sup>th</sup> khoroo of Sukhbaatar district as well as members of the HR club for giving us their valuable time for focus group discussions, and sharing their opinions and experiences regarding youth employability.



# TABLE OF CONTENTS

<b>ACKNOWLEDGEMENTS .....</b>	<b>ii</b>
<b>TABLE OF CONTENTS .....</b>	<b>iii</b>
List of Figures .....	v
List of Tables .....	vi
List of Pictures .....	vi
List of Boxes .....	vi
List of Acronyms .....	vii
<b>EXECUTIVE SUMMARY .....</b>	<b>1</b>
<b>1. INTRODUCTION .....</b>	<b>12</b>
1.1 Purpose of the Study .....	13
1.2 Scope of the Study .....	13
1.3 Methodology .....	14
<b>2. THE SOCIAL AND ECONOMIC CONTEXT OF MONGOLIA .....</b>	<b>15</b>
2.1 Demographic Background .....	16
2.2 Macroeconomic Overview .....	18
2.3 Labour Market Situation in Mongolia .....	19
<b>3. THE SITUATION OF YOUTH EMPLOYABILITY IN MONGOLIA .....</b>	<b>23</b>
3.1 Overview of the Youth Population .....	24
3.2 Youth in the Labour Market .....	26
3.2.1 Youth Labour Force Participation .....	28
3.2.2 Youth Economic Activity .....	29
3.2.3 Youth Employment .....	31
3.2.4 Youth Entrepreneurship and Self-Employment .....	38
3.2.5 Youth Unemployment .....	42
3.3 The NEET Group (Not in Education, Employment, or Training) .....	45
3.4 Disparities in Youth Employment .....	49
3.4.1 Gender Disparity .....	49
3.4.2 Disability and Inclusion .....	51
3.4.3 Disparity towards Youth from Ger District .....	53

<b>4.</b>	<b>UNDERSTANDING EMPLOYABILITY FROM VARIED DIMENSIONS .....</b>	<b>55</b>
4.1	Global context .....	56
4.2	Mongolia context .....	57
4.3	Labour Market Demand .....	59
4.3.1	Workforce Demand .....	59
4.3.2	Employers' Perspectives & Skills Requirements .....	62
4.4	Track from Education to Employment .....	69
4.4.1	Intersection 1: Enrolment .....	73
4.4.2	Intersection II: Skills Building .....	76
4.4.3	Intersection III: Finding a Job .....	77
<b>5.</b>	<b>MONGOLIA'S POLICIES ON YOUTH EMPLOYABILITY .....</b>	<b>80</b>
5.1	Overview of the Institutional Framework .....	81
<b>6.</b>	<b>KEY CHALLENGES FOR YOUTH EMPLOYABILITY .....</b>	<b>84</b>
6.1	What Constitute the Challenges .....	85
6.2	Challenges of Different Youth Segments in Their Journey to Employment .....	86
6.2.1	Skills and Demand Mismatch .....	86
6.2.2	Ineffective Education to Employment Transition .....	87
6.2.3	Ineffective Enabling Systems .....	88
6.2.4	Lack of Need-specific or Tailored Approaches .....	89
6.2.5	Construct of the Labour Market .....	90
6.3	Future-job Readiness .....	91
6.4	Impact of COVID-19 .....	91
<b>7.</b>	<b>EXISTING EFFORTS BY THE ECOSYSTEM .....</b>	<b>93</b>
7.1	Schemes, Programmes, and Initiatives .....	94
7.1.1	Improving Youth Employability .....	94
7.1.2	Promotion of Youth Entrepreneurship .....	97
7.1.3	Labour Market Oriented Reforms .....	98
7.1.4	Jobs Creation and SMEs support .....	100
7.1.5	Youth Livelihoods .....	101
7.1.6	Employment promotion for Women and PWD .....	101
7.1.7	Decent Work .....	102
7.1.8	Private Sector and Employers Efforts .....	102
7.2	Concluding Remarks .....	103

**REFERENCES ..... 104****APPENDIX ..... 110****A. Stakeholders Engaged ..... 110****List of Figures**

Figure 1. Mongolia population pyramid, 2020 .....	17
Figure 2. Population distribution, by area 2020 .....	17
Figure 3. Trends in GDP growth Mongolia, 1990-2020 .....	18
Figure 4. Labour force participation rate by gender (2005-2020) .....	21
Figure 5. Youth (ages 15-29) distribution, by gender and age group .....	24
Figure 6. Percentage distribution of youth (ages 15-29), by highest level of education completed by 2020 .....	25
Figure 7. Youth (ages 15-29) labour force participation rate: by age groups, gender, and location, 2020 .....	28
Figure 8. Youth (ages 15-29) economic activity, by age groups, 2020 .....	29
Figure 9. Youth (ages 15-29) segmentation by economic activities including its reasons, 2020 .....	30
Figure 10. Youth (ages 15-29) employment rate, 2010, 2016-2021 Q2 .....	31
Figure 11. Youth (ages 15-19) employment rate by gender, 2010, 2016-2021 Q2 .....	31
Figure 12. Youth (ages 20-24) employment rate by gender, 2010, 2016-2021 Q2 .....	32
Figure 13. Youth (ages 25-29) employment rate by gender, 2010, 2016-2021 Q2 .....	32
Figure 14. Informal employment rate by age groups, 2019 .....	35
Figure 15. Youth (15-29) unemployment rate, 2010, 2016-2021 Q2 .....	42
Figure 16. Youth (15-19) unemployment rate by gender, 2010, 2016-2021 Q2 .....	43
Figure 17. Youth (20-24) unemployment rate by gender, 2010, 2016-2021 Q2 .....	43
Figure 18. Youth (25-29) unemployment rate by gender, 2010, 2016-2021 Q2 .....	44
Figure 19. Youth (15-29) unemployment rate: by age groups, gender, and location, 2020 .....	44
Figure 20. NEET rate 2010-2020, by gender (age 15-24) .....	45
Figure 21. NEET rate 2010-2019, by area (age 15-24) .....	46
Figure 22. Share of NEET youth (15-29) by gender and location, 2020 .....	46
Figure 23. Share of NEET youth (15-29) by educational attainment, 2020 .....	47

Figure 24. Comparison of educational attainment of NEET youth and Entire youth population, 2020 .....	47
Figure 25. Share of NEET youth (15-29) by inactivity reasons, 2020 .....	48
Figure 26. Percentage distribution of youth with disabilities, by educational attainment, 2020 .....	52
Figure 27. The main obstacle to recruit new employee .....	62
Figure 28. Track from Education-to-Employment .....	69
Figure 29. Mongolian Education and Training Framework .....	70
Figure 30. Graduates Employment Rate, 2017-2020 .....	78

### List of Tables

Table 1. Population employment indicators 2000-2021 .....	19
Table 2. Sectoral share of employment 2010-2021 .....	20
Table 3. Average salary and related economic indicators 2015-2021 .....	21
Table 4. Youth residing in Ulaanbaatar city, by age group .....	24
Table 5. Total labour force between the ages of 15-29, 2010, 2016-2021 Q2 .....	28
Table 6. Sectoral share of youth employment, by age groups, 2021 Q2 .....	33
Table 7. Youth employment status, by age groups, 2020 .....	34
Table 8. Share of youth (15-29) in unemployed population .....	43
Table 9. Share of unemployed in Ulaanbaatar, 2010, 2016-2021 Q2 .....	44
Table 10. Number of youth (15-29) with disabilities, and share of employed .....	52
Table 11. Definitions of Employability .....	56
Table 12. Labour Force Demand Forecasting – 2024, by economic sectors .....	60
Table 13. Employers skills requirement for graduates .....	63
Table 14. Whether the skills acquired by the graduates meet the requirements of the employers .....	64
Table 15. Employers skills requirements by occupations .....	65
Table 16. Education Statistics, 2016-2021 .....	71
Table 17. Formal TVET system structure in Mongolia .....	72
Table 18. Youth educational enrolment, by age groups and gender: 2010, 2020 .....	74
Table 19. The length of transitions from Education to Employment .....	79

### List of Pictures

Picture 1. Mongolia map .....	16
Picture 2. Percentage distribution of youth (ages 15-29) by marital status, 2020 .....	25
Picture 3. Comparison of youth education and employment status, by %, 2019 .....	34

### List of Boxes

Box 1. Youth Employment Factsheet .....	26
---	----

**List of Acronyms**

ADB	.....	Asian Development Bank
EPF	.....	Employment Promotion Fund
FGD	.....	Focus Group Discussion
GDP	.....	Gross Domestic Product
GoM	.....	Government of Mongolia
GOLSP	.....	General Office of Labour and Social Protection
ICT	.....	Information Communication Technology
ILO	.....	International Labour Organisation
IT	.....	Information Technology
IRIM	.....	Independent Research Institute of Mongolia
KII	.....	Key Informant Interview
LF	.....	Lorinet Foundation
LFP	.....	Labour Force Participation
MES	.....	Ministry of Education and Science
MONEF	.....	Mongolian Employers Federation
MLSP	.....	Ministry of Labour and Social Protection
MSMEs	.....	Micro, Small and Medium-sized Enterprises
NEET	.....	Not in Education, Employment, or Training
NSO	.....	National Statistical Office of Mongolia
OSH	.....	Occupational Safety and Hygiene
PES	.....	Public Employment Service
PWD	.....	People with Disability
SDC	.....	Swiss Agency for Development and Cooperation
SDG	.....	Sustainable Development Goal
SDV	.....	Sustainable Development Vision
TVET	.....	Technical and Vocational Education and Training
RILSP	.....	Research Institute for Labour and Social Protection
UNDP	.....	United Nations Development Programme
WB	.....	World Bank
YBI	.....	Youth Business International

# EXECUTIVE SUMMARY

Young people are the future of tomorrow, and Mongolia stands to reap economic benefits from its young population. However, for thousands of Mongolian youth, their education-to-employment journey is challenging, and it differs significantly from that of their peers around the world. This is largely due to the socio-economic context of the country, the quality of education, and skills-building and employment opportunities available to youth. Support provided by various stakeholders to youth helps improve their employability and livelihood prospects and becomes a base for economic growth and human capital development of Mongolia.

Lorinet Foundation conducted this youth employability landscape study with the purpose of deepening our knowledge of employability issues that Mongolian youth face and developing a long-term country programme for the youth. The scope of this study includes the following:

- i. To gain knowledge about the socio-economic context of youth in Mongolia, particularly their participation in the labour force,
- ii. To understand the market trends on youth employment, government policies, and the skills demanded by the employers,
- iii. To understand the key challenges that youth face when looking for jobs, including the various dimensions that affect youth employment,
- iv. To identify the interrelations between the key actors and their initiatives, including opportunities for partnerships between the private and public sectors, and
- v. To recognise gaps within the sector and identify opportunities for skills development and livelihoods for youth.

The content disseminated through this study is a synthesis of findings from multiple sources gathered through engagements with several sectoral experts and stakeholders, including over 20 key informant interviews and 4 focus group discussions, as well as desk review of international and local research papers, publications, thematic studies, policy documents, and sectoral statistics. Research, data collection, and all associated activities of the study were performed between Jul-Nov 2021. Authors believe that the findings of this study will be beneficial to all who seek to improve youth employability through short, mid, or long-term initiatives and solutions.

## Mongolian youth in the labour market

Mongolia is a relatively 'young' country. Of its total population of 3.3 million, around 63% are under the age of 35 years. The 15-35 years age-group comprises around one third or 30.7% of the total population, indicating a significant potential for economic growth from its population construct for Mongolia. The full potential can only be realised through policy reforms and targeted interventions directed at jobs creation and workforce preparation in alignment with the labour market demands.

However, since the transition from a centralised economy to a market economy in the early 1990s, numerous systemic issues such as over-reliance on mining and foreign investment, geographically dispersed population, rural-to-urban migration, and seasonal employment due to harsh climate conditions have resulted in several challenges for the Mongolian labour market. These issues have resulted in decreased labour force participation, increasing unemployment, surge in informal employment, gender inequality, and limited opportunities for disadvantaged groups that remain as development policy concerns for Mongolia.



The literacy rate among Mongolian youth is encouraging. A vast majority has at least a secondary school education and 25% have even completed a college or university degree. GoM's success in expanding access to education is significant, considering that youth aged 15-29 years constitute over one-fifth of the country's population. Their proportion in the labour force or in the employed population stands at similar levels. However, when it comes to the unemployed population of Mongolia, youth constitute over two-fifth of the total unemployed, clearly pointing out to the lack of job opportunities in the country.

As of 2020, 47.2% of young people aged 15-29 years were in the labour force, comprising 22.8% of the total work force of Mongolia. The national unemployment rate stood at 7%, while it was 12.6% for youth aged 15-29 years. There were about 36,000 people aged 15-29 years actively looking for jobs, which constitutes 41% of the total unemployed population, indicating that young people are more vulnerable to unemployment.

The labour force participation of youth has remained at relatively stable average rate of around 46% over the past decade. It is interesting to note that their participation in the labour force differs across locations. It also differs with respect to gender. Labour force participation rate in Ulaanbaatar city is moderately lower than the national level across all age groups within the 15-29 years age range, and this is due to the availability of more educational opportunities in the capital city. This implies that, if given an opportunity, the youth would prefer upskilling themselves to directly entering the labour force. Significant difference across genders could be explained by either higher educational attainment among women or caregiving duty of young women.

Informal employment is widespread among young people. Young people are particularly at risk of being in informal work arrangements. Over 80% of employed youth aged 15-19 years work informally and over one-third of the 20-29 years age group were working in the informal economy in 2019. This, per ILO, is largely due to their lack of experience, limited access to labour market information, and a low likelihood of trade union or other association memberships. Formal economy employment increases with each level of educational attainment, culminating in higher education where four of every five employed youth enjoys a formal sector job.

In order to get the full picture of youth-related statistics, including the challenges they face in getting employed, one must gain a deeper understanding of the proportion of youth who are not in education, employment, or training (NEET). NEET rate is an indicator of the Sustainable Development Goal 8 – Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all. High rates of the NEET sustained over years can adversely affect the economic growth of a country. Consequently, the increase in the NEET population in Mongolia during the past few years makes the goal of reducing the proportion of economically inactive youth even more critical.

### **One in five Mongolian youth aged 15-29 years is Not in Education, Employment, or Training.**

Estimation based on Labour Force Survey and Population and Housing Census data of 2020 has revealed that within the 15-29 age group, 41.2% are employed, 38.1% are in education or training, and the remaining 20.7% are NEET. As of 2020, of the total 137,000 Mongolian youth who are NEET, more than half or 58.9% were young women. Around half of this youth group resides in the capital city Ulaanbaatar. In terms of educational attainment, 34.1% have completed higher-education degrees, 23% in technical and vocational education, and 30.2% in secondary education. This implies that the high level of education attainment of the youth does not directly translate to active participation in the labour market or guaranteed employment prospects.

As young people with NEET status are a diverse group, the issues they face also differ, so there are several sub-groups that exist within the NEET group. There are some who, despite actively looking for jobs, have not succeeded in entering the labour market. Then there are those who have lost interest in employment due to past failures in searching for jobs and their belief that there are no suitable jobs for them. One group is represented by young women who stay at home and look after their young children or other caregiving and household duties. The other group is of youth with disabilities or other health conditions.

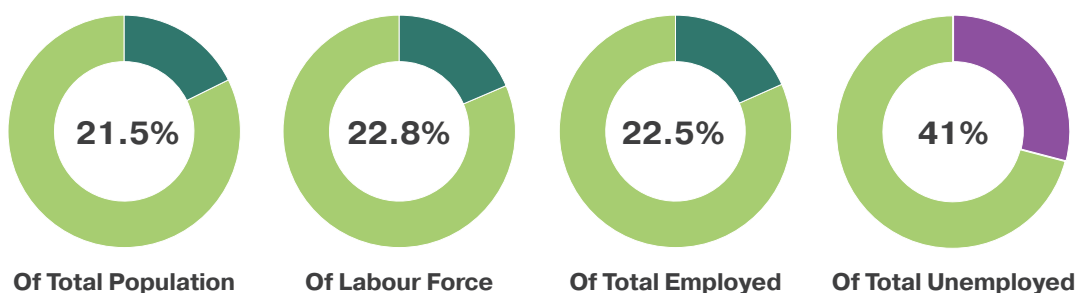
Youth who remain economically inactive and are not developing new skills for a prolonged duration tend to lose the opportunity for self-fulfilment, which in the long run hinders the economic growth of a country. Thus, understanding the root causes for the inactivity of each sub-group is critical in providing each group with the necessary and tailored support for employment. Additionally, youth groups that are employed and active in the labour market must not be overlooked; continuous efforts are required towards building decent work opportunities and job places that are safe and productive and deliver fair income and social protection.

## Mongolia - Youth employment fact sheet

Youth (15-29 years) in Mongolia: 720k

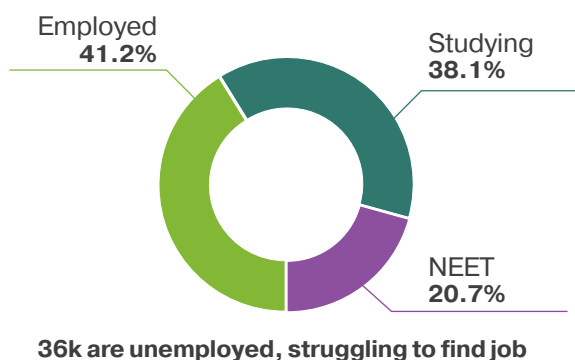


### Youth constitute



Employment Indicators	National Average	Youth (15-29)
Labour Force Participation Rate	58.8%	47.2%
Employment Rate	54.6%	41.2%
Unemployment Rate	7%	12.6%

### Economic activity of youth (15-29)



**1 in 5 young people aged 15 -29 years in Mongolia Are NEET**



**Total 137k NEET Youth**

Half of the NEET youth are living in Ulaanbaatar



Source: National Statistic Office's 1212.mn, Labour Force Survey and Household census data, 2020

## Youth employability challenges

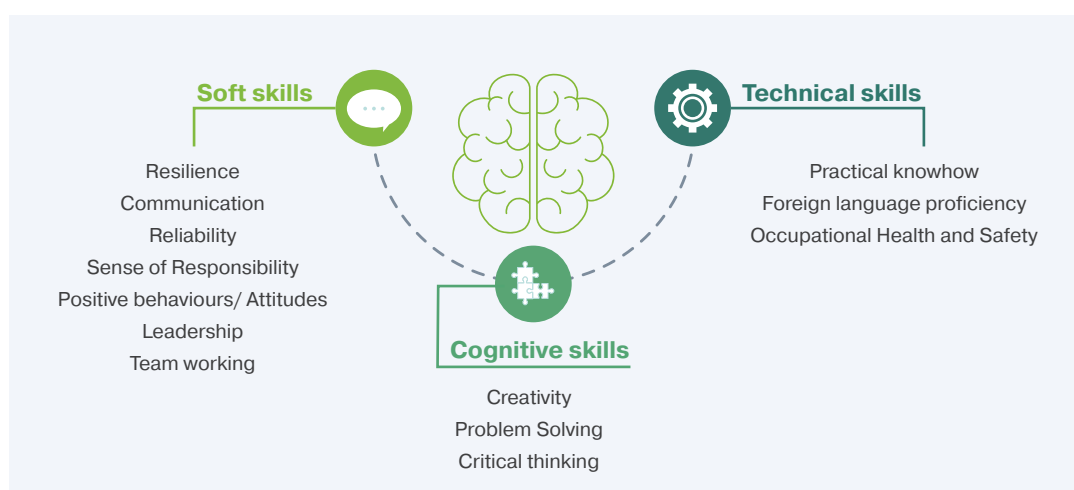
Similar to the employment challenges that youth face worldwide, constraints to youth employment in Mongolia may be attributed to individual levels, market or systemic failure, or a weak or unsupportive macro-economic environment. Mismatch between demand and supply has emerged as the prime concern on youth unemployment, and so it is imperative to first build coherence around the interpretation of employability skills in Mongolia. However, there is a lack of hard data, and there seems to be no common understanding or any framework built around the definition of employability. This study investigates the context of employability skills from global and local perspectives. It then identifies the key challenges that youth face by analysing the various touchpoints in their education-to-employment journey – from enrolment in the education system to acquisition of job-skills to entering the labour market. The roles of various stakeholders throughout this journey were also examined.

### 1. Skills and demand mismatch

**Inadequate level of employability skills among youth, particularly new graduates, is one of the biggest challenges to youth employment in Mongolia.**

More than half of fresh graduates do not meet the requirements of the Mongolian employers. Irrespective of the industry and occupation, lacking the right skills required for employment is cited as one of the central reasons that hinders their entry to the labour market. There is, however, no common understanding or a framework of what those skills are within the Mongolian context. Further research is needed to determine the most common skills required by employers; their importance; and what specificities can be attributed to different occupations and sectors.

According to existing survey results as well as responses from employers, experts, and other stakeholders interviewed during this study, in addition to the occupation-specific skills, employability skills include cognitive, technical, and soft skills. Below are the skills that young people are said to lack by Mongolian employers:



## 2. Ineffective education to employment transition

**Quality and relevance of education is a matter of concern for educational and vocational training institutions. In addition, self-employment is not promoted as a lucrative employment option.**

Education institutions play a fundamental role in preparing the future workforce of any country. For Mongolia, enrolment of youth in higher education is steadily growing – 70% of high school graduates continue to pursue higher education and annually around 30,000 youth complete higher education. However, the higher-education sub-sector lacks participation of and partnerships with the private sector. Moreover, a number of issues such as oversupply of graduates in certain degree majors, overlooking the importance of specialised areas in line with national development needs, absence of national qualifications framework, lack of soft skills components as well as issues associated with curricula and quality, significantly affect the employability of youth graduating from higher education institutions.

Similarly, the fact that many TVET graduates are not employed in their training-relevant jobs highlights the ineffectiveness of the TVET sub-sector and the issues related to supply and demand mismatch. It is alarming that only 20% of graduates from the 9<sup>th</sup> grade are entering TVET, and the rate drops to 10% for 12<sup>th</sup> grade graduates. With low enrolment rates persisting over the years, the TVET sub-sector is not supplying sufficient number of qualified workforce to the labour market, particularly to the economic sectors in high demand. Lack of quality assurance mechanism, inadequate teacher training, lack of soft skills training, and outdated curricula are among the key concerns TVET sub-sector faces.

The problem is further aggravated by the inadequacy of practical training and lack of internship opportunities offered by educational institutions. This includes internships, on-the-job training, and practical learning material and equipment. Overall, poor linkages between academia and employers limit students' opportunities to gain practical skills and experiences. The educational institutions fail to provide career guidance support to their students. There is sparse information on career choices and industry sectors. The content that is available is not comprehensive. Limited initiatives on career guidance as well as professional trainers and coaches persist across all education sub-sectors. This leads to a general tendency among students to choose majors that are either not in demand or in oversupply to the market, further contributing to their hindrances in entering the labour market.

The perception of TVET by students and parents as an inferior educational alternative is a critical point. Efforts directed at promoting TVET and improving its public image have not yet yielded the intended results. Additionally, both higher-education and TVET institutions are not prioritising employability and career development of their graduates. Quality career guidance and employment services are not embedded into the programmes of the educational institutions. Thus, the employment rate of new graduates is only 70% and more than half of the total graduates spend more than 6 months to find jobs.

Another aspect of labour force participation is self-employment, but there are insufficient avenues to support entrepreneurship. Existing literature indicates that practices promoting self-employment or start-ups can prevent long-term poverty and skills erosion and contribute to the mitigation of youth unemployment and their economic inactivity issues. However, Mongolian youth lack general entrepreneurial awareness and know-how of starting a business. Employment statistics show that a mere 1.3% of actively working Mongolian young people aged 15-29 years were running businesses in 2020. Similar to other emerging markets, constraints for small businesses and micro-enterprises in Mongolia indicate a lack of supporting ecosystem, including access to credit, regardless of the sector.

### 3. Ineffective enabling systems

**There is inadequate participation of key stakeholders, largely due to their limited resources and capacity and unclear roles and accountabilities.**

Measures undertaken by the GoM to promote employment play a vital role in reducing youth unemployment and positively influencing their economic status. Such measures focus on promoting employment and strengthening the connection between demand and supply in the labour market. However, lack of cross-sectoral coordination across government agencies, insufficient financial and human resources, and capacity issues such as high workload and turnover prevent public employment services and employment promotion programmes from effectively reaching and serving the target population. Moreover, the labour market information system and its usage in policy and decision-making processes require further attention.

Public employment services are not effectively providing unemployed youth with labour market information or connecting them to employers. As a result, the unemployed rely on informal sources for information and turn to family and acquaintances for support. Existing employment promotion programmes suffer from design and implementation flaws and do not target or tailor themselves to the needs of specific groups.

Secondly, government policies on employment promotion do not reflect the specific needs of youth groups, including NEET. The diverse needs of different youth segments are not entirely addressed in employment and other youth-oriented policies. Moreover, the role of educational institutions in addressing labour market demands, participating in the education-to-employment transition, and regulating processes between education and labour market sectors is not clearly defined in the employment promotion and other youth focused policies.

The other key stakeholders are employers. Their role is just as crucial as that of government agencies and educational institutions in preparing the workforce for the labour market. Employers need to take a proactive stance in training and educating future employees by working closely with educational institutions. In order to create a capable workforce, employers need to improve their internal human resources policies, functions, and training and development. Lack of stakeholder participation makes the accurate forecasting of labour market demands challenging, which incidentally is a matter of concern in Mongolia. The poor quality of such information is attributed to the inadequacy of existing research and data processing methodologies as well as lack of capacity among private sector businesses and employers in projecting their future human resource needs. Moreover, information about the labour market such as where to find vacancies, what skills are required, what professions will be in demand in the future etc. need to be efficiently disseminated to the target audience for their informed decision making.

### 4. Lack of need-specific or tailored approaches

**There is no additional assistance to youth groups who are discouraged to find jobs. There are limited avenues to individuals who face structural or individual barriers due to inequality, disparity, or disability.**

There is a significant number of individuals (over 70% of the NEET group) who failed to secure employment in the past and are now discouraged from searching for jobs, have lost interest in being employed, or cannot work due to health or family reasons. It is critical to provide them with opportunities to enter the mainstream economy and transform them into individuals who contribute to their families, society, and country. These youths have specific needs and barriers in terms of their education levels, job skills, or other socio-economic factors. They require psychological support and individual career development plans that take into consideration their social and economic backgrounds. Apart from encountering the afore-mentioned challenges, thousands of youth undergo a much demanding path



to employment due to their household and societal conditions. 42% of young people aged 15-29 years in Mongolia live in the capital city Ulaanbaatar and, as of 2019, 55% of these youth are living in the ger districts. Many young people move to Ulaanbaatar to find employment unavailable in the rural parts of the country or to acquire higher levels of education. Majority of these rural migrants settle in the ger districts surrounding Ulaanbaatar. As people living in ger districts have lower income, their access to basic infrastructure, quality education, healthcare, and other essential services is limited. Environmental safety and infrastructure issues cause additional barriers in the ger areas. Youth who were interviewed in this study cited alcoholism among the unemployed youth, domestic violence in their households, and lack of family support as main hindrances to getting employed.

Finally, disparities play a major role in aggravating the problems associated with youth unemployment and inactivity. Gender inequality in the Mongolian labour market is more pressing among young women. Statistics show that Mongolian young women's higher educational attainment has not resulted in better employment outcomes for them. Women face a wide range of challenges, including choosing a profession in a context where many high-earning professions are perpetuating a bias against women, taking a break due to childbirth and caregiving duties, lack of access to quality childcare and pre-primary education services etc. In the workplace, women face additional challenges such as lower wages or designation as compared to their male colleagues, sexual harassment, and discrimination. Limited economic empowerment, particularly for young women, remains a constraint of the labour market.

Another youth segment that needs attention is the disabled community. There are over 14,000 disabled young people aged 15-29 years and a mere 25.4% of them are employed. The reasons leading to this situation include, but are not limited to, negative attitude of society, lack of family support, inaccessibility of infrastructure, education inequities at all levels, employer discrimination, and lack of prioritisation from government and policymakers. Many of these youth depend on social welfare programmes for their livelihood. Even though supporting self-employment options for people with disability is often an optimal proposition, many barriers need to be addressed such as availability of funding, market linkages, lack of guidance, and skills and knowledge to do business.

## **5. Construct of the labour market**

### **Seasonality and other economic features of Mongolia are big factors influencing the labour market.**

Mongolia's cold and harsh weather, unstable economic growth, continuous rural-to-urban migration, inability to accommodate a high share of the youth population joining the workforce yearly, and other factors contribute towards high unemployment rates. Youth often end up in unstable, low paying jobs that do not secure stable income for them. Also, SMEs, which employ the majority of the workforce, face many challenges in terms of their own business capacity and human resources. In many economic sectors such as construction, wholesale and retail business, manufacturing, science, and technology, the shortage of labour force is a pressing issue. This macro context causes more challenges for employment support programmes throughout the country.

For the employed youth, the promotion of decent and productive employment is important. For young people, being employed implies gaining expertise and skills that will ensure their future well-being. However, one-third of employed young people live below the poverty line in Mongolia, implying that employment is not securing decent livelihood or protecting them from the risk of falling into poverty. Majority of young people aged 15-29 work in construction, wholesale or retail business, and agriculture sectors. 80% of youth aged 15-19 and over 30% of youth aged 20-29 work in the informal economy. Many young people, due to lack of knowledge about labour laws, fail to protect their labour rights and remain underpaid, work overtime, or endure workplace harassment. This problem is more common in SMEs that lack financial capacity, management capabilities, as well as human resource policies.

## Efforts by the ecosystem

The key players in building employability skills and providing employment to youth are government agencies and private sector. More often than not, the private sector tends to play an ad hoc role, while other players including skilling organisations need financial assistance to support young people. The study outlines some of the efforts by various stakeholders directed at addressing the challenges with youth employability, skills development, employment, and livelihood. These efforts are segregated by thematic priorities that are focused on i) improving employability; ii) promotion of entrepreneurship; iii) education and training sector reforming; iv) creation of jobs and supporting SMEs; v) livelihood; vi) employment promotion for women and PWDs; vii) decent work; and viii) efforts of the private sector and employers.

Past and ongoing systemic level efforts have focused on reforming the relevant policies such as employment promotion, education, and training systems as well as supporting the development of the private sector, SMEs, and creation of jobs, including supporting specific industries such as agriculture. At youth level, the emphasis is put on improving employability through hands-on approaches in areas such as labour market information sharing, job linkage, and vocational and skills training. In recent years, increased number of stakeholders from public, private, and development sectors are undertaking interventions that are focused on the promotion of youth self-employment through entrepreneurial skills and start-up running training programmes.

Despite youth employability being a key area of focus for the government and its development partners, the collaborations between the public and private sectors still remain low, particularly with implementing partners including NGOs and social enterprises. Besides the funding gaps, lack of hard data on employment impedes such efforts. For any collective, holistic, and inclusive approach to work, we must first apprentice ourselves with the problem and delve deeper into the unique or contextual challenges that youth face.

## Conclusion

Looking at the youth employment situation in Mongolia, on which the country's development and prosperity heavily depends, we realise that the challenges in youth employment vary from macro levels to individual levels. They are exacerbated by the uniqueness of Mongolia's labour market and its social and economic construct. Even though the number of young people who receive education at all levels is increasing each year, this alone is not enough to resolve the unemployment and inactivity issues the country is facing.

In order to understand and address the youth employment issues, we need to first NOT look at "young people" as one big homogenous group, but rather as a cluster of many diverse social groups having different backgrounds and needs. It is equally important to NOT tackle the issues with a single point of view of decreasing unemployment and economic inactivity. Instead, the solutions must cover a wider range of themes that are relevant to different youth groups.

Currently, a number of deep systemic issues impact youth employability in Mongolia that include the failure of the education system to fulfil the demands of the labour market, disconnect between the education sector and employers, and inadequacy of government policies and their implementation. As a consequence, many challenges arise including, but not limited to, mismatch between graduates' skills and employers' requirements, difficulties in Education-to-Employment transition, and lack of productivity even after employment. Furthermore, the employment conditions have been severely affected by COVID-19, putting the economy under deep pressure. Many young people have lost their jobs, while many are compelled to work long hours for low wages. There are others who are unable to work due to business closures or disruptions in schools and kindergartens of their children.

Although the effects of the pandemic have not yet fully unravelled, a few studies around the world have shown that people with low levels of education and skills, including young people and women, are more vulnerable to this type of crisis, and that the effects can last for years.

When we delineated the existing efforts of various stakeholders directed towards addressing youth unemployment, we learnt that youth employability has become a key area of focus for the Mongolian government and its development partners. Many initiatives are underway to develop the TVET and Higher education sectors, to improve the labour market, to create jobs through self-employment and start-ups, and to prepare young people for employment. However, a holistic and collaborative approach is still lacking, when it comes to the different segments of young people. Furthermore, the policy environment and stakeholders' understanding of how the Future of Work will shape up is still nascent. Therefore, the GoM is not fully ready to determine its priority sectors for the future, let alone draft policies for the workforce in those sectors.

While this study has identified the key challenges pertaining to youth unemployment, it calls for further in-depth research pertaining to the response to the current situation. What are the plausible solutions to these challenges? What initiatives can be implemented? What can be done to prevent the situation from getting worse now or in the future? While there is no definitive answer to these questions, one can attempt at finding possible solutions by dissecting the different dimensions of the problems. For instance, if we choose the "Youth segments", we can first identify the different subgroups and then suggest respective interventions to their needs. For the 'Employed' subgroup, possible interventions are promoting decent work, fostering employers' participation, improving the understanding of labour laws etc. Similarly, for the 'Economically inactive or NEET' subgroup, we can look at interventions such as career guidance and counselling, job opportunities, upskilling etc. We can also support them in starting their own businesses and link them with the right market and finance.

Secondly, if we analyse the "relevant stakeholders" that include the GoM, educational institutions, and employers, there is a need to improve the cooperation between the Labour market and Education sectors. Typical intervention could be around improving the Labour market information quality or determining the role of employers in preparing the workforce and promoting their participation.

Lastly, if we target the critical "touch points" young people go through when they transit from education to employment, we can explore interventions towards improving the curricula and teaching workforce capacity, providing students with career guidance and counselling, improving the internship programmes of educational institutions with the support of employers, starting career development and employment support centres, and supporting initiatives to improve start-up mindset and business skills.

## Scope for further research

When completing this landscape study, Lorinet Foundation aimed to cover a wide range of themes within the current state of youth employability in Mongolia. However, macro level factors such as the social welfare system of Mongolia and the macroeconomic policy environment were beyond the scope of this study. It is worth mentioning that as we conducted the study in 2021, the revised labour law of Mongolia got adopted on 2nd July 2021, which will come into force from January 2022. The new labour law may establish new conventions of labour relations and impact the businesses and youth employment in newer ways.

We have identified the following areas for further research that can support policy makers and development partners in their decision making and, consequently, improve the effects of their actions:

- i. To improve accessibility and quality of youth employment statistics, particularly unemployment rate, and the NEET rate – all segregated by age group, gender, location, disability etc. and look ways for making them available to the public,
- ii. To carry out further research on the right framework for Employability skills within the Mongolian context and create coherence and adoption regarding the topic,
- iii. To carry out qualitative research in determining the specific barriers, motivations, and unique features of the NEET group, including delivering the voice of the Mongolian youth to decision makers and inviting them in surveys and policy dialogues
- iv. To study how young people's knowledge and understanding of reproductive health and family planning is affecting employment, and
- v. To understand how the macroeconomic environment, including systemic capacity and institutional barriers, is positioned to address the needs of the future.



**K1-10 Pre**

Men Rural areas  
Questionnaire

**WOMEN < Men Perf**

→ **gender**  
→ **causes** (10)  
→ **causes** (10)

Under performance (work)

1) Background (Story)

2) Career experience

- position
- Subjective assessment
- why
- change (assessment)

Why?

→ **key characteristics**

- Xanax kamnwa
- org structure

3) Other alumni — opinion (observations) — How?

4) Challenges / problems after the graduation relevant to your career

5) How is your knowledge / experience gained in KES Australia? Why? (How can it be improved?)

→ How is **your** obtained performance helpful? Gender ratio in the sector — Sub assessment.

6) Networking skills — Self assessment (human capital)

7) Leadership — how (change) — self assessment

8) Opportunity costs = ? — **alternative** (counselor)

9) What kind of changes you made after the scholarship? Improvements.

10)

1

# INTRODUCTION

Photo credit to Zorig Foundation

## 1.1 Purpose of the Study

Mongolia has witnessed significant transformations in the past two decades in all sectors. The country is one of the first few countries to embrace the Sustainable Development Goals (SDGs). Six months into the adoption of SDGs, the Parliament of Mongolia approved its long-term development strategy in the form of Mongolia's Sustainable Development Vision (SDV) 2030. Of Mongolia's population of 3.36 million, over 60% are people under the age of 35. With a large demographic group aged 15-34 comprising nearly 30% of the population, Mongolia stands to benefit from its young population.

Over the last few years, Lorinet Foundation has actively supported pioneering, impactful, and sustainable initiatives in education and employment for vulnerable communities in Mongolia. The family foundation has now taken a decision to invest more strongly and strategically in programmes and solutions that enable young people to gain the skills necessary for employment and entrepreneurship so that they can build a future for themselves and their communities.

In order to ground the development of the Youth Employability Country Programme in Mongolia, the foundation intends to conduct a sector mapping exercise to better understand the youth employability landscape in the country and identify key gaps and opportunities that would guide the priority investment areas for the foundation and its partners over the next 5-7 years. With this study, the foundation also intends to identify and engage with practitioners and credible organisations on this topic.

### **The Intended outcomes of the study are the following:**

- i. To gain knowledge about the socio-economic context of youth in Mongolia, particularly their participation in the labour force
- ii. To understand the market trends on youth employment, govt. policies, and the skills demanded by the employers
- iii. To understand the key challenges that youth face when looking for jobs, including the various dimensions that affect youth employment
- iv. To identify the interrelations between the key actors and their initiatives, including opportunities for partnerships between the private and public sectors
- v. To recognise the gaps within the sector and identify opportunities for skills development and livelihoods for youth

The study will culminate in strategy recommendations for Lorinet Foundation's Country Programme on Youth Employment and strengthening of partnerships with key stakeholders.

## 1.2 Scope of the Study

The Mongolian government defines youth as individuals between the ages of 15-34 years as per Law on Promotion of Youth Development. Internationally, the age definition for youth varies according to the programme; either 15-24 years or 15-29 years, depending on the context and focus of the programmes. This study focuses on youth aged 15–29 years based on Lorinet Foundation's past work and learnings on Youth Employability programmes in Mongolia. From the employment perspective, GoM defined working age population as 15 years and above, in accordance with the Minimum Age Convention 138 of the International Labour Organization that was ratified by Mongolia in 2002. As per the Convention 138, such work must be both non-hazardous and age-appropriate, and not such as to prejudice their attendance at school, their participation in vocational orientation or training programs approved by the competent authority, or their capacity to benefit from the instruction received.



The study covers both formal and non-formal education. Formal education includes secondary education, technical and vocational education (TVET), and higher education. While non-formal education comprises lifelong learning opportunities for the out-of-school population ranging from primary to vocational levels, it is important to identify such gaps, especially for disadvantaged groups. From the geographical context, the study examines the overall situation of youth employability in the country, without distinct analysis of rural and urban contexts.

The study provides an overview of the landscape of youth employability in Mongolia, investigating the trends in the labour market, gathering perspectives from key stakeholders including employers, and identifying gaps in the demand and supply side. It attempts to recognise the construct of the NEET group in Mongolia and includes perspectives from youth themselves. However, factors such as the macroeconomic policies and social welfare systems are out of the scope in this study.

The report draws upon a comparison on how employability skills in Mongolia are different from or similar to the global context. Data and insights, which include the youth journey and their challenges, are analysed to present an absolute situation in Mongolia, rather than a relative one that is compared to other countries. The report finally identifies the key players who have been providing employment support and their initiatives and programmes, along with National Policies and Regulations, education and skills training, and other opportunities to prepare youth for the labour market. Smaller initiatives of local CSOs and community-based organisations, as well as detailed assessment of the existing efforts undertaken by key players are beyond the scope of this study.

### 1.3 Methodology

This study adopts a Literature Review, Focus Group Discussions (FGDs), and Key Informant Interviews (KII) with key stakeholders as main methodologies, which includes both primary and secondary sources of information as follows:

#### **a) Primary sources**

- Focus group discussion and/or Key Informant Interviews with key stakeholders

#### **b) Secondary sources**

- National strategies, policies, and laws relevant to the youth employment
- Related research and studies within the past ten years
- Statistical data from well-established organisations and government agencies such as the National Statistical Office, Research Institute for Labour and Social Protection, and the Ministry of Education and Science were analysed quantitatively.

It is noted that the National Statistical Office of Mongolia distributes data on NEET rate among the youth aged 15-24 years only, according to international standards. Therefore, the NEET data for the entire age group: 15-29 years, used in this study is provided by the Labour Force Department of NSO as per request of Lorinet Foundation.

Finally, owing to the absence of publicly available hard data on the reasons for economic inactivity among youth aged 15-29, the author estimated the overall composition of the youth segments by economic activities including inactivity reasons using two different data sources: i. Labour Force Survey and ii. Population and Housing Census data.

# 2

## **THE SOCIAL AND ECONOMIC CONTEXT OF MONGOLIA**

**This chapter provides an overview of the demographic background, macroeconomic context, as well as the labour market situation of Mongolia.**



## 2.1 Demographic Background

Mongolia is the least densely populated and the second largest landlocked (1.16 million square kilometres) country in the world. The total population of Mongolia in 2020 was 3.36 million, an increase of 60.7 thousand from the previous year, and projected to reach 4 million by 2034. The country's population growth rate has declined from 2.0% in 1990 to 1.8% in 2020.



Source: Retrieved from <https://images.mapsofworld.com/answers/2019/07/map-of-mongolia.jpg>

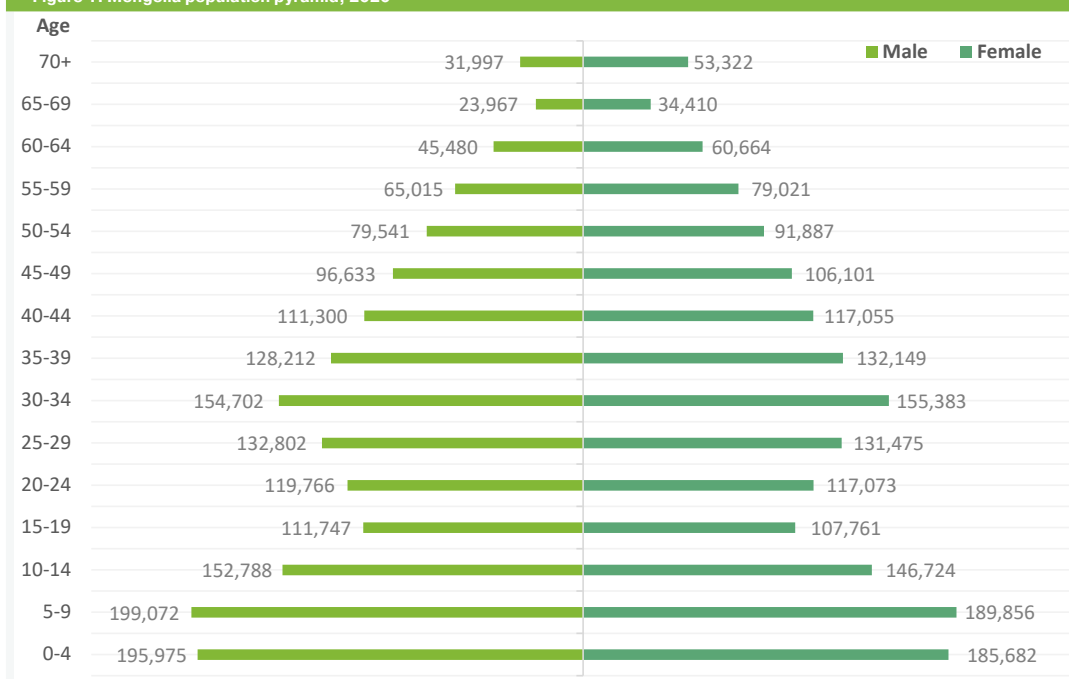
Ethnic Mongols account for about 96% of the population and consist of Khalkh and other groups. The Khalkh ethnicity constitutes 83.8% and ethnic Kazakhs constitute 3.8% of the population, ranking Kazakh as the second largest ethnic group in Mongolia. There are other ethnic groups in Mongolia that include Buriad, Bayad, Zakhchin, and Uulds. Mongolian is spoken by 95% of the population; a variety of languages and dialects are spoken across the country, including Kazakh and Tuvan in the west.

Administratively, Mongolia is divided into the capital city of Ulaanbaatar and 21 provinces (aimags). Ulaanbaatar comprises of 9 districts and city wards (khoroos); aimags are divided into 330 sub-provinces (soums) and further into 1,615 villages (baghs).

### The country stands to benefit from its young population.

The largest segment 31.9% belongs to the youngest cohort of 0-14 years and a large demographic group 30.7% between 15-34 years (Figure 1). With 62.6% (or 2,101,821) of the total population under 35 years, Mongolia has the potential to reap the economic benefits from its demographic dividend with the right policy for job creation coupled with human capital investments to meet demands of the labour market.

Figure 1. Mongolia population pyramid, 2020

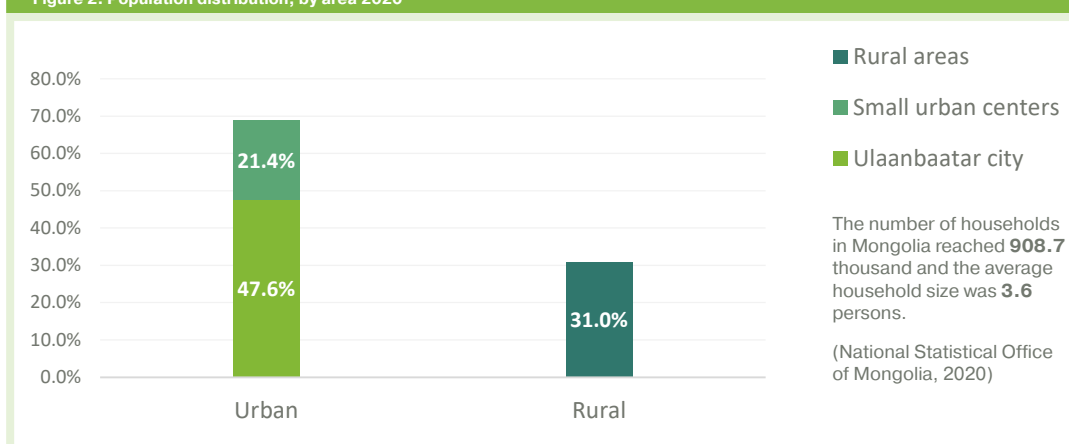


Source: National Statistics Office of Mongolia: 1212.mn

In terms of gender disaggregation, there is almost an even distribution between women (50.9%) and men (49.1%) although the balance shifts as the population ages from 55 years upwards. Women tend to outlive men by an average of 9.5 years, benefiting from an increased life expectancy of 76.2 years compared to 66.7 years for men (National Statistical Office of Mongolia, 2020).

In 2020, 69% of the population was living in urban areas and 31% was residing in rural areas (Figure 2). Out of 2.3 million people living in urban areas, 1.6 million reside in Ulaanbaatar, the nation's capital, and the rest reside in small urban centres. The urban population is projected to grow from the current levels to an estimated 3.1 million by 2050 (UNESCO, 2019).

Figure 2. Population distribution, by area 2020



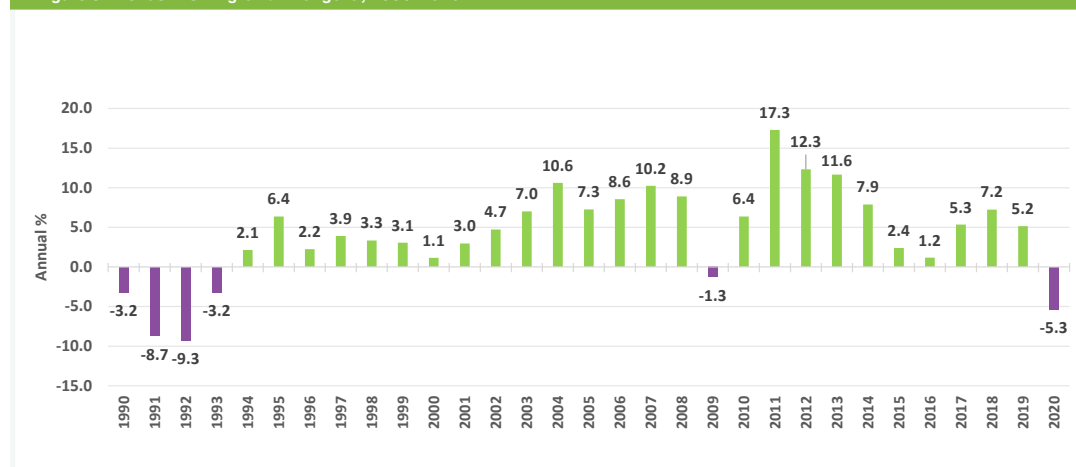
Source: National Statistics Office of Mongolia: Annual Household Census

## 2.2 Macroeconomic Overview

Mongolia gained independence from China in 1921 with support from Soviet Union. Mongolia's Socialist era was characterised by decades of persistent efforts to transform the country from a nomadic agricultural economy to an industrial economy, along with large budget deficits arising from large investment loans from the Soviet Union in the early 1980s, a subsidy-dependent industrial base, low livestock productivity, and shortages of basic consumer goods. The collapse of the former Soviet Union in 1990 ended Mongolia's Socialist era, leading to the rise of a democratic multi-party system and the subsequent transition from centrally planned system to market economy (UNESCO, 2019).

The country has extensive deposits of copper, gold, coal, molybdenum, fluorspar, uranium, tin, and tungsten. Largely on the strength of its extractive resources, Mongolia's annual economic growth reached its peak in 2011 at 17.3% (Figure 3), making it the then fastest growing economy in the world. Since 2011, growth has slowed significantly, measuring 1.2% in 2016 due to sharp declines in foreign direct investments and its dependence on China as its main export market. Yet, investments in manufacturing, utilities, and construction have increased across this period. The manufacturing sector accounts for 11% of the GDP – about half of the mining sector's contribution. This excessive dependence on mining revenues exposes the economy to global price fluctuations (ILO, 2017). The Country's economic growth averaged 5.9% during 2017–2020, boosted by stronger external demand and a recovery in foreign direct investments (World Bank, 2021).

Figure 3. Trends in GDP growth Mongolia, 1990–2020



Source: World Bank Group, World development indicators

**COVID-19 has put the economy under deep pressure**, despite resolute actions taken by the GoM to contain the virus. Gross domestic product contracted by 5.3% in 2020, its worst contraction since the early 1990s (ADB, 2021). A sharp decline in global demand for key commodities and border closures with China were among the key external factors that crippled the mining-led economy. The services sector was hit hard by containment measures. While a series of government relief and stimulus packages in the form of tax relief and income support helped mitigate the impact of COVID-19 on households and businesses, it took a significant toll on the budget. The fiscal gains of the past three years have rapidly eroded with the overall budget deficit rising sharply to 9.5% of GDP. Consequently, government debt as a share of GDP has increased again in 2020, reversing the downward trend of recent years. Inflationary pressures remained subdued in 2020, mostly driven by weak domestic demand and lower oil prices (World Bank, 2021).

## 2.3 Labour Market Situation in Mongolia

**The labour market in Mongolia differs significantly from other countries in the region or from those at a similar development level.**

Mongolia is very sparsely populated and subject to harsh climate with extreme differences in seasonal temperatures. These contextual factors influence the nature of employment, which is highly seasonal in many sectors, and challenge the provision of labour market services throughout the country (World Bank, 2021). Furthermore, structural economic changes have been accompanied by two important demographic shifts: (a) high share of youth population and (b) internal migration to capital city and have imposed additional pressure on labour markets (Alzúa, Batbekh, Batchuluun, Dalkhjav, & Galdo, 2020). The Policy note on Maximising Returns on Human Capital Investment in Mongolia emphasises that the country is allocating its human resources inefficiently due to imbalances across the economic cycle, across seasons, resulting into decreased labour participation, high unemployment, and job mismatches (World Bank, 2020).

**Mongolia's labour force participation rates have declined gradually over the last two decades, modestly reflecting greater educational participation.**

Before the transition, the Mongolian labour market was characterised by high labour force participation that reached more than 75% in the early 1990s. According to official statistics, unemployment was non-existent because an “everyone should work” policy was in place. Only after 1992 did Mongolia begin measuring and reporting unemployment rates. Economic reforms implemented in the 1990s and afterward, including privatisation and price liberalisation, led to structural changes in Mongolia's economy, vastly transforming Mongolian labour markets (Alzúa, Batbekh, Batchuluun, Dalkhjav, & Galdo, 2020). Indeed, labour force participation began to fall consistently in the last decades (See Table 1). From 2<sup>nd</sup> quarter of 2021 total population of 3.3 million, **Mongolia has over 2 million working age population** (defined as those aged 15 years and above), of which 56.8% are participating in the labour market. According to the latest Annual report of Labour Force Survey, rural areas have a higher labour force participation rate as well as employment rates than in the urban capital of Ulaanbaatar.

**In 2021, Mongolia's unemployment rate stands at an astonishingly high 8.4%; the rate is 2.2% higher than the global average<sup>1</sup>, and it never dropped below 7% between 2011 to 2021.**

Table 1. Population employment indicators 2000-2021

Indicators	2000	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 Q2
Population of working age ('000)	1,347	1,798	1,812	1,937	1,941	2,023	2,107	2,220	2,227	2,106	2,127	2,123
Labour force population ('000)	848	1,125	1,151	1,198	1,207	1,244	1,276	1,357	1,358	1,273	1,250	1,207
Employed population ('000)	809	1,038	1,056	1,103	1,111	1,151	1,147	1,238	1,253	1,146	1,162	1,105
Unemployed ('000)	39	87	94.7	94.7	95.8	92.6	127.8	119	105.6	127.7	87.6	101.3
Labour Force Participation rate % <sup>2</sup>	62.9	62.5	63.5	61.9	62.1	61.5	60.5	61.1	61.0	60.5	58.8	56.8
Employment rate % <sup>3</sup>	60.0	57.7	58.3	57.0	57.2	56.9	54.5	55.8	56.3	54.4	54.6	52.1
Unemployment rate % <sup>4</sup>	4.6	7.7	8.2	7.9	7.9	7.5	10.0	8.8	7.8	10.0	7	8.4

Source: National Statistical Office of Mongolia: 1212.mn

<sup>1</sup> OECD, Global Unemployment Rate: 6.2%, accessed in Oct, 2021: <https://www.oecd.org/sdd/labour-stats/unemployment-rates-oecd-update-september-2021.html>

<sup>2</sup> Labour force participation rate figured by the ratio of number of labour force and working age population. Labour force participation = Number of labour force /

Number of working age population \* 100%

<sup>3</sup> Employment rate = Number of employed population / Number of working age population \* 100%

<sup>4</sup> Unemployment rate = Number of unemployed population / Number of labour force \* 100%



Productivity of employment is another labour market problem as a large share of employment is in low-productivity sectors and jobs (RAND, 2015). As such, youth unemployment and inactivity issues are key policy points in Mongolia, which will be discussed in detail in the following sections.

**Agriculture has remained the largest employer in the country since 2000, although its share is declining, owing to the rise of the construction and mining sector in Mongolia.**

Agriculture jobs made up 48.6% of the total employed in 2000. However, the sectoral composition of employment shows a continuous shift away from herding and agriculture – mirrored by strong internal migration from provinces to the city of Ulaanbaatar. Agriculture's employment share fell to 26.3% in 2021. It is noteworthy that the mining sector, a key driver of economic growth – accounts only 5.2% of total employment (Table 2).

Table 2. Sectoral share of employment 2010-2021

Sectors	2010	2015	2016	2017	2018	2019	2020	2021 Q2
Total employed population ('000)	1,034	1,151	1,148	1,238	1,253	1,146	1,162	1,105
Agriculture, forestry, fishing, and hunting	33.5%	28.5%	30.4%	28.8%	26.7%	25.3%	23.8%	26.3%
Wholesale and retail trade, repair of vehicles and motorcycles	14.1%	15.5%	15.0%	16.5%	16.9%	14.0%	14.3%	13.8%
Education	8.3%	7.7%	8.3%	8.0%	7.9%	8.4%	9.5%	8.4%
Manufacturing	6.3%	7.1%	7.5%	7.5%	8.0%	7.9%	7.7%	7.9%
Construction	4.7%	7.7%	6.2%	5.7%	6.1%	6.0%	6.6%	7.7%
Mining and quarrying	3.3%	3.7%	3.3%	4.2%	4.6%	5.1%	4.4%	5.2%
Transportation and storage	7.4%	6.3%	5.7%	5.9%	5.9%	5.3%	5.7%	4.6%
Public administration and defence, compulsory social security	5.9%	5.9%	6.5%	6.6%	6.1%	7.5%	7.2%	7.5%
Hotel, accommodation, and food service activities	2.7%	3.3%	2.8%	2.9%	3.0%	3.2%	2.6%	3.6%
Information and communication	1.4%	1.4%	1.6%	1.2%	1.1%	1.1%	1.6%	1.5%
Financial and insurance activities	1.5%	2.1%	1.9%	1.9%	2.1%	2.1%	2.5%	2.2%
Real estate activities	0.0%	0.1%	0.1%	0.0%	0.1%	0.1%	0.3%	0.2%
Professional, scientific, and technical activities	0.9%	1.2%	1.1%	1.0%	1.2%	1.6%	1.0%	0.5%
Administrative and support service activities	0.9%	1.4%	1.3%	1.7%	1.5%	1.8%	1.6%	1.4%
Human health and social work activities	3.9%	3.3%	3.6%	3.2%	3.9%	3.9%	5.2%	3.8%
Arts, entertainment, and recreation	0.8%	1.1%	0.9%	0.8%	1.1%	1.6%	0.9%	0.8%
Other service activities	2.1%	1.8%	1.7%	1.8%	1.9%	2.1%	2.6%	2.1%
Electricity, gas, steam, and air conditioning	1.2%	1.4%	1.4%	1.4%	1.3%	1.7%	1.2%	1.8%
Water supply, sewerage, waste management, and remediation activities	0.8%	0.5%	0.5%	0.4%	0.5%	0.9%	0.7%	0.6%
Activities of households as employers	0.1%	0.1%	0.1%	0.2%	0.1%	0.3%	0.3%	0.1%
Activities of extraterritorial organisations and bodies	0.2%	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%	0.0%

Source: National Statistical Office of Mongolia: 1212.mn

### There is a rise in informal employment as well as SMEs in recent years.

Employment within the informal sector has become a major source of income and livelihood for many households (SICA, 2021). As of 2020, total 481 thousand people (or 41.4% of total employed population) are employed in the informal sector including animal husbandry (herding). Informal employment is often considered low in productivity and wages, and it is measured according to guidelines recommended by the 17<sup>th</sup> International Conference of Labour Statisticians (ICLS). It includes the following sub-categories of workers: (a) paid employees in “informal jobs”, that is, jobs without social security entitlement, paid annual leave or paid sick leave; (b) paid employees in an unregistered enterprise with less than five employees; (c) own-account workers in an unregistered enterprise with less than five employees; (d) employers in an unregistered enterprise with less than five employees; and (e) contributing family workers. Informal employment is prevalent and particularly significant for seasonal workers, rural-to-urban migrants, and youth (ILO, 2017).

There are 69.5 thousand active companies and employers in Mongolia and 83.6% employ 1-9 people, 12.8% employ 10-49 people, and 3.5% employ 50 or more people (SICA, 2021). It is evident that the economy is dominated by micro and small enterprises employing less than 9 people.

The average monthly salary has been growing steadily, but so have inflation and exchange rates (Table 3). In the second quarter of 2021, the average monthly salary reached 1.33 million MNT while minimum wage was 420 thousand MNT per month (Research Institute for Labour and Social Protection, 2021). Employees earning less than the minimum wage accounted for 8% of the total workforce.

Table 3. Average salary and related economic indicators 2015-2021

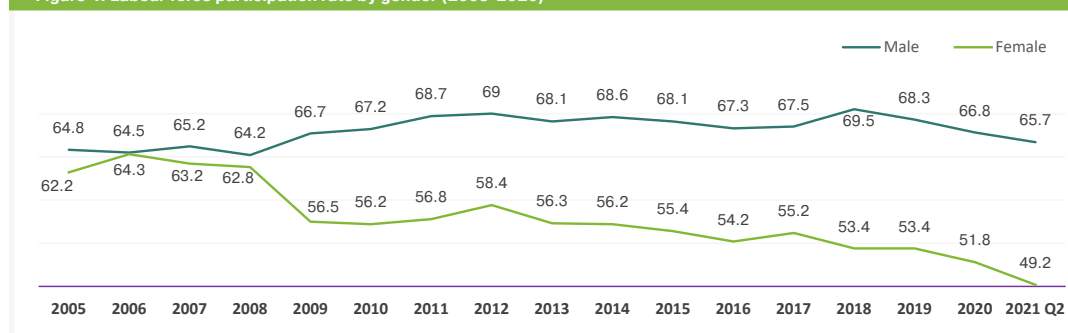
	2015	2016	2017	2018	2019	2020	2021 (by Aug)
Inflation rate (%)	1.9	1.3	6.4	8.1	6.7	3.72	8.9
1 USD = MNT	1,996	2,490	2,427.1	2,644	2,631.9	2,779	2,849
Average salary (thousand MNT)	808	861.9	944.5	1,002.9	1,124.3	1,220.6	1,330.4

Source: National statistical Office of Mongolia: 1212.mn and mongolbank.mn

### Gender disparities in Mongolia's labour market are evident, despite women being more educated than their male peers.

Female labour force participation has consistently declined since 2006 and the gender gap in labour force participation rates increased by more than six times from 2.6% to 16.5% in the last fifteen years (Figure 4).

Figure 4. Labour force participation rate by gender (2005-2020)



Source: National Statistical Office of Mongolia: 1212.mn

Employed women have consistently lower average earnings than employed men; in the fourth quarter of 2020, men on average earned 21.5% more per month (Research Institute for Labour and Social Protection, 2021). Jobs typically pursued also vary by gender. Men are working predominantly with machinery and in construction, while most women work in service and sales (SICA, 2021). Women, particularly in rural areas, have informal sector jobs or unpaid family work, and are less active in entrepreneurial endeavours (Schmillen, Sandig, & Nina-Weimann, 2018). Qualitative research conducted by the World Bank in 2018, outlines the constraints underlying the gaps, which include traditional norms and values in the workplace, eldercare, and childcare facilities that are inadequate in quality and quantity. This complements the findings from Lorinet Foundation's Early Childhood Education (ECE) Landscape Mapping Study – 2019, which drew attention to lack of preschool education access for the most disadvantaged and vulnerable children despite the overall increase in enrolment rates. The cost of such exclusion accrues not only to the child, but to caregivers who are kept out of the labour market, and to society. On average, Mongolian women are better educated than their male peers, yet they are less likely to make use of this education (Schmillen, Sandig, & Nina-Weimann, 2018).

**Mismatch of labour market demand and supply is the biggest challenge for Mongolian labour market, particularly for SMEs.**

The demand for labour in transportation, communication, hotel and restaurants, and construction sectors remains mostly unmet. For example, investment projects specified in Mongolia's medium-term plan faced serious labour force shortages in road construction, where the available supply of qualified engineers, specialists, and skilled workers could meet only half of the overall labour required (MECSS; World Bank, 2020). Furthermore, a recent survey of labour market demand indicates that high unemployment in Mongolia goes side by side with high shortages of workers in wholesale and retail sectors, and manufacturing (Research Institute for Labour and Social Protection, 2021). Many employers hire foreign skilled workers to meet demands that cannot be met domestically. This demonstrates that the mismatch is strong in many sectors of the economy.

Though Mongolia's education system seems to be at par with the rest of Asia and Pacific region, the education and training systems have not succeeded in adequately equipping students with skills that are in high demand (SICA, 2021). The higher education and TVET institutions prepare people who lack employability skills and as well as applied skills, and they are not meeting the employers' skills requirements. In other words, Mongolia's education and training system have resulted in skilled labour shortages and skills mismatches due to siloed relationship with industry and lack of quality and relevance of curricula and teaching-learning methods (SICA, 2021). Several studies and interviews with the relevant stakeholders highlighted that a lack of knowledge and participation among employers has been exacerbating the labour market mismatch.

Finally, due to lack of data and scattered information, there are no systematic labour market diagnostics or comprehensive analysis of labour market conditions and developments (World Bank, 2020). Moreover, the GoM has long aimed at improving the functioning of the labour market and access to jobs through employment support policies such as public employment services and active labour market programmes. However, these efforts have suffered from several design flaws, in particular a widespread focus on supply instead of demand (World Bank, 2020). Chapter five and seven will provide an overview of the relevant policies and current efforts being carried out by the GoM.

# 3

A woman with short dark hair, wearing a blue button-down shirt under a dark blue sweater, stands behind a table covered with a white cloth. On the table are several baskets and boxes containing various handicrafts, including a small wooden house, a doll, a box with a compass, a basket with a white bow, a basket with Christmas cards, a basket with a pink knitted rabbit, and a basket with a blue and white patterned bag. The background is a plain light green wall.

## THE SITUATION OF YOUTH EMPLOYABILITY IN MONGOLIA

This chapter presents an overview of the youth population demographics, the roles young people undertake in the labour force, the situation of youth employability, and the trends in the labour market, along with the associated challenges among the youth in Mongolia.



### 3.1 Overview of the Youth Population

Mongolia's population is dominated by children and young people – 62.5% of the population is below age 34. Currently, the youth (ages 15-29) constitute **21.5%** (or **720,624**) of Mongolia's total population. See Figure 5 for gender and age distribution of the youth population.



Source: National Statistics Office of Mongolia: 1212.mn

The population is fairly distributed across age groups (15-19 years: 30.5%, 20-24 years: 32.9%, and 25-29 years: 36.7%) and evenly divided between females (49.4%) and males (50.6%). According to the 2020's Household Census, 42% of the youth (15-29 years) were residing in Ulaanbaatar city (See Table 4.)

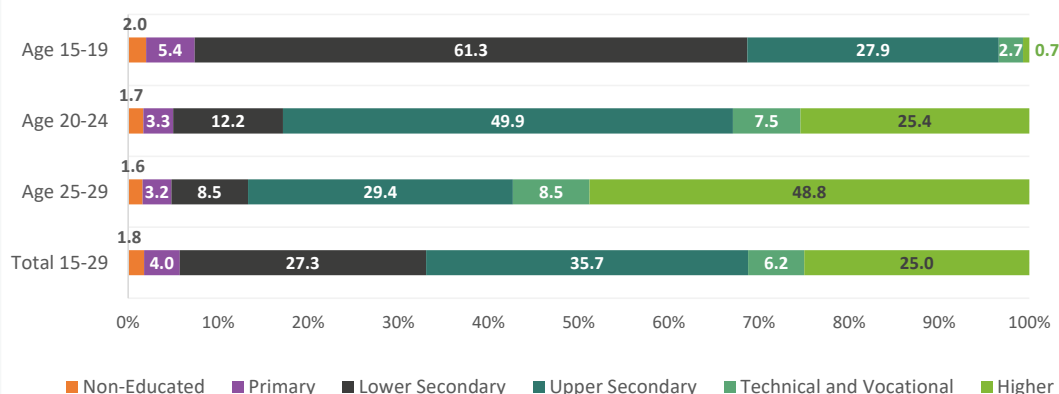
**Table 4. Youth residing in Ulaanbaatar city, by age group**

Age groups	Number of youth in UB	Percentage of youth in UB
Age 15-19	85,331	39% of 15-19 years
Age 20-24	88,901	39% of 20-24 years
Age 25-29	120,581	47% of 25-29 years
<b>Total 15-29</b>	<b>294,813</b>	<b>42% of total youth (15-29 years)</b>

Source: National Statistical Office of Mongolia: 2020 Population and Housing Census

Most of the youth population have at least a secondary school education and 25% have completed a college or university degree – meaning a four-year bachelor's or above (Figure 6). Although literacy is high with this population, 1.8% (or 12,971 individuals) have no-education at all and almost one-third failed to reach the upper secondary levels. **This finding proved that despite GoM's success in expanding access to education, there is still a percentage of youth that has very low levels of human capital and is in need for fresh learning opportunities.**

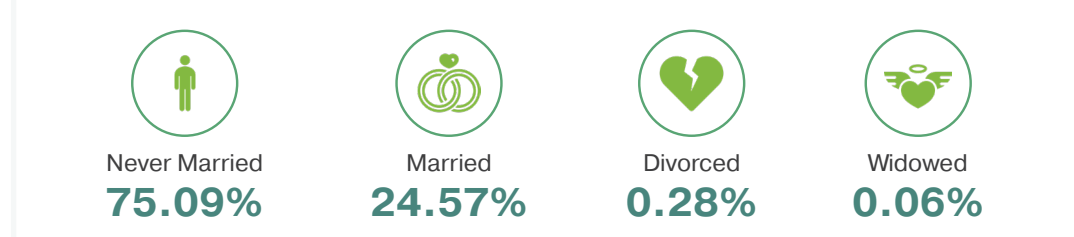
Figure 6. Percentage distribution of youth (ages 15-29), by highest level of education completed by 2020



Source: National Statistical Office: 2020 Population and Housing Census

2020 Population and Housing Census data on marital status of youth (ages 15-29 years) shows that the majority of youth (75.09%) reported as “Never Married”; “Married” constitutes about 24.57% (Picture 2). As the majority of the group is unmarried, it can be inferred that among those who are married, most belong to the 25-29 age group and have additional responsibilities to their families.

Picture 2. Percentage distribution of youth (ages 15-29) by marital status, 2020



Source: National Statistical Office of Mongolia: 2020 Population and Housing Census

**UNDP’s Human Development Report highlighted that those in the 15-29 age group are a large, heterogeneous group.** The younger age cohorts – the 15-19 and 20-24 age-groups – are substantially different from the older cohort, the 25-29 age-group. Their life situations including family responsibilities define their needs; their aspirations for jobs and challenges too are different, as outlined below:

- The 15–19 age-group (more than 219,000 individuals in 2021) needs universal access to good-quality education, including life skills-based health education, sports and leisure facilities, and adolescent-friendly health services for healthy physical, emotional, and psychological development.
- The 20–24 age-group (nearly 237,000 individuals in 2021) requires appropriate good-quality tertiary or vocational education and skills development that can prepare them for future employment.
- 25–29 age-group (more than 219,000 individuals in 2021) most of them are entering or becoming stable in the job market, marrying, forming families, or becoming parents. Among this group, the key concerns are building careers, earning good incomes, possessing independent accommodations, acquiring high-quality nutrition, caring for children, and gaining access to good family planning services. Even when people in this age-group have jobs, it is estimated that more than 60% lack sufficient income to cover their daily needs; 50% require the support of others to survive, and 60% of those who are married are still living with their parents.

It should be noted that among the 15-29 age group, there are youth that are marginalised, homeless, living below the poverty line, in correctional institutions, addicted to alcohol, and suffering from sexual, physical, or emotional abuse, and youth who receive little to no support from families, schools, or communities. Young people with mental or physical disabilities and young people who identify as LGBTI often face discrimination at work, school, public places, and even within the household (UNDP, 2016).

The report also elucidated the importance of addressing the age-specific priorities and concerns of diverse youth groups and highlighted the need for inclusion of marginalised and hard-to reach young people.

### 3.2 Youth in the Labour Market

This section provides comprehensive information and associated challenges on the employment situation of young people in Mongolia.

Box 1 gives a snapshot of the entire section.

#### Box 1. Youth Employment Factsheet



Total of youth are  
in the Labour Force

**260,436**

**21.5%**  
of the country's  
labour force.

### Labour Force Participation

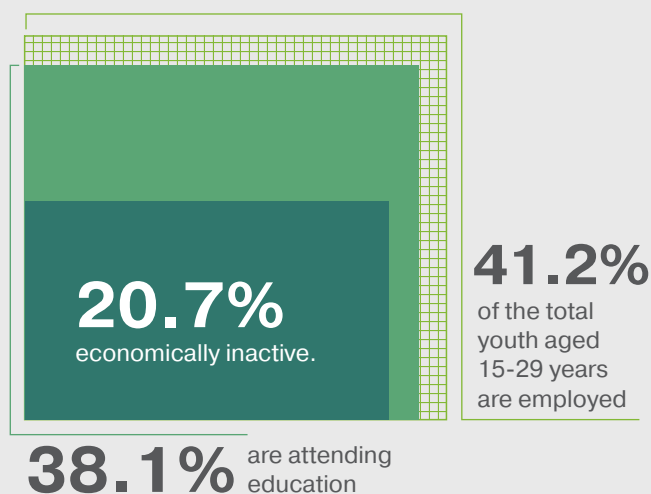
Youth Labour Force  
Participation rate is

**43.5%**

COMPARED TO

**56.8%**

for the entire working  
age population.



Agriculture, Whole- and retail-sale, and Construction are main employers for the Mongolian youth. Mining and quarrying, although economically significant, do not absorb as many workers.

Majority of the employed youth are paid employees. Many young people are wary of starting a business, and they don't regard it as a viable employment option.



**ONLY 0.7%**

of employed young persons aged 15-29 were business owners with employee



**ONLY 0.5%**

owner-operators of companies without employee.

### The informal economy is widespread:

**80%** of 15-19 age-group



**33%** of 20-29 age-group work in informal economy



The quality of jobs remains a big challenge in Mongolia.



One-third of the employed youth population is living below the poverty line.



Promoting young women's labour force engagement and employment requires tailored interventions.



Part time or flexible employment opportunities are limited for students and young mothers.



Employment opportunities and support for youth with disabilities are extremely limited.

### Pertaining to labour force participation,

The unemployment rate of youth aged 15 -29

**14.3%** nearly two times higher than the National average.

There are  
**37,137**  
young people  
(15-29) looking  
for a job actively

they constitute  
**36.7%**  
of total unemployed  
population in  
nationwide.



Almost one-fifth of the young female labour force have been struggling to secure employment over the past decade.



Over one-third of unemployed youth (15-29) were concentrated in Ulaanbaatar.



1 in 5 young people aged 15-29 are Not in Education, Employment or Training (NEET) in Mongolia.



Half of the NEET youth (15-29) are living in Ulaanbaatar.



### 3.2.1 Youth Labour Force Participation

The manner Labour Force Participation is defined provides a skewed picture of an otherwise higher unemployment rate in Mongolia.

In Mongolia, the working age population is defined as those aged 15 years and above and classified into two types (1) total labour force and (2) outside of labour force. The population that is included in the total labour force refers to workers who are available for employment, either employed or unemployed. On the other hand, the population outside of the labour force are those who are neither in employment nor classified as unemployed due to household work, studying, or unable to work due to illness, disability, or any other reason. This group may also include those who, in reality, are discouraged and no longer motivated to find a job, believing that there are no suitable jobs available for them. As they are not actively seeking jobs, they are not considered to be in the labour force. So, the actual unemployment rate could be much higher than reported.

As shown in the below table, the total number of youth (15-29 years) labour force has decreased by 22% over the past decade from 333,099 in 2010 to 260,436 in 2021, however their labour force participation remained at relatively stable average rate of 45.9% (Table 5).

Table 5. Total labour force between the ages of 15-29, 2010, 2016-2021 Q2

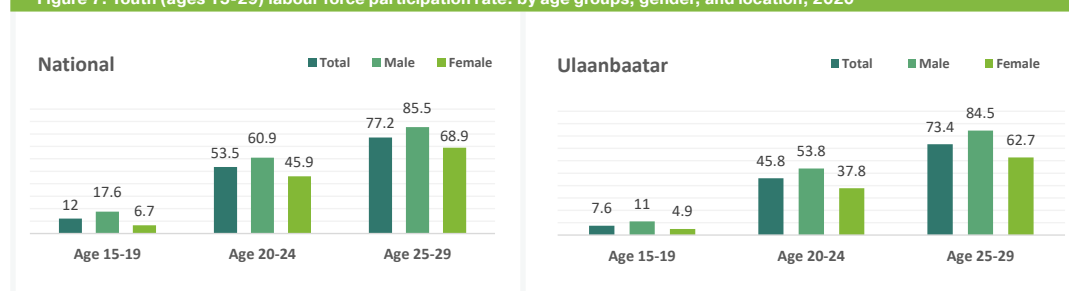
	2010	2016	2017	2018	2019	2020	2021 Q2
Total Youth (15-29) labour force	333,099	310,589	310,904	304,642	281,121	285,030	260,436
Youth (15-29) LFP rate	45.9%	46.6%	45.4%	45.5%	47.7%	47.2%	43.5%

Source: Author calculated from NSO, 1212.mn's data

As of the second quarter of 2021, 43.5% of young people aged 15-29 were in the labour force in Mongolia, and they constituted 21.6% of the total work force. Moreover, according to the Population and Housing Census of 2020, 44.1% of the total youth labour force were residing in the capital Ulaanbaatar.

Disaggregation of youth labour force aged 15-29 years by age groups reveals significant differences in the labour force participation. More than 70% of the people aged 25-29 were in the labour force as the majority of this age group have finished their education. Nearly half of the youth aged 20-24 and only around 10% of youth aged 15-19 were in the labour force. This makes sense, given that many people aged 20-24 are still finishing their tertiary or vocational education, and most of the youth ages 15-19 are enrolled in secondary school, TVET institution, or a college or university.

Figure 7. Youth (ages 15-29) labour force participation rate: by age groups, gender, and location, 2020



Source: Author calculated from NSO, 1212.mn's data

**Youth labour force participation differs across locations. It also differs with respect to gender.**

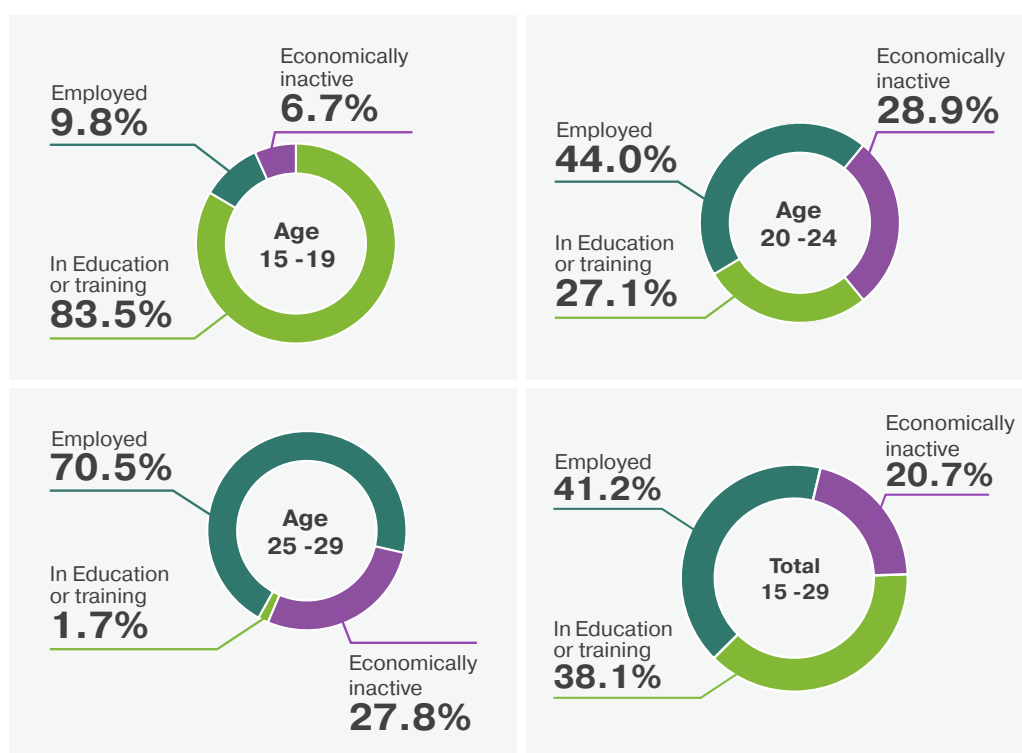
Labour force participation rate in Ulaanbaatar city is moderately lower than the national level across all age groups within the 15-29 age range, and this is due to the availability of more educational opportunities in the capital city. This implies that, if given the opportunity, the youth would prefer upskilling themselves to directly entering the labour force. Significant difference across genders could be explained by either higher educational attainment among women or caregiving duty of young women (see above Figure 7).

### 3.2.2 Youth Economic Activity

**Per the Labour Force Survey data, a very high percentage of the youth aged 15-29 years 20.7% is economically inactive. Educational participation is valued most by 15-19 and least by 25-29.**

There were notable differences in economic activities across the age groups. Most of youngest cohort (15-19) – 83.5% was in education, while almost 10% was employed and the rest 6.7% economically inactive<sup>5</sup>. The share of the economically inactive group was highest among the youth aged 20-24 – 28.9%, although over 70% of them were either employed or in education. On the other hand, for the youth aged 25-29, a mere 1.7% were under any educational participation, while 70.5% were employed (Figure 8).

Figure 8. Youth (ages 15-29) economic activity, by age groups, 2020



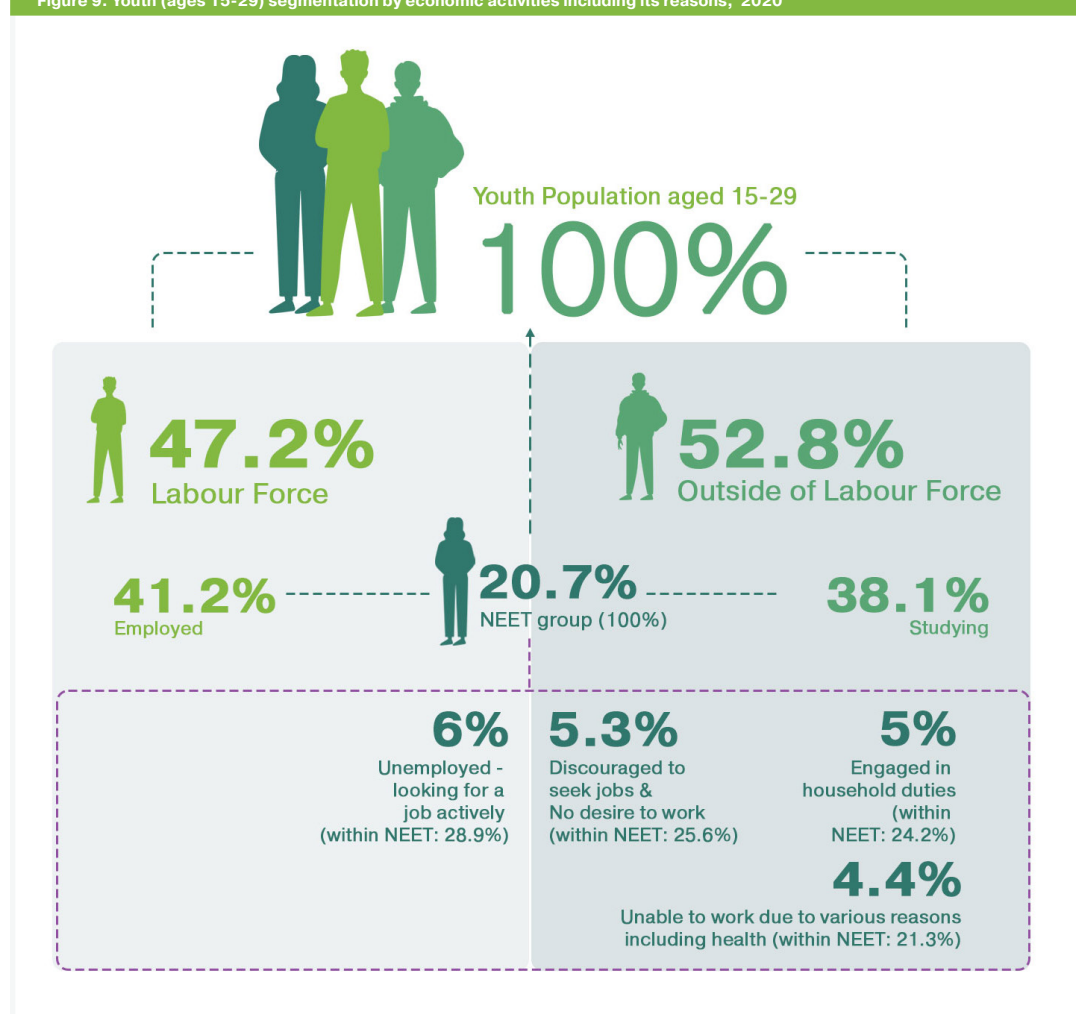
Source: Author calculated from data provided by NSO's Labour Force Survey department

<sup>5</sup> Economically inactive group includes those who are unemployed, discouraged job seekers, not interested in working, unable to work due to illness and disability, household duties and others.

## Reasons for Youth inactivity

Due to data limitations of the Labour Force Survey and Population and Housing Census, it is not possible to fully investigate the problem and identify the root cause of young people being economically inactive. For example, while 5% of the youth population is economically inactive due to housework (below Figure 9), the data doesn't show how many of them were providing childcare or how many of them were engaged in other household work. However, it is worth mentioning that around 85 thousand young mothers (aged 15-29) gave birth in the last two years according to statistics, and a portion of them were possibly providing childcare, and not able to work. Section 3.3 (NEET group) will elaborate further about the inactive youth who are not in employment, education, or training (NEET) in Mongolia.

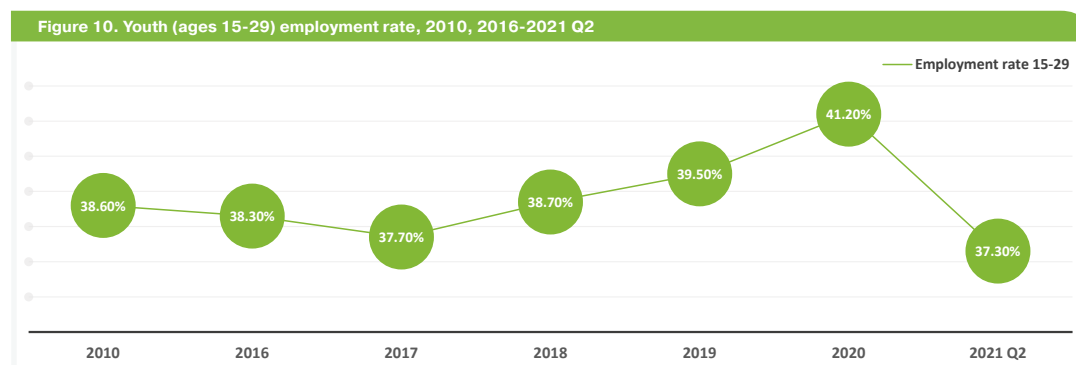
Figure 9. Youth (ages 15-29) segmentation by economic activities including its reasons, 2020



Source: Author's estimation based on NSO's 2020 Population and Housing Census and Labour Force Survey data<sup>6</sup>

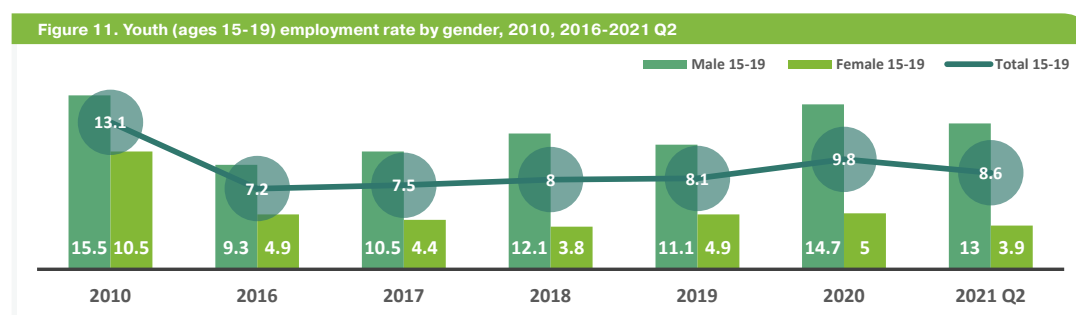
### 3.2.3 Youth Employment

Employment rate of this age group has been rising gradually over the past decade.



Source: Author calculated from NSO, 1212.mn's data

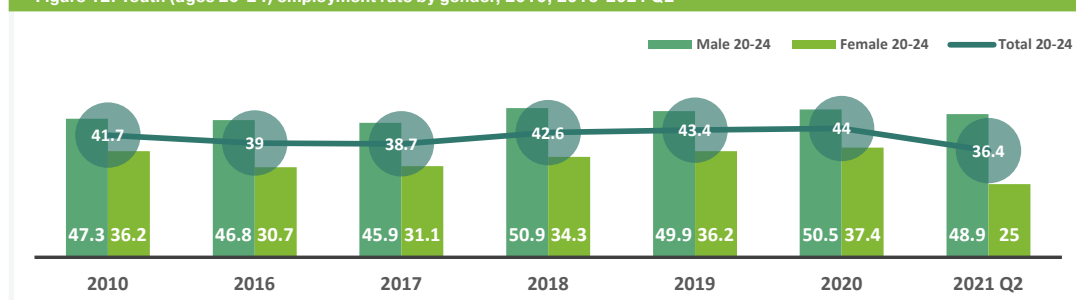
Overall, 41.2% of young people aged 15-29 were employed in 2020, which dropped to 37.3% in the second quarter of 2021 (Figure 10). According to the Labour Force Survey (LFS), the employment rate for those aged 15-19 dropped since 2010, reflecting greater educational participation, especially among the women in this group. This means that only 3.9% of young women were employed while 13% of young men aged 15-19 were employed by the second quarter of 2021. Gender gap in employment rate within this group is 9.1% (Figure 11).



Source: National Statistical Office: 1212.mn

Similarly, the employment rate for young women aged 20-24 has significantly declined in the second quarter of 2021 – this could be explained by the effects of the pandemic such as closure of businesses, schools and kindergartens. Gender gap in employment rate within this group is 23.9%. Almost half of young men aged 20-24 were employed, while 25% of young women aged 20-24 were employed (Figure 12) in the same period.

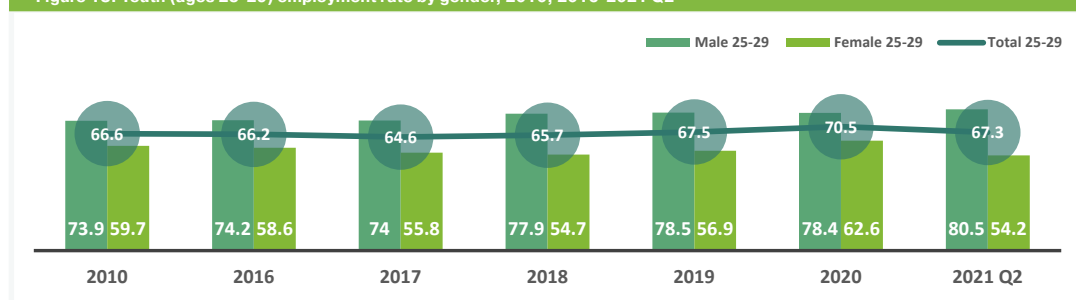
Figure 12. Youth (ages 20-24) employment rate by gender, 2010, 2016-2021 Q2



Source: National Statistical Office: 1212.mn

Overall employment rate for the oldest cohort (aged 25-29) was the highest compared to younger cohorts, as 80.5% of young men were employed while over half of women of this age cohort were in employment by the second quarter of 2021. Employment rate gender gap of this age group is highest (26.3%) compared to the younger cohorts (Figure 13).

Figure 13. Youth (ages 25-29) employment rate by gender, 2010, 2016-2021 Q2



Source: National Statistical Office: 1212.mn

In conclusion, there are clear gender imbalances in terms of both labour force participation and employment; labour productivity of the female youth population in Mongolia are substantially under-utilised.

**Agriculture, Whole- and Retail-sale, and Construction are main employers for Mongolian youth.**

Table 6. Sectoral share of youth employment, by age groups, 2021 Q2

Sectors	Age 15-19	Age 20-24	Age 25-29	Age 15-29
Total employed	17,967	67,232	138,098	223,297
Agriculture, forestry, fishing, and hunting	46.5%	29.3%	18.1%	23.8%
Wholesale and retail trade, repair of vehicles and motorcycles	13.4%	7.6%	13.3%	11.6%
Construction	16.8%	14.3%	8.6%	10.9%
Manufacturing	7.9%	7.2%	10.2%	9.1%
Public administration and defiance, compulsory social security	1.1%	4.7%	10.2%	7.8%
Education	0.0%	4.3%	6.7%	5.4%
Mining and quarrying	3.7%	7.9%	4.3%	5.4%
Human health and social work activities	0.0%	3.7%	6.4%	5.1%
Transportation and storage	0.0%	6.2%	3.7%	4.2%
Hotel, accommodation, and food services	9.5%	4.6%	3.1%	4.1%
Information and communication	0.0%	1.9%	4.6%	3.4%
Financial and insurance activities	0.0%	4.6%	2.5%	3.0%
Real estate activities	0.0%	0.0%	0.4%	0.2%
Professional, scientific, and technical activities	0.0%	1.2%	1.2%	1.1%
Administrative and support service activities	0.0%	0.4%	1.4%	1.0%
Arts, entertainment, and recreation	0.0%	0.1%	1.7%	1.1%
Other service activities	0.9%	1.0%	1.2%	1.1%
Electricity, gas, steam, and air conditioning	0.0%	0.9%	0.9%	0.8%
Water supply, sewerage, waste management and remediation activities	0.0%	0.0%	1.4%	0.9%

In the second quarter of 2021, almost half of the young people aged 15-19 years were employed in agriculture. This is largely due to Mongolian rural households being largely active in the agricultural sector, especially in herding/animal husbandry. Construction sector absorbed 16.8%, and a significant number of this age group was employed in the wholesale/retail trade and hotel/food service industry. For the youth aged 20-24 years, a similar sectoral trend was observed, and agriculture and construction sectors were still the main employers for this cohort. However, workers aged 20-29 years were employed in more diverse sectors compared to the youngest cohort according to the table shown (Table 6).

### Majority of employed youth in Mongolia are paid employees.

As stated in the labour market statistics of 2020, in terms of employment status, 65.8% of young workers were paid employees, while 26.4% were self-employed workers but without employees (mostly in animal husbandry in rural areas) as shown below Table 7.

### Agriculture, Whole- and Retail-sale, and Construction are main employers for Mongolian youth.

Table 7. Youth employment status, by age groups, 2020<sup>7</sup>

Employment status	Age 15-19	Age 20-24	Age 25-29	Age 15-29
Employers	0.3%	0.9%	1.7%	1.3%
Self-employed workers without employee	42.2%	28.5%	23.2%	26.4%
Dependent contractors	0.0%	0.0%	0.1%	0.1%
Paid employees - Permanent employees	11.8%	29.8%	32.4%	29.8%
Paid employees - Short-term employees	11.6%	27.2%	32.4%	29.0%
Paid employees - Casual employees	11.5%	6.5%	6.5%	6.9%
Paid employees - Paid apprentices, trainees, and intern	0.0%	0.1%	0.1%	0.1%
Contributing family workers	21.2%	6.3%	3.4%	5.8%
Employees not covered by these statuses	1.0%	0.8%	0.1%	0.4%

Source: Author calculated from NSO, 1212.mn's data

Latest Labour force survey's annual report of 2019 contained an important analysis comparing educational level and employment status of youth as shown in Picture 3. Conclusively, better-educated youth are more likely to hold wage employment that usually serves as a proxy for formal employment, while non-educated or youth with primary education were mostly working as self-employed mostly in the informal economy (Picture 3).

Picture 3. Comparison of youth education and employment status, by %, 2019

	Not educated	Primary	Lower secondary	Upper secondary	Technical & vocational	Specialized secondary	Diploma & Bachelor	Master
Employers	0.0%	0.0%	0.3%	0.6%	0.1%	0.0%	0.9%	0.0%
Independent workers without employees	36.4%	56.0%	38.0%	23.0%	13.0%	5.2%	9.4%	0.0%
Dependent contractors	0.0%	1.3%	3.7%	0.6%	0.9%	0.0%	0.2%	0.0%
Paid employees	34.3%	4.2%	32.0%	64.9%	78.4%	93.2%	88.2%	100.0%
Contributing family workers	21.2%	37.5%	25.2%	9.1%	7.2%	1.6%	1.3%	0.0%
Employees not covered by these statuses	2.1%	1.0%	0.8%	1.8%	0.4%	0.0%	0.0%	0.0%

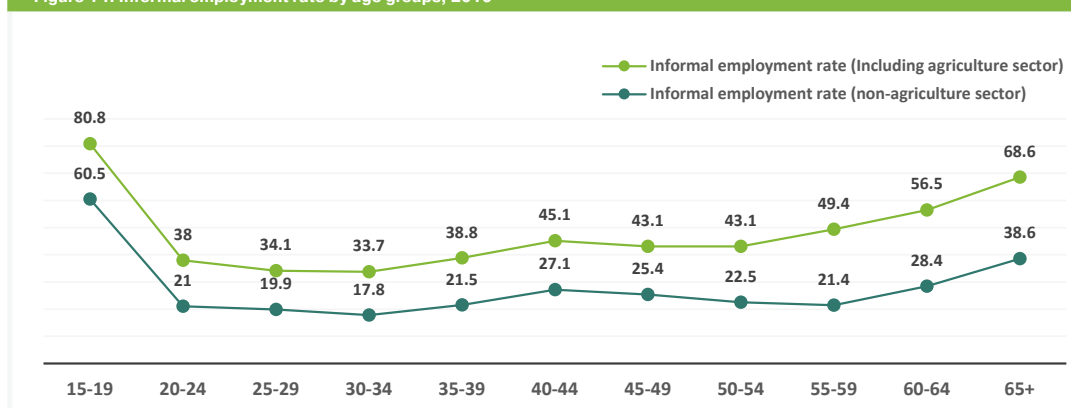
Source: Retrieved from NSO's Annual labour force survey, 2019

### Informal employment is widespread among young people.

One of the key aspects of Mongolian labour market is the informal sector. Young people are particularly at risk of being in informal work arrangements due to their lack of experience, limited access to labour market information systems and productive resources, and a low likelihood of trade union or other association memberships (ILO, 2017).

**Compared to other age groups, a large share of Mongolian young workers is in the informal economy – over 80% of employed youth aged 15-19 work informally and over one-third of the 20-29 age group were working in the informal economy in 2019** (See Figure 14). The higher incidence of informality among young workers compared to their adult counterparts partly reflects the large proportion of youth engaged in own-account work and household duties, both of which are associated with limited income stability and social security coverage.

Figure 14. Informal employment rate by age groups, 2019



Source: NSO, Annual labour force survey report, 2019

Furthermore (Picture 3), formal economy employment increases with each level of educational attainment, culminating in higher education where four of every five employed youth enjoys a formal sector job. It is important to note, however, that technical and vocational education is by no means a guarantee of employment in the formal economy. Indeed, 43% of employed youth with vocational or technical education settle for insecure jobs in the informal sector (ILO, 2017).

### The quality of jobs remains a big challenge for the youth in Mongolia.

**According to the Global Employment Trend for Youth 2017 report, young persons are three times more likely than the adults to be unemployed; and when young women and men find work, they are twice as likely to be in precarious employment (ILO, 2017).**

In theory, employed youth are gaining valuable work experience and practical skills that should set them on the path to a successful career and a bright future. In practice, however, many young workers engage in jobs of poor quality in Mongolia. In other words, securing employment doesn't necessarily prevent individuals from falling into poverty, avert social exclusion, or increase their well-being. Given that many young people are working in informal sector or low quality jobs, **placing young people in decent jobs is therefore essential and should be "all-time" priority for ALL<sup>8</sup>** i.e. jobs that are "productive, delivering fair income, security in the workplace and social protection for families, better prospects for development and social integration, freedom for people to express their concerns, organise and participate in the decision that affect their lives, and equality of opportunity and treatment for all women and men".

However, this issue is under-researched in Mongolia. Consultations with stakeholders and focus group discussions with the youth as part of this study revealed the following work challenges among the employed young persons:

- Inability to protect their labour rights due to lack of understanding on labour relations and laws
- Due to the above, not being able to reach consensus with the employer over working hours, performance evaluation, and job description, and therefore it leads to risk of working overtime and not being paid fairly or on time
- Young employee's rights are violated or affected due to lack of workplace standards and job descriptions at workplaces where human resource management and development policies are non-existent or poor quality. This is especially true for small businesses and informal economies

<sup>8</sup> ILO's definition



- Lack of orientational and occupational safety procedures, policies, and guidelines at workplace
- Young female workers face gender related (sexual) and workplace harassments
- Seemingly unjustifiable expectations from employers from young employees including working overtime and pressure deadlines, which eventually affects the mental health of young workers.

Consequently, these struggles faced by the employed youth negatively affect their future employment and often lead to youth's inability to gain valuable practical experience and skills at workplaces, securing stable employment and income, losing the desire to work due to anxieties and increasing the probability of returning to unemployment and becoming part of economically inactive youth group.

**It is crucial to take actions that require multi sectoral partnerships and efforts targeting both employers and young employees and directed at building awareness around decent work, sharing information and knowledge on labour relation standards, and prioritising and emphasising promotion of key legislative documents such as labour code.**

*" Young people prefer to work in a more flexible, productive, and friendly environment. However, organisations often impose their old culture on young people, making it difficult for young people to work stable within the organisation..."*

**– Quote from 7th Youth Civil Society Conference, 2021**

*"The job seekers do not have enough knowledge of the labour relations/ laws and decent work concepts, which leads them not to be able to protect their rights in the workplace..."*

**– Anonymous**

*"For young people, the working environment and supportive attitudes from colleagues are the most important factors. Even if some employers offer better salaries, and the workplace culture is toxic, all the passion will be lost. So, it is important for us to work somewhere where we feel needed and learn everything from the bottom, and contribute a lot..."*

**– Female (20 years old) participant of FGD**

**Youth don't fare well on wages: around one-third of the employed youth are living below the poverty line.**

According to the latest Wage Structure Survey that interviewed 2,546 enterprises nationwide in a formal economy, **average monthly wage for young people aged 16-25 was 817,000 MNT which is 11.8% less than the National average wage – 927,000 MNT** (Research Institute for Labour and Social Protection, 2019). The survey revealed that only 12.3% of surveyed enterprises had a performance-based wage system and a mere 3.4% had skill-based wage systems. Furthermore, 12.3% of the enterprises stated years of working experience as a key factor when determining salary level, while the majority of enterprises 65.8% reported “job title and responsibilities” as the main factor for determining a salary level.

**Similar to the adult population, gender-related differences exist in wages in the younger population – young women often have lower wages than their male counterparts** (ILO, 2017).

**Educational levels have a direct impact on wages.** It is found that employees who had Master's degrees earned 57.8% higher than the average salary; the difference for Bachelor degrees was 13.3% higher. ILO's Jobs and Skills for Youth, 2017 highlighted concrete evidence that education leads to higher income. According to the report, tertiary education appears to be an important determinant of earnings. The annual rate of return to education is estimated to be between 4.2% and 10% of the salary per year of education nationwide, and at least 7.6% in Ulaanbaatar. Having a university degree, for instance, means 85% higher wages, while a Master's degree may mean wages about 100% higher than the median wage of those with only compulsory education. This means an annual rate of return to education of 9.5% for those with a university degree. Holding a specialised secondary school diploma increased wages by 64% compared to the median wage of those with only compulsory education or below (ILO, 2017).

Income and Consumption Inequality Report concluded that interest towards employment of Mongolian people is decreasing rapidly due to extremely low pay rate, nationwide. It further emphasises that there is a high likelihood of falling into the classification of poor even if they are employed and this is due to the fact that expenditures exceed income causing inability to cover their living cost (National Statistical Office of Mongolia, 2020). NSO reported that one-third of employed youth are living below the poverty line in Mongolia.

It is noteworthy that salary information generated from official agencies such as National Statistical Office and Research Institute for Labour and Social Protection, have certain limitations such as (i) no disaggregation of data by age or gender in the statistic's database and (ii) no concrete information available on the wages of informal sector, or temporary employment that absorbs majority of young people as the wage survey covers only formal economy. According to ILO, own-account or self-employed workers, including those self-employed in animal husbandry, have the lowest earnings (ILO, 2017).

**Part time or flexible employment opportunities are few, and they are limited only to students and young mothers.**

**Another dimension of youth employment opportunities is the creation of student employment and part-time work opportunities** for young people in high school, vocational, and higher education institutions, who are willing to work at workplaces that offer skills- and experience-appropriate jobs and flexible working hours. Such opportunities allow them to earn money for their daily needs, learn to manage personal finances, and gain employability skills.

**Moreover, these types of employment prevent poverty whilst improving opportunities for future employment,** especially for students who are not financially supported by their families and pay their own tuition fees, or those who support their families while trying to not drop out of schools. Interviews with stakeholders show that young people have a great need for part-time work, but such opportunities are often limited.

While educational institutions are taking some steps in this direction, they have not yet been able to provide significant support. In the private sector, the creation of part-time work in large numbers requires macro-level policy support.

In recent years, a number of convenience stores and fast-food chains (such as CU, GS25, KFC, Pizza hut, Burger king etc.) have started operations in Mongolia, particularly in Ulaanbaatar, creating jobs for young people and students and providing on-the job training in compliance with international practices.

**Young women who are stay-at-home housewives or taking care of their young children can also benefit from part-time employment opportunities.** Such opportunities will not only provide them with income but also support continuous skills development, enable active participation in social interactions, and ease the entrance/ re-entrance to the labour market. Stakeholders working closely with local communities often pointed out that young mothers' psychological needs, social isolation, and lack of self-confidence were major barriers to returning to the labour market post-delivery of their children. This is especially true for young mothers residing in ger districts of Ulaanbaatar or rural provinces with limited access to childcare or preschool education services.

The other side of part-time work is the exploitation of young employees by underpaying their hourly wages, requiring overtime or physically intensive work without adequate equipment and proper orientation, and having no on-the-job training, which was revealed in our focus group discussions with the youth.

### 3.2.4 Youth Entrepreneurship and Self-Employment

Entrepreneurship is a transformative option to unlock income generation. Youth entrepreneurship creates decent work for young people, strengthens communities, and drives inclusive economic growth, but for the majority of young people, entrepreneurship is out of reach (YBI, 2021). Entrepreneurship offers important opportunities to help young people pursue resilient, successful, and meaningful livelihoods. It enables them to live their lives with dignity and contribute to local economies.

The report suggests that many youths worldwide are pushed towards entrepreneurship or self-employment by their restricted access to formal employment opportunities. Barriers they face include lack of qualifications required from employers such as educational degree, years of experiences etc. This can prevent youth from pursuing meaningful employment aligned to their skills and interests. In contrast, entrepreneurship has fewer barriers to entry. The youth sometimes is pushed towards entrepreneurship out of a need to quickly secure an income (YBI, 2020). Without a doubt, youth are attracted to the chances of becoming their own bosses and creating economic impacts. More so than a formal job, entrepreneurship offers the flexibility needed to manage multiple commitments that are common among young people such as additional study or family obligations.

The pull towards entrepreneurship is also influenced by a young person's social and cultural background. Youth with a family background in entrepreneurship, are more likely to start a business. Conversely, youth with no entrepreneurial role models to support them are less likely to engage in entrepreneurship (YBI, 2020).

**Entrepreneurial mindset is still new to Mongolia.**

**Entrepreneurs are represented by the micro, small, and medium-sized enterprises (MSMEs)** that are the backbone of many economies, representing 95% of all companies worldwide and accounting for 60% of employment, thus they are often drivers of innovation and growth (World Bank, 2021). MSMEs are therefore a crucial and growing segment of the Mongolian economy, its development offers the most viable option for private-sector-led growth that reduces poverty and creates a large number of jobs across Mongolia.

Small companies generate around 20% of the Mongolian national GDP and provide employment to almost 750,000 people, representing 70% of the national workforce. They are also vital in ensuring the diversification of the Mongolian economy, as well as a means to enhance its competitiveness (ILO, 2017).

**Given the fact that the country was a centrally planned economy only two decades ago, entrepreneurial culture is relatively new to Mongolia. Not surprisingly, therefore, many young people are wary of starting a business, and they don't regard it as a viable employment option** although there has been a proliferation of NGOs mentoring young entrepreneurs in recent years (ILO, 2017).

Given that youth entrepreneurship is not widespread in Mongolia, only 0.7% of employed young persons aged 15-29 were business owners with employees, and 0.5% were owner-operators of companies without employees in the second quarter of 2021. There is no concrete evidence that was found on how many youths are actually aspiring to become entrepreneurs in the future.

Nonetheless, the start-up community does exist in Mongolia, and it is growing. Many youth, particularly those who studied abroad, have openly embraced this concept, and they are working towards building their own start-ups. While many of the entrepreneurs look to produce IT-based start-ups, a number of them focus on developing a Mongolian brand of products that use the country's natural resources such as livestock materials, and sea buckthorn berries (Ong & McKnelly, 2016).

Although the literature on youth entrepreneurship, especially on the impact of interventions towards start-ups, entrepreneurship, and self-employment assistance, is still very limited in Mongolia, UNDP Mongolia's "Activated2030" project garnered a deeper understanding of the mindset of young people in Mongolia in relation to entrepreneurship, through desk review, digital survey, and focus group discussions. The results provided valuable insights on specific aspects of the mindset and likely behaviours of young Mongolians not previously known, as follows:

- The concept of entrepreneur, entrepreneurship, and enterprising are new in Mongolia and do not directly translate into Mongolian language;
- Young people in Mongolia have low to medium enterprising tendencies<sup>9</sup>;
- Young women in Mongolia have higher enterprising tendencies than young men;
- Young women are less likely to consider themselves an entrepreneur than young men;
- Age and higher education attainment are associated with higher GET2<sup>10</sup> ;
- The "need for autonomy" is lower amongst young Mongolians than the other factors measured;
- "Creative tendency" is the highest scoring factor amongst young Mongolians;
- Young Mongolians are overwhelmingly optimistic about their future earning potential;
- Young people in Mongolia have many ideas but seldom implement them;
- Travel and personal development are more aligned with a higher GET2 score than selling items;
- Those who rely on relatives for advice and help in relation to income generation have lower GET2 scores than those who do not;
- More young people in Mongolia would choose to partner with a reliable friend than an expert in the field when undertaking a new venture;

<sup>9</sup> An enterprising tendency is defined as the tendency to start up and manage projects

<sup>10</sup> General measure of Enterprising Tendency (GET) test score

- Many do not share ideas as they are worried they will be copied or stolen;
- Many have trouble selecting partners and have limited networks;
- Strong parental influence exists and it is often perceived as a negative factor;
- Financial barriers exist and the banking sector is not accessible;
- There is a lack of mentoring available, as well as a lack of knowledge of where to seek support;
- Successful role models act as key motivators.

The report also emphasised that Mongolian youth had very limited knowledge about the basic requirements needed to start a business. Many of the study discussants have never participated in an entrepreneurship development programme or activity. Furthermore, the results suggest that many Mongolian young people are not well equipped to start a business owing to their knowledge, awareness, and skills. Nevertheless, some are willing to take the risk. The study identified key findings that include challenges around the concept of entrepreneurship to the low to medium enterprising tendencies, lack of practical skills, limited networks, a teacher focused education system, concerns with trust and failure, generational mindset gap, access to capital, and perceptions of an unsupportive legal environment and government. **These findings highlighted the need to support the development of enterprising tendencies and skills among Mongolian youth** (UNDP, 2018).

Meanwhile, the World Bank and other practitioners understand that a lack of a “business mindset” and general entrepreneurial awareness, and deficiencies in entrepreneurship-related socioemotional skills and capabilities among youth is the main factor that could deter them from starting or growing a business. In addition, YBI members identified low self-confidence and fear of failure as key barriers for young persons to start a business. As is the case in many emerging markets, one of the constraints to growth in Mongolia for smaller businesses, including micro-enterprises, is access to credit regardless of the sector. Over 70% regard funding as a major challenge, with many eventually obtaining interest free loans from friends and family, self-financing out of their own pockets, or finding a private wealthy investor through personal connections. Other major hurdles include understanding the customer, finding human talent, and enforcing intellectual property (IP) rights (Ong & McKnelly, 2016).

Consultation with the key stakeholders revealed that it is essential to create an ecosystem that exposes them to the potential of an entrepreneurial career – i. Talent, ii. Density, iii. Culture, iv. Capital, and v. Regulatory Environment – a combination of these five factors will constitute the right ecosystem in which a start-up will thrive. Although there are many challenges to developing a sustainable ecosystem, Mongolia holds much promise for building a vibrant system.

As a young start-up community, numerous efforts are being made to improve the current system. With a more supportive and integrated ecosystem and appropriate resources, these entrepreneurs have the potential of expanding beyond the local markets (Ong & McKnelly, 2016).

**It could be inferred that youth in Mongolia face two key challenges in becoming entrepreneurs:**

- i. Developing the appropriate mindset and skillset, and**
- ii. Lack of a supportive and integrated ecosystem, including appropriate resources available for start-ups and MSMEs.**



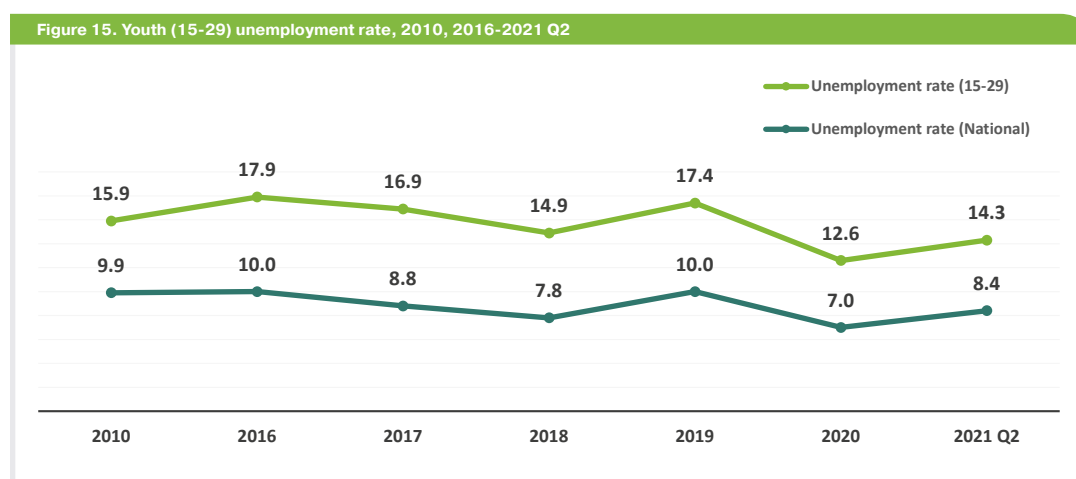


### 3.2.5 Youth Unemployment

According to the employment statistics, the unemployment rate of youth aged 15-29 years has been fluctuating since 2010 and stood at 14.3% as of the second quarter of 2021. **Compared with the National unemployment rate, youth unemployment rate has been nearly two times higher over the past decade** (Figure 15).

**Young people, especially new entrants to the labour force, are more vulnerable to unemployment.**

**Youth unemployment rate provides only partial information; it includes only those who are unemployed and willing to work or looking for a job actively, but it excludes those who are unemployed and discouraged to find a job due to various other reasons.**



Source: Author calculated from NSO, 1212.mn's data

By the second quarter of 2021, there were a total of 101,280 unemployed people in Mongolia, and young people aged 15-29 years constituted 36.7% of total unemployed as shown in Table 8. Although it seems as if the share of youth in the total unemployed population has been decreasing over the past years, it must be noted that the local employment statistics classify “unemployed person” as those who are willing to work and looking for a job actively. Thus, many people who are outside of the labour force, not in employment due to various reasons such as not interested in working, discouraged to seek jobs, or unavailable to take jobs because of family responsibilities, are not classified as “unemployed”. In other words, the youth unemployment rate provides only partial information on the labour market situation of young people.

**There are 37,137 young persons (aged 15-29 years) actively looking for a job; they constituted 36.7% of the total unemployed population nationwide in the second quarter of 2021.**



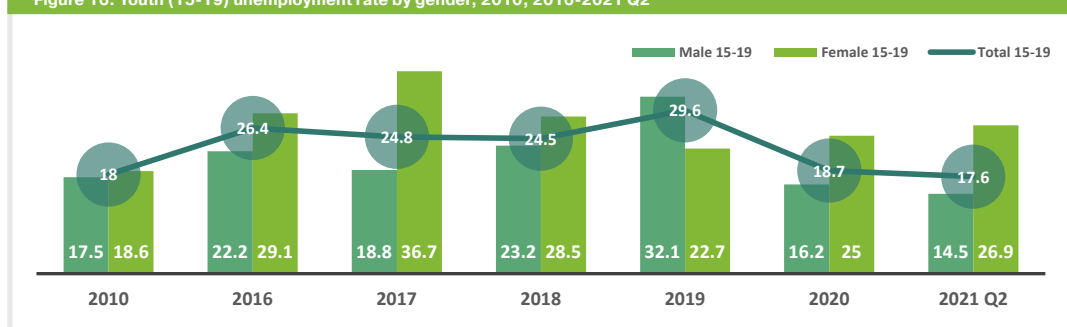
Table 8. Share of youth (15-29) in unemployed population

	2010	2016	2017	2018	2019	2020	2021 Q2
Total population in unemployment <sup>11</sup> (above 15)	113,429	127,803	119,092	105,620	127,737	87,696	101,280
Unemployed youth (15-29)	52,846	55,597	52,695	45,418	48,835	35,953	37,137
Share of unemployed youth (15-29)	46.6%	43.5%	44.2%	43.0%	38.2%	41.0%	36.7%

Source: Author calculated from NSO, 1212.mn's data

Since gender and age play important roles in unemployment, the data segregated by these two will reveal a clearer status of youth unemployment. For the age group 15-19 (below Figure 16), we find that the overall rate of unemployment in the second quarter of 2021 was 17.6%; for women of this age-group, over a quarter of them were unemployed, while nearly 15% of young men were unemployed.

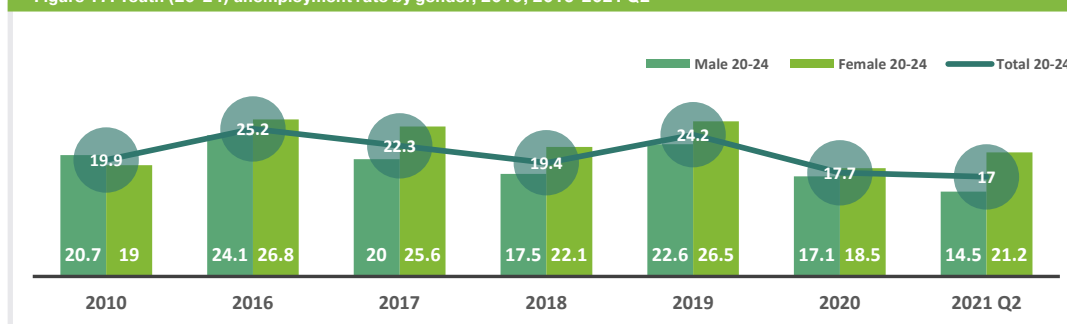
Figure 16. Youth (15-19) unemployment rate by gender, 2010, 2016-2021 Q2



Source: Author calculated from NSO, 1212.mn's data

For the age group 20-24 (below Figure 17), the unemployment rate during the same period was similar to age group 15-19 – i.e. 17%. Share of unemployed young men (20-24) in the labour force has decreased in the past decade, dropping by 6.2% from 2010 to quarter 2 of 2021. For women, around one-fifth of the young female labour force have been struggling to secure employment since 2010.

Figure 17. Youth (20-24) unemployment rate by gender, 2010, 2016-2021 Q2

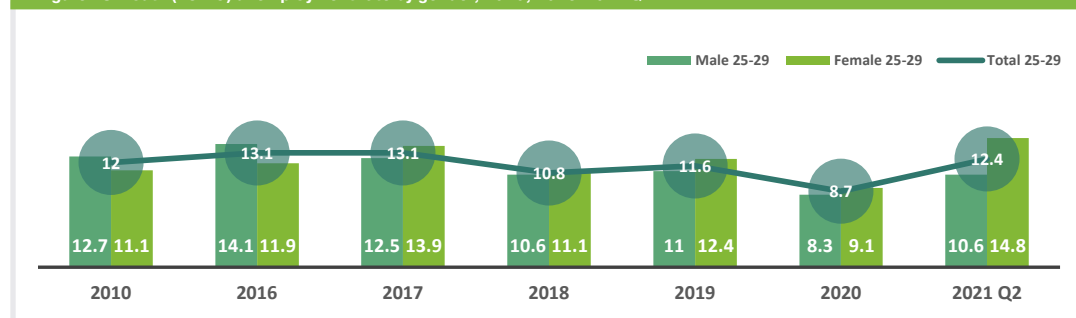


Source: Author calculated from NSO, 1212.mn's data

Compared to younger cohorts, youth people aged 25-29 years tend to have a lower unemployment rate – it stood 12.4% in the second quarter of 2021 (Figure 18). The difference in unemployment rates between the age cohorts could be due to differences in education and skills, which facilitate the transition into employment. The older age group tend to have attained more skills with work experience, while the younger cohort may not be aware of the exact types of job they could perform.

<sup>11</sup> Persons in unemployment are defined as all those of working age who were not in employment, carried out activities to seek employment during a specified recent period and were currently available to take up employment given a job opportunity.

Figure 18. Youth (25-29) unemployment rate by gender, 2010, 2016-2021 Q2

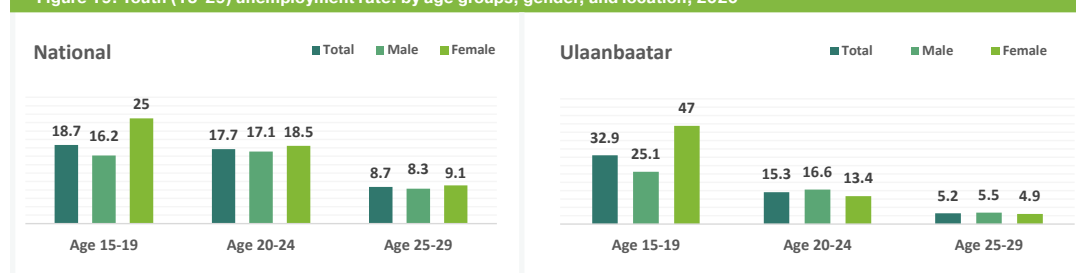


Source: Author calculated from NSO, 1212.mn's data

### Youth unemployment rate in Ulaanbaatar is lower than the National average for older cohorts (20-29 years), but higher for the youngest cohort (15-19 years)

Another notable data, as shown in Figure 19, is that almost half of the young women aged 15-19 in the labour force are struggling to find employment in Ulaanbaatar.

Figure 19. Youth (15-29) unemployment rate: by age groups, gender, and location, 2020



Source: Author calculated from NSO, 1212.mn's data

It is implied that the unemployment rate in Ulaanbaatar is lower than the National average due to the lower labour force participation for educational attainment. Nonetheless, it is remarkable to note that **over one-third of unemployed youth (15-29) are concentrated in Ulaanbaatar over the past decade** (Table 9).

Table 9. Share of unemployed in Ulaanbaatar, 2010, 2016-2021 Q2

Year	2010	2016	2017	2018	2019	2020	2021 Q2
Total unemployed youth (15-29) in Mongolia	52,846	55,597	52,695	45,418	48,835	35,953	37,137
Unemployed youth (15-29) in UB	16,777	20,141	18,582	16,651	24,092	12,922	12,648
Share of unemployed in UB	31.7%	36.2%	35.3%	36.7%	49.3%	35.9%	34.1%

Source: Author calculated from NSO, 1212.mn's data

### 3.3 The NEET Group (Not in Education, Employment, or Training)

The youth unemployment rate is an extremely important statistic, but it does not provide a complete picture of how well youth are transitioning from education to the labour force. The unemployment rate counts only those who are in the labour force, which, for certain age groups, covers only a small proportion of the population, since many of the youth are studying and out of the labour force.

Some youth who are not in education might choose not to enter the labour market at all. They might choose to stay home and do household tasks such as caring for a child or other family members. And some might choose any of these options: not staying in education, not seeking work, and not helping with their households. Therefore, the proportion of youth who are not engaged productively in the economy might be, and usually is, substantially larger than that of the young unemployed (RAND, 2015). These youths who are unemployed, helping with the household or idle, are not in employment, education, or training and are therefore known as **NEET youth** (“Not in Employment, Education, or Training”).

**As young people with NEET status are a diverse group, the issues they face differ;** many are not looking for work, this detachment from the labour market can reduce their likelihood of accessing decent employment in the future. In contrast, there are those who are unemployed and actively trying to gain a foothold in the labour market. There are also young women who are more likely to have NEET status owing to the fact that they frequently remain inactive in the labour market because of household and care responsibilities. Many young people have failed to secure employment in the past, making them disheartened and leading to a belief that there are no suitable jobs for them. Others do not know how or where to look for jobs. Some are waiting for an opportunity that matches their aspirations, yet others are unable to work owing to illness, disability, or family responsibilities (ILO, 2020).

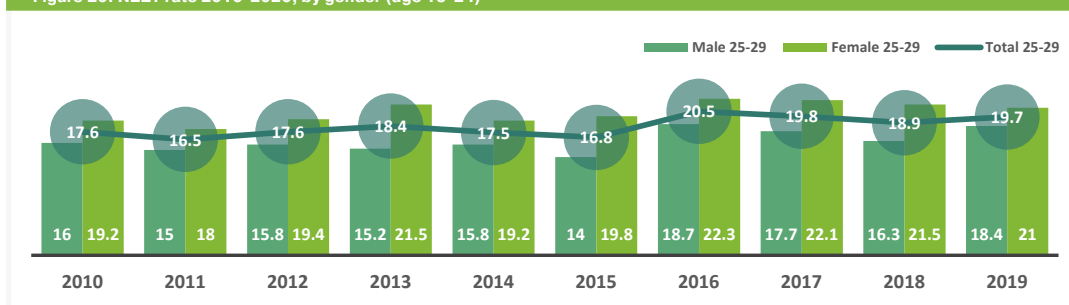
**According to the Global Employment Trends for Youth 2020, one-fifth of young people worldwide, or 267 million, have NEET status.** As a broad measure of youth underutilisation, the NEET rate highlights various challenges faced by young people, including leaving school at an early age, discouragement, and unemployment (ILO, 2020). When young people are NEET, they are unable to develop skills that are valued in the labour market, which reduces their future employment prospects and, in the long run, prevents their respective countries from achieving sustained economic growth and greater social cohesion (ILO, 2017).

#### Mongolia NEET rate has been on an upward trend.

The National Statistical Office of Mongolia distributes data on NEET rate among the youth aged **15-24 years only**, according to international standard. Therefore, it was unable to present historical data on NEET rate among the youth aged **25-29 years old**.

The NEET rate (among youth aged 15-24) has been on an upward trend since 2015, and it never dropped below 20% for the female youths (Figure 20). As of 2019 data, 19.7% of youth (15-24 years old) are under NEET and this is higher for females (21%) than males (18.4%).

Figure 20. NEET rate 2010-2020, by gender (age 15-24)

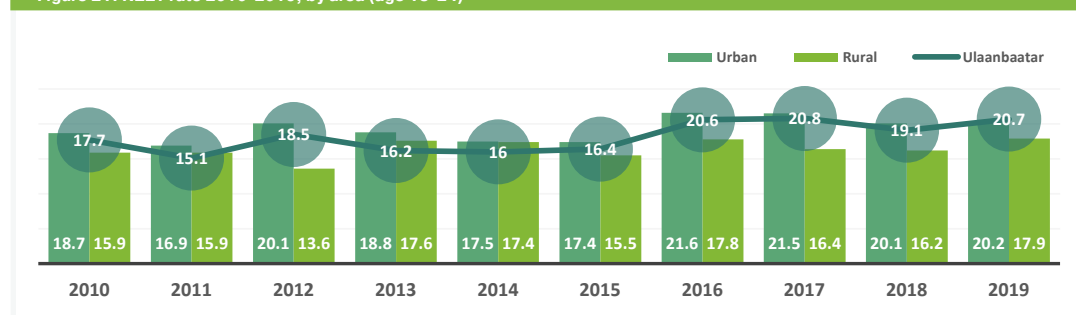


Source: National Statistical Office 1212.mn



Compared with similar economies, Mongolia's NEET rate is high. For instance, Kazakhstan's NEET rate stands at 9.5%. Particularly in urban areas such as aimag centres and Ulaanbaatar as shown in Figure 21, youth inactivity ranks high – one out of five young people were NEET.

Figure 21. NEET rate 2010-2019, by area (age 15-24)



Source: National Statistical Office: 1212.mn

**Based on Lorinet Foundation's official request to National Statistics Office, more than one-fifth of young people in Mongolia aged 15 to 29 were NEET.**

Owing to the absence of publicly available data for 25-29 age group's NEET status, the Lorinet Foundation sent an official letter to National Statistics Office requesting data for the entire age group of the study: which is 15-29 years, and Labour Force Department kindly provided the following information:

**As of 2020, a total of 137,724 youth aged 15-29 years were NEET, constituting 20.7% of the total youth population aged 15-29 years.** This implies that more than one-fifth of young people in Mongolia were economically inactive.

According to below Figure 22, 58.9% (or 81,180 individuals) of NEET youth (15-29) were female, and 41.1% (or 56,543 individuals) were male. In terms of location, over half of the NEET youth (or 69,938 individuals) resided in Ulaanbaatar.

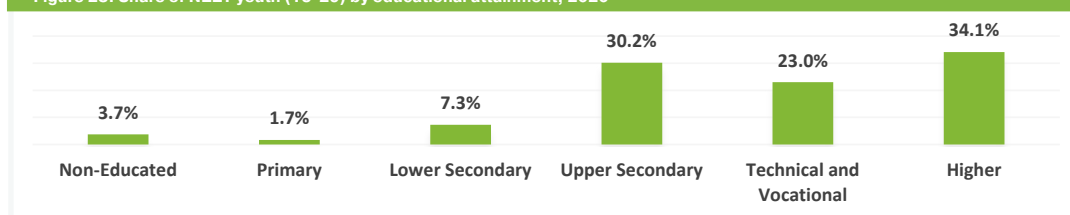
Figure 22. Share of NEET youth (15-29) by gender and location, 2020



Source: Data provided by NSO's Labour Force Survey department

In terms of their education, the data revealed that 96.3% of the NEET youth aged 15-29 years have some level of education, of which: 34.1% have higher education, 22.9% have technical, vocational, and specialised secondary education, and 30.2% have complete secondary education, while 9% have primary and secondary education. (See below Figure 23)

Figure 23. Share of NEET youth (15-29) by educational attainment, 2020

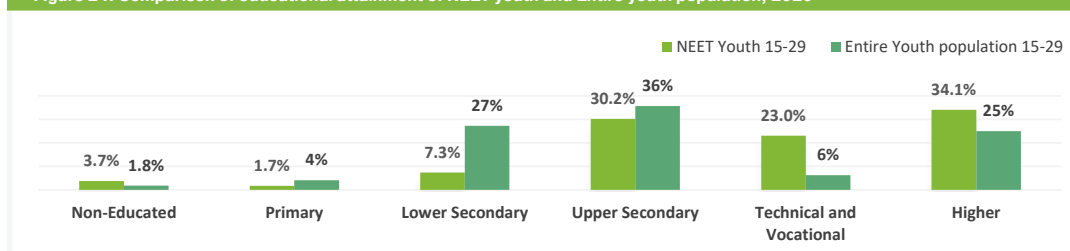


Source: Data provided by NSO's Labour Force Survey department

**Clearly, the educational achievements of young people in Mongolia do not necessarily guarantee employment.**

The data suggests that the NEET group is decently educated. In fact, when compared to the entire youth population, they are more or similarly qualified in certain age-groups, as shown in below Figure 24. This, to some degree, implies that learning or educational achievements of young people in Mongolia do not necessarily guarantee employment prospects. Per UNDP, relevance and quality of education remains a major concern as the education system doesn't equip youth with the skills required on the labour market, and it results in higher unemployment among young people with TVET or higher educational attainment (UNDP, 2016).

Figure 24. Comparison of educational attainment of NEET youth and Entire youth population, 2020



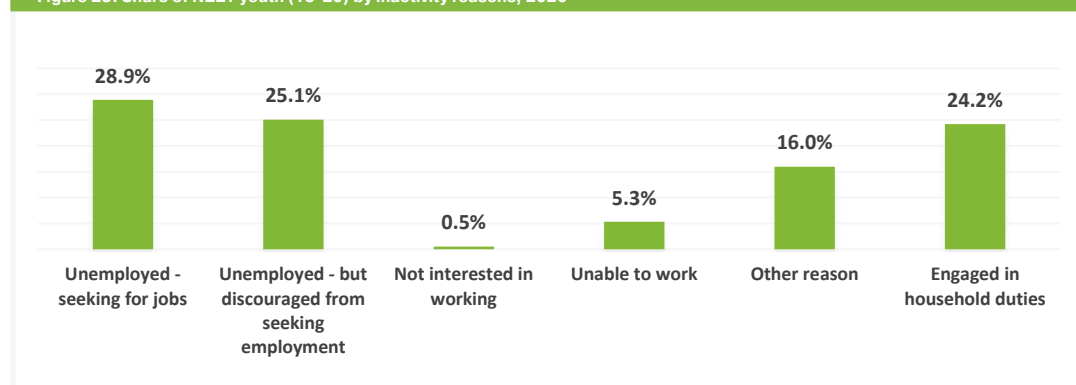
Source: Data provided by NSO's Labour Force Survey department and Population and Housing census

As stated in the “Youth unemployment and economic inactivity Survey” conducted by Research Institute for Labour and Social Protection in 2017, the other predominant challenges among better educated youth for unemployment were:

- Lack of work experience - 26.2%
- Family issues - 20.0%
- Inadequate knowledge and skills – 19.5% (Research Institute for Labour and Social Protection, 2017).

According to the Population and Housing Census data of 2020, it is estimated that 28.9% of NEET youth (15-29) were searching for a job and were thus technically in the labour force but unemployed. 24.2% were out of the labour force but engaged in household duties, and 5.3% of them were unable to work. On the other hand, 25.1% were idle - already discouraged from seeking job opportunities or not interested in working (See Figure 25). **For all statistical purposes and for initiating government schemes, the first group 28.9% is primarily considered, but all the other groups who might very well become part of the mainstream workforce get ignored.**

Figure 25. Share of NEET youth (15-29) by inactivity reasons, 2020



Source: Author's calculation based on NSO's 2020 Population and Housing Census data

These youth are not building their own human capital through education or training, and they are not contributing to their own welfare or the economy through employment. If they are doing active household activities, they are contributing by taking care of the household, but if they are unemployed or idle, then their contribution to their own welfare or the economy is extremely limited. This also harms their future economic prospects because working from a young age can help build skills for future employment achievement (RAND, 2015).

It must be noted that because of limited data on NEET, including the related barriers and motivations among this group, our consultations with the stakeholders highlighted the need in conducting a focused study to understand and address the NEET problems for the Mongolian youth. RAND corporation together with the Research Institute for Labour and Social Protection, conducted a study to diagnose key issues in labour market performance, executing a survey (4,544 respondents) on Mongolian youth in 2014. The findings of this study provide good insights about the NEET group; the discussions with the youth and relevant stakeholders validated that the situation is still prevalent in Mongolia.

According to RAND, NEET youth (15-29) value family and want to contribute to society, as do those who are in education or employed. But NEET youth cite certain barriers to employment such as **lack of information about the availability of work and the problems at home**. In general, lower parental educational levels (both mother and father) are associated with higher NEET rates as youth whose parents completed less than a secondary education are far more likely to be NEET compared with youth whose parents completed a university education. **This suggests that parental educational levels might influence youth education and employment options and decisions.**

**Similarly, youth whose parents are not employed are more likely to be NEET than those whose parents are employed; households with higher monthly income also tend to have lower NEET rates.** While 40% of youth whose households make 500,000 MNT or less are classified as NEET, the NEET rate is far lower among youth in households with higher income.

**Another critical concern with NEET youth, especially idle youth, is that they have little or no desire to find work eventually.** According to the survey, a slightly higher share of non-NEET youth (90%) than NEET youth (85%) expressed desire to work specifically. The study suggests a number of areas that could be targeted to assist these youths as follows:

- **helping with opportunities for education;**
- **providing information about job opportunities, and targeting social assistance, including social work and mental health services aimed at families;**

- **taking place Early identification in the school system, since that is the one institution in which all youth participate. Such early identification should then be followed by interventions to help ensure that youth get the tools they need to continue education or find employment; and lastly**
- **to build up young people's skills rather than create specific jobs (RAND, 2015).**

#### **A 'one-size-fits-all' approach won't work.**

**"Nothing about them, without them"** is a saying echoed in this context. Employment service providers or implementers may need to hear more young people's voices to adapt to their approaches and accommodate the different needs of these groups. Social and economic barriers, levels of schooling, and learning styles can all affect how well youth are supported in the associated interventions. Outreach strategies, and the pace and duration of programming, are also important.

*"Too many young people around the world are becoming detached from education and the labour market, which can damage their long-term prospects, as well as ultimately undermine the social and economic development of their countries. But the reasons why they become NEET vary enormously. The challenge will be to balance the flexible approach needed to reach these young people with the strong policies and actions necessary to make an impact. A 'one-size-fits-all' approach won't work..."*

\*Note: Extracted from ILO's Youth exclusion from jobs and training on the rise, 2020 Report

## **3.4 Disparities in Youth Employment**

### **3.4.1 Gender Disparity**

#### **Promoting young women's labour force engagement and employment requires tailored interventions.**

Young women and young men have different employment experiences, and arguably those differences are more acute in the developing world. Young women are at an inherent disadvantage, as they are subsequently unemployed, are NEETs, or are in insecure employment. For young women, constraints such as household responsibilities, lack of access to education and health services, social norms, and lack of public safety lead to fewer chances of developing the skills, networks, or confidence needed to find productive employment. Young women often engage in low-productivity work in the informal sector or unpaid work such as domestic work and household enterprises, as well as lower-paying informal work, all of which lack economic benefits. Early marriage stifles education, and many young women must find care for their children and meet other obligations if they are to participate in the labour force (World Bank, 2015).

The participation of women in the labour force is an important social and development goal, but it is also crucial for a country's economic prospects. ADB's analysis shows that greater female participation could significantly boost annual global gross domestic product (ADB, 2020).

**There are large gender disparities in the Mongolian labour market, and it is pronounced more among the young people.** These are reflected in wide gender gaps in youth labour force participation rates, unemployment rates, wages as we validated earlier. In other words, Mongolian young women's higher educational attainment has not resulted in better employment outcomes. Young women face difficulties in the labour market: compared with men, they tend to spend longer time looking for jobs, encounter limited occupational choices, and are paid less (Helble, Hill, & Magee, 2020).

**When they get employed, they tend to dominate lower-skilled clerical jobs, do not reach managerial positions in the same numbers as men** and do not enter manufacturing or construction sectors in Mongolia. They are less likely to work in higher-productivity or traditionally male-dominated sectors (such as mining) which have higher rates of pay (ILO, 2017). In addition to that, a study found that Mongolian women are far less active than men in entrepreneurial endeavours (Schmillen, Sandig, & Nina-Weimann, 2018).

**Importantly, among female workers, there is a widespread perception that working hours are insufficiently flexible** - this makes it difficult for many women to participate in the labour market and is also perceived as a sign of employers' disregard for the concerns of female workers. According to the Qualitative research of World Bank, conducted in 2018, the important reasons perceived to underlie the gender disparities in the labour market include both norms, such as prevailing views on men's and women's roles with respect to marriage, household and care duties, suitable career choices and jobs, and deficiencies in the political environment, and the relatively unavailable government support services and programmes. Three contributing causes were considered salient: (i) prevailing societal expectations see women as devoting the majority of their adult lives to supporting their husbands and raising their children; (ii) while some women manage to combine fulfilling those expectations with maintaining a successful career, by many others the quality and quantity of childcare facilities is perceived as inadequate to make this possible; and (iii) some differential legal treatments of men and women appear to cement the acceptance of traditional gender roles.

Moreover, incomplete information is a major constraint. Especially among students, graduates of higher education, and job seekers (especially young and female ones) there is widespread uncertainty about the skills demanded in the labour market and how to find a job without the right personal connections (Schmillen, Sandig, & Nina-Weimann, 2018).

Another factor is **Reproductive health and Family Planning Education**. Focus group discussions with the young people and those working with the communities, highlighted lack of knowledge on reproductive health and family planning amongst the youth population is heavily influencing their employment prospects as such knowledge allows individuals and couples to anticipate and attain their desired number of children and the spacing and timing of their births. As per discussants, providing adequate information on family planning and reproductive health services is essential to promote employment, especially in ger districts or for the economically vulnerable communities.

Studies suggested various policy implications and measures to promote women employment as follows: (i) Gender-sensitive approaches need to be mainstreamed into labour market policies to address labour market access and the quality of employment among women (UNDP, 2016), (ii). Expand the quality and quantity of available childcare services to ensure the continuous and productive labour market participation of a larger number of women, (iii) Foster employment promotion programmes and improve their responsiveness to gender-specific constraints; (iv) Strengthen micro-entrepreneurship support to realise the full potential of women as micro-entrepreneurs including through the provision of finance and training for women-owned and -operated micro-businesses, and (vi) Influence gender norms and attitudes among employers and the wider population with a focus on implementing awareness campaigns, discussions, and trainings for employers and human resource managers on modern strategies of human resource development and gender-sensitive and age-related work planning (Schmillen, Sandig, & Nina-Weimann, 2018). Moreover, another study also suggested the importance of increasing the number of available jobs in the health and social work sector (paid caregivers) to promote women's employment (Ariunzaya & Munkhmandakh, 2019).

### 3.4.2 Disability and Inclusion

#### **Employment opportunities and support for youth with disabilities are extremely limited in Mongolia.**

Throughout the world, young women and men with disabilities commonly face more discrimination and severe social, economic, and civic disparities as compared with those without disabilities, even in developed countries. For many young people with disabilities, exclusion, isolation, and abuse, as well as lack of educational and economic opportunities are daily experiences. Youth with disabilities are amongst the most marginalised and poorest of all the world's youth, whose basic rights are not well met and for whom full societal acceptance is often out of reach. Disparities in education, employment, and relationships are more pronounced in youth with disabilities. Like adults with disabilities, youth with disabilities do not enjoy the same human rights or equal access to goods and services as peers without disabilities (UNESCO, 2013).

Unemployment rates for youth with disabilities are higher than for the rest of the youth population in every society. While inequities in education and vocational training resources can negatively impact the employment options available to persons with disabilities, negative attitudes about disability and discrimination based on disability status may also create significant barriers to long term, appropriately compensated employment. If employment is obtained, youth with disabilities are typically given little room for error and may be labelled unemployable if they encounter struggles on the job. For young women with disabilities, the situation is even worse as they are forced to work against disability and gender based societal prejudices (United Nations, 2016).

According to the 2020 Population and Housing Census, there were 106,363 people with disabilities in Mongolia, which accounts for 3.3% of the total population. **Of these 13.5% were young people aged 15-29 – a total of 14,407 people.**

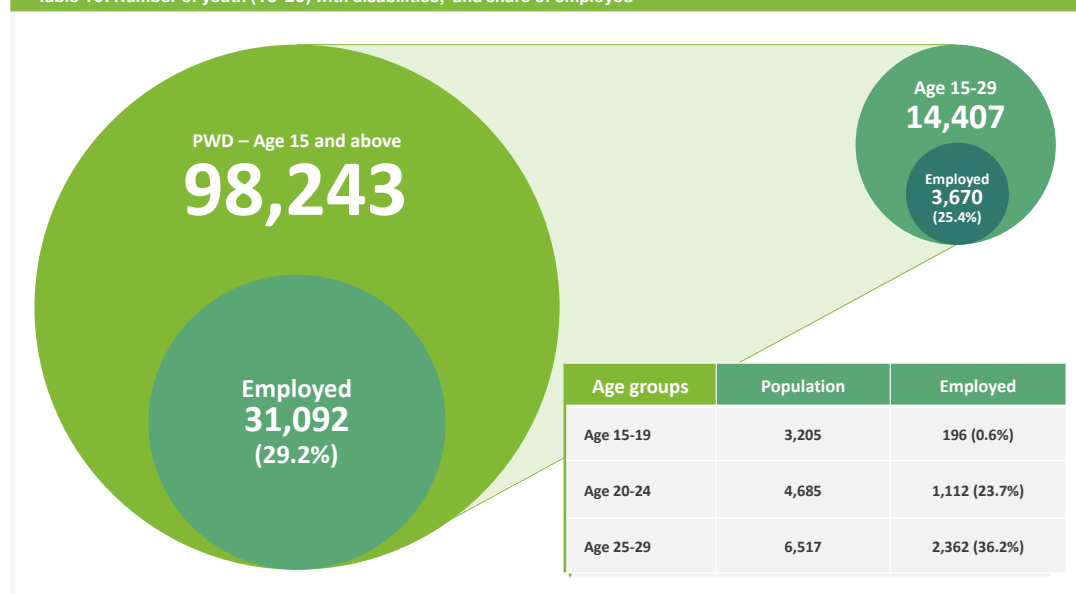
#### **Employment rates of PWD are much lower than for persons without disabilities in Mongolia.**

The rate of economic activity among PWD ages 15 and above was 29.2% in 2020, compared to 54.6% for the total population. There are also significant differences between PWD and the rest of the population in the type of employment. Among employed PWD, 47.3% are self-employed, compared to 34.5% for the total population. The share of paid employees among PWD is only 36.9%, whereas for the total population, the percentage is 59.6%. Another important observation from 2020 Population and Housing Census data concerns the lower employment rate of PWD in urban areas. This is explained by the fact that most employed PWD in rural areas are herders and self-employed. On the other hand, reports and consultations with stakeholders indicate strong connection between poor infrastructure, absence of PWD friendly public transportation and low employment rates among youth with PWD in urban areas.

ADB's Living with Disability in Mongolia study analysed the average monthly salary for PWD is only 50% of the average salary earned by the total population, and it further emphasised those classified as having mental disabilities were particularly worse off (ADB, 2019). 2020 Population and Housing Census data suggest notably lower economic activity among young persons aged 15-24 years old – only 0.6% of young persons with disabilities (15-19) are employed, 23.7% for 20-24 age group, and over one-third of young persons with disabilities aged 25-29 are employed (See Table 10).



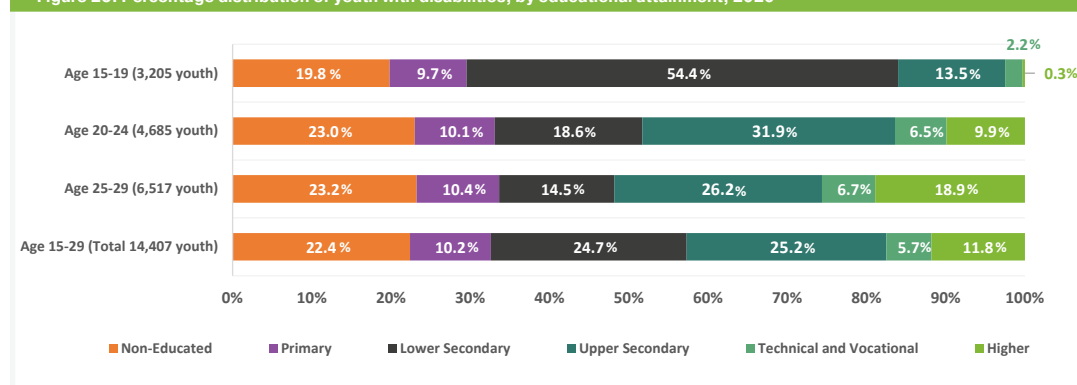
Table 10. Number of youth (15-29) with disabilities, and share of employed



Source: Author's calculation based on NSO's 2020 Population and Housing Census data

Across all educational sub-sectors in Mongolia, youth with disabilities experience limited access to quality education. 67.4% of youth (15-29) with disabilities have at least secondary education, and only 11.8% have completed tertiary education and 5.7% have technical and vocational education (Figure 26). **Whilst it seems as if youth with disabilities have relatively considerable education attainment, however, non-existent accessible infrastructure at education and training institutions and lack of qualified teacher force and appropriate curriculum are the issues youth with PWD face in pursuing further education and skill building.**

Figure 26. Percentage distribution of youth with disabilities, by educational attainment, 2020



Source: National Statistical Office of Mongolia: 2020 Population and Housing Census

**Youth with disabilities encounter significant barriers when taking their first steps into a fulfilling career.** The transition from education to employment is a major life event for all young people, including youth with disabilities. It is about their choices, career options, living and social arrangements, and economic decisions that have lifelong consequences. For persons with disabilities, this kind of transition is often very difficult, due to several limitations imposed by stigma against disability and the complexity of services intended to support this transition. Coming to the job market with little education and few or no skills, some differently abled people have difficulty competing. For some, specific physical or intellectual differences may further limit their job options. For most, biased mindsets also make employers hesitant to hire them (UNESCO, 2020).

**On the other hand, ADB suggests that the main measure to improve employment of PWD is through self-employment.** Placements in the open labour market take place on a limited scale. The Mongolian Labour Code promotes employment of PWD by requiring organisations with more than 50 staff to employ at least 3% PWD, though this is not fully implemented and does not seem to achieve significant results (ADB, 2019). As such, self-employment in trade, production, services, and agriculture sectors seems to be the appropriate solution to improve employment of PWDs. While this opens the door to pursue employment that suits one's interests or special needs, self-employment requires a certain amount of knowledge, education, experience and skills, as well as guidance and motivation from others (Sodnomdorj, 2020).

Lastly, relevant literature and engaged stakeholders have validated that PWD's have a strong desire to pursue education and employment and to improve their position in society. However, due to negative social attitudes, extreme limited access to accessible infrastructure, lack of education and skills building opportunities, unfavourable attitudes of employers, and insufficient attention and limited support provided by the government to PWD, they are stuck in a deadlock, increasing the number of unemployed population and relying on welfare.

### 3.4.3 Disparity towards Youth from Ger District

**Youth from ger districts in Ulaanbaatar have numerous barriers to secure employment.**

Although 42% of the 15-29 age-group population are residing in Ulaanbaatar, **it is estimated that over half of them or 55% live in the "ger districts" that are situated on the outskirts of the capital city** (Youth Policy Watch NGO, 2019).

**The ger areas are mostly inhabited by people from rural areas who migrated due to extremely limited economic and educational opportunities available in rural areas.** Youth are most likely to migrate in search of better opportunities and nearly 60% of the migrants to Ulaanbaatar were in the 15–34 years age-group, and the peak migration occurred among the 15–24 years age-group (UNDP, 2016). However, due to lack of qualifications of many migrants, they are unable to find formal sector jobs and are more likely to work in wage employment in the informal economy (ILO, 2017).

**The majority of the ger area residents are in the lower-income tier and are further disadvantaged** by very poor access to markets, workplaces, quality education, and other services. Due to poor quality education service and near absence of places to spend their leisure time for further development, the gap is growing between the educational level of youth in ger areas and youth living in the city centre. The report additionally revealed that there is a strong link between income level and access to higher education. The non-poor are seven times more likely to hold a Bachelor's degree than the poor and 33 times more likely to hold a Master's degree (UNDP, 2016).

**Moreover, an unsafe and underdeveloped environment of ger areas is another additional challenge for youth employment.** Unplanned settlements have grown outside the city and the outskirts areas lack basic services such as access to water, sanitation, and heating. Young people from ger areas are more likely to spend more time on household chores compared to peers living in apartments such as carrying consumption water from a well located some distance away and making fires to heat home during the winter etc. As travel from city centre to the outskirts takes 2 to 3 hours one way due to the lack of public transportation, traffic jams, and long distances, it raises the problem of not being able to find a job near their neighbourhood or spending at least 4 hours on the road daily. With the public transportation services running only until 10 PM, and the streets dark due to the lack of streetlights, it is dangerous for young people, who work night shifts or study until late, to get home at night.

*" In the ger area, alcohol consumption has soared and has become a huge problem, even among young people. It causes unemployment, inactivity, crime as well as domestic violence in our community. But no one is taking into consideration this issue..."*

**– FGD with Section heads and Social workers of ger areas  
(Bayanzurkh and Sukhbaatar district)**

*"Young people living in ger areas face additional burdens on their development and employment. Majority of them have inadequate support from their parents, and they need to babysit their siblings due to the lack of kindergartens. Fetching water, getting fire to heat the home are usually their responsibility. In addition to family burdens, unsafe and unfriendly environments are key challenges for young people living in ger areas..."*

**– FGD with Section heads and Social workers of ger areas  
(Bayanzurkh and Sukhbaatar district)**

*"It is difficult to work because kindergartens are not accepting children and there is no day-care centre. It is hard to not work and stay home without income. So I tried to pack wood outside, bringing my children with me, but it was challenging for both of us ..."*

**– Young mother (20 years old) participant of FGD**





4

# UNDERSTANDING EMPLOYABILITY FROM VARIED DIMENSIONS

The situation of youth employment in Mongolia is mostly characterised by high levels of unemployment, inactivity as well as low quality jobs. Similar to the employment challenges that youth face worldwide, constraints to youth employment in Mongolia may be attributed to **individual levels, resulting from market or systemic failure, or a symptom of a weak or unsupportive macro-economic environment** (World Bank, 2015). An additional factor could be the significant gain in life expectancy around the world: not only are people living longer, but they are working longer—and without new job creation, there are not enough jobs to absorb young entrants to the workforce.

**Inadequate skills and mismatch between demand and skills have emerged as prime concerns on youth unemployment.**

Beyond the barriers to employment stemming from economic recession and inadequate job growth, several other factors make youth less employable than adults and make it difficult for youth to find productive work and fully participate in the labour force. Many of the unemployed are highly educated but the market demands different competencies or skills (World Bank, 2015).

In this context, **it is found that there is a high need for strengthening the interpretation of employability and building coherence around employability skills in Mongolia.** This section will provide context on employability skills from global and local perspectives, and further address the situation of youth employability, and how young people are transitioning from education to employment in Mongolia.

## 4.1 Global context

Employability should be considered by every actor involved in the development and implementation of curricula at different levels of the educational system. There are many definitions of and approaches to employability. Some of them refer to an ability to gain employment, some to the acquisition of skills for life, and others to a set of skills, abilities, and attributes that make an individual more employable. The following Table 11. presents ten different definitions of the term employability by different authors and experts in the field (Maina, Guarda, Firestone, & Fernandez-Ferrer, 2020).

Table 11. Definitions of Employability

Definition	Author
Employability is about three abilities: gaining initial employment, maintaining employment, and obtaining new employment if required.	Hillage and Pollard, 1998
Employability is the ability [of graduates] to gain initial meaningful employment, or to become self-employed, to maintain employment, and to be able to move around within the labour market.	European Commission, 2014:63
Employability is the relative chances of finding and maintaining different kinds of employment.	Brown et al., 2002:9
Becoming and staying employed requires turning themselves [students] into 'products' that conform to ever-changing market desires, which is certainly not a concept that should be left unchallenged.	Waltz, 2011:4
The acquisition of skills for life.	Dearing, 1997



Employability should also be considered in terms of knowledge and attitudes. In simple terms, employability is about being capable of getting and keeping fulfilling work. More comprehensively, employability is the capability to move self-sufficiently within the labour market to realise potential through sustainable employment.	Hillage & Pollard, 1998:2
Employability as a set of graduate attributes; the qualities, skills, and understandings a university community agrees its students would desirably develop during their time at the institution and, consequently, shape the contribution they are able to make to their profession and as citizens.	Bowden et al., 2000
A set of achievements - skills, understandings, and personal attributes - that make individuals more likely to gain employment and be successful in their chosen occupations, which benefits themselves, the workforce, the community, and the economy.	Knight and Yorke, 2003:5
Employability involves more than possession of the generic skills listed by graduate employers. In a rapidly changing and competitive economy, graduates must also be able to proactively navigate the world of work and self-manage the career-building process.	Bridgstock, 2009:1
A combination of personal qualities and beliefs, knowledge, skilful practices, and the ability to reflect critically and productively on experience, and the need to be frequently renewed during a person's working life.	Yorke, 2006:8

Source: Retrieved from EPICA Handbook: Developing, showcasing, and assessing employability skills in Higher Education, 2020

#### Moreover, the ILO defines employability skills as:

... the skills, knowledge, and competencies that enhance a worker's ability to secure and retain a job, progress at work and cope with change, secure another job if he/she so wishes or has been laid off and enter more easily into the labour market at different periods of the life cycle. **Individuals are most employable when they have broad-based education and training, basic and portable high-level skills, including teamwork, problem solving, information and communications technology (ICT), and communication and language skills.** This combination of skills enables them to adapt to changes in work (Brewer, 2013).

It can be implied that with quality and relevant education – though not limited to formal education – the pathway to employability is promoted, although this needs to be reinforced with available and sufficient jobs in the labour market. Non-formal education also offers skills development opportunities and lifelong learning that can enhance knowledge and competencies enabling youth to attain decent work (Thailand Development Research Institute, 2020).

## 4.2 Mongolia context

In Mongolia, the definition of employability and its interpretation vary. There is a lack of hard data, and there seems to be no common understanding or any framework built around the definition of employability, identification of the critical needs of the youth, common demands and requirements of employers, and determination of interventions to holistically address the issues of unemployability. Over the past few years, various studies were conducted to understand the skill gaps of the graduates and employers' requirements. However, findings from these studies differ from each other due to absence of hard data from academia, government agencies, and employers, let alone any framework for employability.



## Case studies that defined and investigated Employability skills in Mongolia

### A. Graduates Employment Tracers Survey – Research Institute for Labour and Social Protection, 2020:

The Research Institute for Labour and Social Protection defines Employability skills in their Graduates Employment Tracers Survey as shown below.



#### Core skills/Soft skills

1. Team work
2. Communication
3. Working independently
4. Decision making
5. Time management
6. Public speaking
7. Continuous learning
8. Organisational
9. Problem solving
10. Critical thinking
11. Writing skills
12. Adaptation



#### Technical skills

1. Foreign language skills
2. Computer skills
3. Document producing
4. Professional/Occupational knowledge/Skills
5. Occupational safety and health
6. Science and Technological knowledge
7. Numerical literacy
8. Fluency in Native language (Mongolian) – proper writing and speaking

### B. Graduates Employment Tracer Survey - Employers' Satisfaction, National University of Mongolia, 2019:

National University of Mongolia conducted Employers' Satisfaction Survey in order to assess the skills of its graduates for the labour market, and defined employability skills as follows:



#### Employability skills

- |  |                                       |
|--|---------------------------------------|
| 1. Resilience                            | 8. Time management                    |
| 2. English language skills               | 9. Attitude                           |
| 3. Professional skills                   | 10. Teamwork                          |
| 4. Self-expression, communication skills | 11. Ability to withstand the workload |
| 5. Attitude towards work, passion        | 12. Computer skills                   |
| 6. Legal knowledge                       | 13. Responsibility                    |
| 7. Desire to grow and develop            |                                       |

### C. Employability Skills Handbook, Mercy Corps Mongolia, 2021:

In 2021, Mercy Corps Mongolia developed Handbook for Employability skills and a framework as shown below:



#### Transferable Skills

1. Self Confidence
2. Communication
3. Team work
4. Goal setting
5. Problem solving
6. Leadership



#### Personal Financial Management Skills

1. Financial record keeping
2. Create saving
3. Creating saving plan
4. Access to loan
5. Budgeting



### Workplace Skills

1. Career planning
2. Job market research
3. Job application
4. Interview
5. Professional ethic



### Business skills

1. Entrepreneurship
2. Challenges and Advantages of being entrepreneur
3. Business idea creation
4. Business plan development

In the above context, education plays a key role, and the economy can benefit from opportunities to improve education. One way to do so is to ensure that education provides skills required for employment. That is to say, the educational system needs to provide the skills in demand by employers (RAND, 2015).

## 4.3 Labour Market Demand

This section provides an overview of Mongolian labour market demand and primary insights from the employers, including the skills required by them.

### 4.3.1 Workforce Demand

**In Mongolia, the biggest shortages of workers occur in construction, wholesale and retail sectors, manufacturing, and science and technical services.**

**Additionally, the demands for labour in transportation, communication, hotel, and restaurants, as well as construction sectors are not met.**

**By 2024, the highest number of jobs are expected to occur in Agriculture and Wholesale and Retail trade sectors.**

Since 2009, the Research Institute for Labour and Social Protection has been carrying out the Barometer survey annually, using an international methodology, to determine workforce demand of Mongolia. The survey covers 18 economic sectors, sampling around 3,600 entities around Mongolia, other than public management, defence, international organisations, and county offices.

According to its latest report in 2019, high unemployment in Mongolia goes side by side with high shortages of workers in major sectors such as **construction, wholesale and retail sectors, manufacturing, and science and technical services**. This trend repeats in the past several years. In the labour market of 2019, the labour-force shortage reached 17,700 due to lack of suitable professionals and the biggest shortage has occurred in the above-mentioned sectors. In addition, the World Bank's study revealed that huge demands for labour in transportation, communication, hotel, and restaurants, as well as construction sectors could not be met. For example, investment projects specified in Mongolia's medium-term plan faced serious labour force shortages in road construction where the available supply of qualified engineers, specialists, and skilled workers could only meet half of the overall labour required (MECSS; World Bank, 2020). Moreover, the statistical forecast of The Research Institute for Labour and Social Protection indicates that the highest number of jobs are expected to occur in Agriculture and Wholesale and Retail trade sectors by 2024 (Table 12.)

Table 12. Labour Force Demand Forecasting – 2024, by economic sectors

Sectors	# of job places expected to occur
Agriculture, forestry, fishing and hunting	200,054
Wholesale and retail trade, repair of vehicles and motorcycles	192,921
Manufacturing	126,527
Education	106,922
Transportation and storage	102,816
Construction	98,945
Mining and quarrying	86,078
Public administration and defiance, compulsory social security	79,259
Human health and social work activities	61,724
Hotel, accommodation and food service activities	46,453
Other service activities	40,966
Professional, scientific and technical activities	35,018
Financial and insurance activities	31,230
Information and communication	27,537
Administrative and support service activities	23,844
Electricity, gas, steam and air conditioning	19,306
Arts, entertainment and recreation	12,296
Water supply, sewerage, waste management and remediation activities	9,804
Real estate activities	2,235
<b>Total</b>	<b>1,303,935</b>

Source: Retrieved from MLSP's Labour and Social Protection statistics summary deck, 2019

### **Determining the labour market demand, nonetheless, remains a challenging task for Mongolia.**

Although estimation based on historical data can provide reasonable projections, it is still weak in providing analysis of actual conditions of specific employment markets. As per experts engaged in the study, the current methodology (Barometer survey) is not suitable for the Mongolian economy. As a result, estimation may not fully guarantee future market outcome. In addition to that, they pointed out another significant obstacle – due to the lack of business and human resource management capacity, many of the employers can't project their future workforce demand properly. As a result, **the insufficient information on labour demand is perceived as one of the underlying factors for the mismatch.**

Siloed relationship of academia and industry is another underlying factor. For instance, according to the experts, while higher and vocational education institutions offer a wide range of qualifications, they don't fit well with the priority areas of the economic and labour market in Mongolia. This is most notable in the agriculture sector as qualification programmes do not reflect the features of the agriculture sector of Mongolia, and do not clearly present what career path graduates could pursue. Although some initiatives have been undertaken by development partners to address the lack of comprehensive analysis of the labour market situation, more holistic interventions are required for the improvement of relevant statistics and data as well as methodology and analysis of the labour market trends.

*"SMEs cannot determine their workforce needs and don't know how to work with educational institutions while Vocational Institutions set quotas for the student enrolment based on their existing capacity not on the market demand..."*

**– Enkhjargal, Head of Foreign relations division, MONEF**

*"In the last two years, most companies have faced significant labour shortages at every level of jobs. Finding the right person for a job is becoming a difficult task for all recruiters..."*

**– Group of Employers and HR experts, FGD**

*"In order to address workforce shortage challenge, our company has started approaching TVET institutions for collaborations around providing internship, apprenticeship, and on-the-job training opportunities for the students"*

**– Amarzaya Ch., HR Director, TESO Corporation**

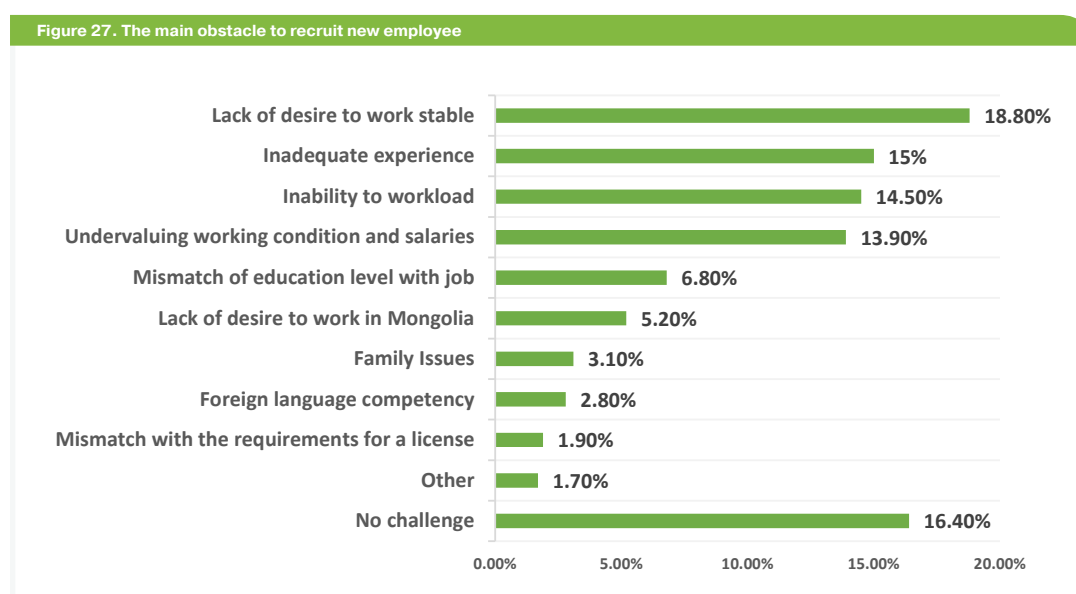
*"It seems that GoM tends to focus more on sending its own labour force abroad, rather than developing it for the national labour market. Some people who are employed usually see their employment as a temporary phase in which they can prepare for the foreign language test and go abroad for employment opportunities"*

**– Erdenechuluun B., HR Director, EMJJ hospital**

### 4.3.2 Employers' Perspectives & Skills Requirements

Skill gap – the mismatch between the abilities that employers rely upon in their employees and the abilities that job seekers possess – is evidently an emerging challenge for Mongolian labour market. This mismatch makes it difficult for individuals to find jobs and for employers to find appropriately trained workers. Employers are among those on the frontlines of this dichotomy and play an important role in identifying the related challenges. Thus, it is important to understand their perspectives as well as their demand for skills.

According to the Research Institute for Labour and Social Protection, **the main obstacle for employers to hire new employees is the inadequate experience of a job seeker, lack of desire for stable work, the inability to handle workload, and undervaluing the working condition and salaries** as shown below Figure 27. It is worth noting that these difficulties are mentioned repeatedly in the annual surveys (Research Institute for Labor and Social Protection, 2019).



Source: RILSP, Barometer Survey on Labour Market Demand, 2019

**In terms of skills requirement, employers were most concerned about the lack of practical knowhow, outdated theoretical knowledge, and poor soft skills of new employees.**

Soft skills are considered most deficient in job seekers, which include teamwork, communication, working independently, and time management. **Some employers believe that non-cognitive, soft skills are sometimes more important than technical skills, since the latter can be enhanced through on-the-job training and increased experience in the workplace** (Research Institute for Labor and Social Protection, 2019). In addition to that, number of studies on employer satisfaction and labour market demand revealed that many young people are not adequately equipped with the following skills:

- Soft skills such as resilience, communication, reliability, sense of responsibility, attitudes, leadership, teamwork, and positive behaviours
- Cognitive skills such as creativity, problem-solving, and critical thinking
- Technical skills such as ICT, foreign language proficiency, occupational health, and safety knowledge.

### Case Study A: Employers' Satisfaction Survey, NUM, 2019

**'Resilience' and 'Proficiency in English' remain the top skills demanded by employers. They believe career guidance must become part of the curriculum before the graduates enter the workforce.**

In order to assess the skills of university graduates for the labour market, the employment challenges, and the advantages and disadvantages of the university curriculum, **National University of Mongolia (NUM)** conducted the Graduates' Employment Tracer Survey and Employer Satisfaction Survey in 2019. A total of 1,031 students, graduates of NUM in the 2018-2019 academic year, and 120 employers participated in the survey.

As stated in the Employer Satisfaction Survey Report, employers require resilience, English language skills, professional skills, self-expression or communication skills, and attitude towards work/ passion whilst they also consider that work experience, legal knowledge, time management, teamwork skills, and ability to withstand workload are essential, according to the employers (Table 13).

Table 13. Employers skills requirement for graduates

Rank	Skills	Percent
1	Resilience	21.9
2	English language skills	15.8
3	Professional skills	14.9
4	Self-expression, communication skills	11.4
5	Attitude towards work, passion	7.0
6	Legal knowledge	5.3
7	Work experience	5.3
8	Desire to grow and develop	4.4
9	Time management	3.5
10	Attitude	3.5
11	Ability to work as a team	2.6
12	Ability to withstand the workload	1.8
13	Computer skills	1.8
14	Responsibility	0.9
TOTAL		100.0

Source: Graduates Employment Tracers Survey – Employers Satisfaction, NUM, 2019



**Employers believe that career guidance should be provided at universities as graduates mostly have no information about their profession and its goals.** However, graduates answered that they have learned about their profession from teachers (16.5%), from social media (12.7%), from parents (10.6%), and from university classes (9.5%). Employers also recommended that a career development class, which teaches how to write a CV, how to get interviewed, and how to manage time, is crucial for university students. They also consider that student internships need to be more productive and long-lasting.

**Moreover, as shown in below Table 14, more than half of the graduates do not meet the requirements of employers** due to lack of work experience, poor communication skills, and lack of English language skills.

Table 14. Whether the skills acquired by the graduates meet the requirements of the employers

Skill gap	Percent
Meets the requirement of the employer	47.8
Depending on the individual, doesn't meet the requirement	22.1
Lack of work experience	12.4
Poor communication skills	7.1
Lack of English language skills	3.5
Depends on the graduated university	1.8
Lack of document producing skills	2.7
Poor organisational skills	1.8
Poor computer skills	0.9
TOTAL	100.0

#### Case Study B: Employers' Requirement Survey, RILSP, 2017

The Research Institute for Labour and Social Protection conducted an Employers' Requirement Survey for the first time in 2017 in order to understand the employers' perspective. The scope was within **8 Occupations**, prepared by vocational institutions, and covered 110 enterprises from various sectors that had hired new TVET graduates within the past three years. According to the result of this survey, employers stated that there is an acute shortage of skilled workers and that they usually hire workers based on their attitudes and passion.

**Due to labour shortages, employers had no choice but to hire based on applicants' attitudes rather than professional skills.**

Table 15. Employers skills requirements by occupations

Occupations								
Requirements	Plumber	Electrician	Welder	Tailor	Nurse	Cook	Hairdresser	Heavy machinery operator
Personal skills								
Teamwork skills	✓	✓	✓	✓	✓	✓	✓	✓
Ability to work independently	✓	✓	✓	✓	✓	✓	✓	✓
Withstanding workload	✓	✓	✓	✓	✓	✓	✓	✓
Agility			✓	✓	✓	✓	✓	✓
Responsibility					✓		✓	✓
Problem solving skills					✓	✓		
Computer skills					✓			
Foreign language skills					✓			
Attitude								
Appropriate workplace behaviour	✓	✓	✓	✓	✓		✓	✓
Proactivity	✓	✓		✓	✓		✓	✓
Stability	✓	✓	✓					✓
Punctuality	✓	✓	✓					✓
Interest in their profession			✓			✓		
Desire to do the job successfully				✓			✓	
Interest in learning and improving their skills				✓	✓		✓	
Communication skills and self-discipline				✓	✓		✓	
Meticulousness	✓	✓	✓			✓		✓
Organisational skills				✓	✓	✓	✓	
Compliance to the code of ethics				✓	✓		✓	
Patience and perseverance	✓	✓	✓					✓
Professional skills								
Compliance with OSH	✓	✓	✓			✓		✓

Source: Employers' Requirement Survey, RILSP, 2017

While personal skills such as teamwork skills, ability to work independently, and withstanding workload are required for every occupation, professional skills are required for only nurses and heavy machinery operators. Moreover, the jobs of nurses and heavy machinery operators have higher requirements as seen in the above Table 15. Employers prioritised behaving properly and being proactive as desirable traits for most of the occupations.

According to the surveyed employers, **only 8% rated the new employees' professional skills as very good** and 37% as good, while 41% rated as poor and 14% as very poor. Among the occupations, the majority of construction electrical workers were rated as good while hairdressers were rated as the poorest.

Assessing the graduates' practical skills, 6% of employers responded that graduates met the requirements very well, 44% responded moderately, while 51% said they did not meet the requirements. In other words, **the practical skills of graduates do not meet the requirements of employers**. In particular, most graduates in heavy machinery operating, hairdressing, and welding do not meet the requirements of employers.

**Only 9% of the surveyed employers were satisfied with the TVET training programme in the aforementioned 8 occupations**, while 57% were moderately satisfied, and 34% were dissatisfied. Furthermore, employers pointed out that the skills of the teachers, equipment, internship environment, and students' attitudes are not adequate to affect graduates' skills positively. In all occupations, a certain amount of work experience is considered when hiring new employees. However, due to labour force shortages, employers had no choice except to hire employees based on their attitudes rather than professional skills. Notably, hospitals hire everyone who is interested in working, according to the respondents. The surveyed enterprises have hired 525 TVET graduates within the last 3 years. However, 93% of employers had to train new employees, incurring additional costs.

**There is a need for employers to participate in workforce development in the Mongolian labour market.**

**Another study highlighted that employers hire foreign workers to fill unmet demand for skilled workers.** Jobs are available but the skills supply does not meet industry demand due to skills mismatch. Studies show that employers in emerging sectors find it difficult to recruit qualified skilled workers. For example, 16,500 foreign citizens under work permit in 2017 and 10,700 in 2018 were working in various economic sectors in Mongolia. Out of foreign citizens who worked in 2019, 28.7% were working in construction, 26.9% were in mining and extraction, 21.4% were in wholesale and retail, 5.9% were in education, and the remaining were working in other sectors. Even though the number of foreign workers who hold work permits in Mongolia has not changed drastically over the last year, there have been significant changes between the sectors of economic activity. For example, out of the foreign workers in 2018, 3.5% worked in the mining and extraction sector, and it increased to 26.9% in 2019. The number of foreign workers in the processing industry was 20.3% in 2018, which declined to 9.2% in 2019. Number of foreign workers increased by 23.4 percentage points in the mining and extraction sectors, 5.9 points in education, 2.6 points in the transportation and warehousing sector, respectively, while the number declined in most sectors compared to the same period of the previous year (Research Institute for Labor and Social Protection, 2019).

**Employers prefer workers with more education, even for lower-skilled jobs.** Data from the ILO School-to-Work Transition (SWT) survey revealed that 58% of employers prefer graduates with university-level bachelor's degrees, even for administrative positions. And 22% would rather hire someone with a master's degree and above for the same administrative position. For low-skilled manual/ production jobs, 33% of firms prefer to hire someone with a vocational technical education, while 21% consider secondary level education as a minimum requirement. Available anecdotal evidence suggests that the bias of firms towards more education, while not necessarily commensurate to the requirements of the job, reflects their expectation that a potential hire with higher educational attainment has better knowledge and skills acquired through more years of schooling (UNESCO, 2019).

Employers demand graduates with high skills who meet their requirements. Their role in preparing qualified workers is equally important. Fundamentally, it is imperative that employers identify the skills they need and also develop mechanisms to recruit, train, and retain employees. However, not many employers are prepared to do so. The experts engaged during this study suggested the following ways to foster employers' participation in workforce development:

- **Fostering linkage and partnership between academia and industry for developing workforce;**
- **Determining clear roles of employers in the development of occupational standards and training curriculum;**
- **Encouraging employers for providing more internships, apprenticeships, and on-the-job training opportunities for students and young employees;**
- **Providing clarity on skills requirements.**

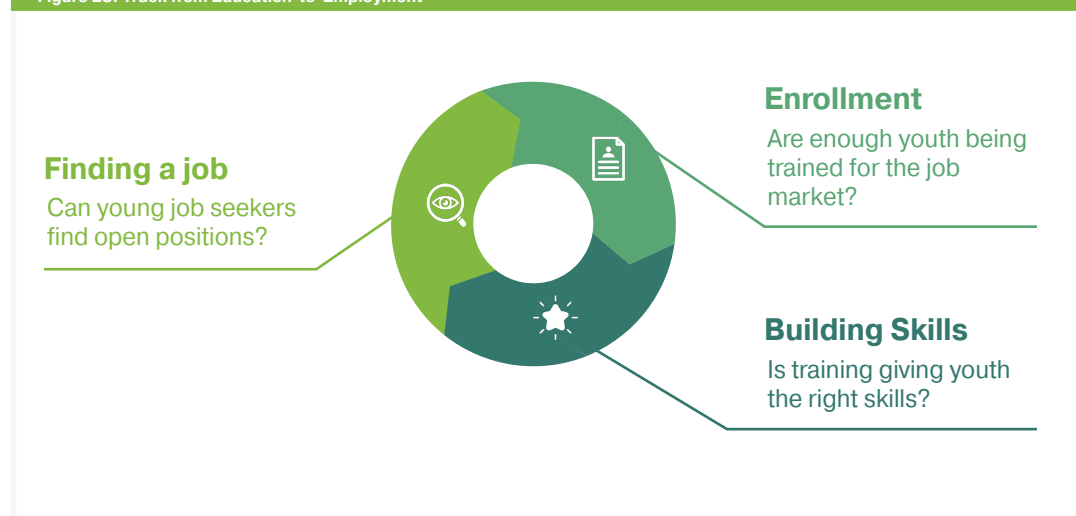




## 4.4 Track from Education to Employment

According to McKinsey & Company's Education to Employment: Designing a System that Works report, there are three critical intersections in young people's "education to employment journey": (1) enrolling in education and training, (2) building skills, and (3) finding a job (Figure 26). In this section of the study, we adopted this framework and investigated each intersection of how Mongolian youth are transiting through this journey. Moreover, it will provide an overview of the Education and Training System of Mongolia.

Figure 28. Track from Education-to-Employment



Source: Adopted from "Education to Employment: Designing a System that works" report, McKinsey & Company, 2013

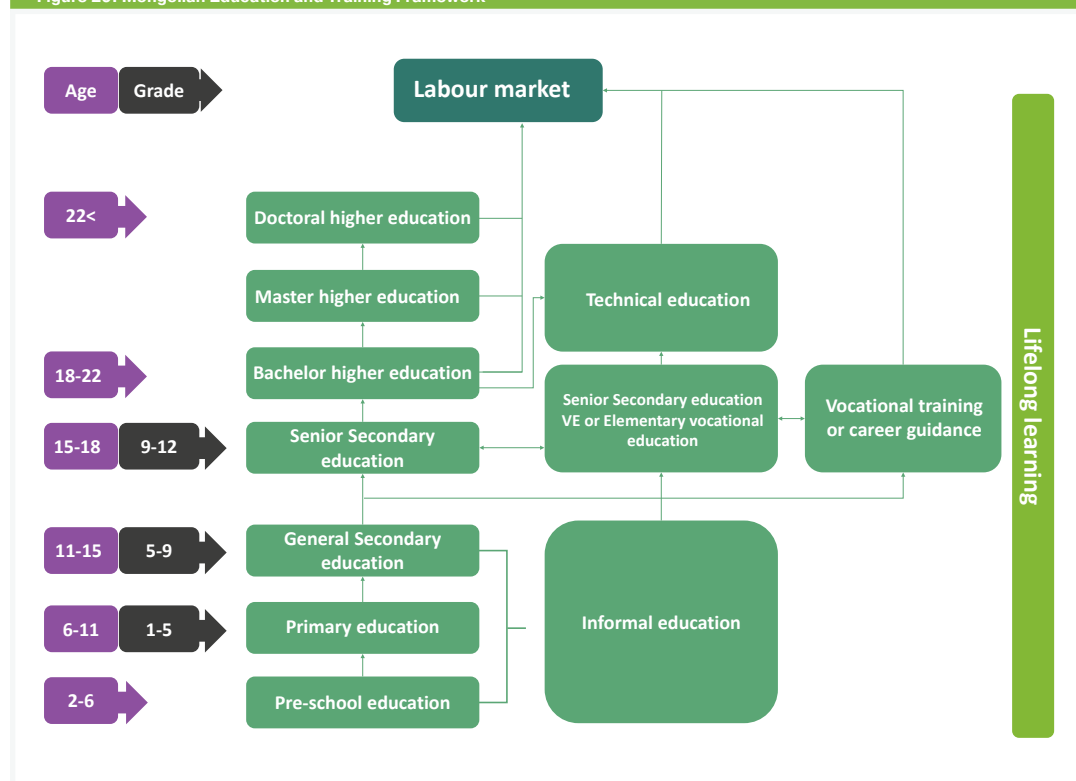
### Overview of Education and Training System in Mongolia

#### General education is a critical transition point in the Mongolian educational system.

The education system in Mongolia consists of the following levels: pre-school, secondary (combining primary, general secondary, and senior secondary), TVET, and higher education. After completing nine years of compulsory education, students can either continue to senior secondary education or enter TVET schools. Following twelve years of secondary schooling, students who wish to continue further studies may enter tertiary institutions or TVET schools (Figure 29).



Figure 29. Mongolian Education and Training Framework



Source: Retrieved from Study on Technical and Vocational Education sector report, ADB, 2019

According to the Ministry of Education and Science, general education is considered the most important stage in the educational system. Mongolia's general education is largely free and mostly dominated by public institutions. Of the 820 schools across the country, 82% are public and 18% are private. Most private schools are located in Ulaanbaatar, and the private school affair is growing fastest in the capital city (MECSS; World Bank, 2020). (See Table 16.)

**General education is considered the most important stage. After 12<sup>th</sup> grade, the number of those opting for higher education (HE) drops significantly.**

**For HE, there's clear dominance in the number of private institutions over public ones, although, per World Bank, public institutions serve 90% of HE students.**

**For TVET, public institutions are much higher in number than private ones.**

**The decision to choose TVET happens early: more join from 9<sup>th</sup> grade than 12<sup>th</sup> grade.**

**There's around a 60:40 male to female ratio in TVET, implying that the social construct compels men to find livelihood opportunities sooner than women. This also explains the higher education levels of women than men.**

The monthly monetary allowance for TVET students seemed to be an encouraging step by the government of Mongolia. Statistics show that the highest growth of enrolment in TVET institutions was observed during 2013-2016, which could be attributed to the stipend provided to the TVET students from 2012 onwards. Consequently, with the cessation of this initiative from 2015, there was a decrease in enrolment from the academic year 2016-2017. Study on Technical and Vocational Education sector has revealed that the economic situation of Mongolia, particularly poverty, plays a critical role in influencing the enrolment numbers in the TVET sector. Although incentives such as stipend boost the number of students who otherwise do not have any intention to select the occupation, they significantly affect the training quality and the skills of graduates (MECSS; ADB, 2019).

Table 16. Education Statistics, 2016-2021

Indicators	School year				
	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
<b>General Education</b>					
1 # General education schools	768	778	798	803	820
2 Graduates - 9th Grade	34,771	44,573	41,913	42,662	44,850
3 Graduates - 12th Grade	37,116	40,537	16,440*	28,551	34,813
<b>Higher Educational Institutions</b>					
1 # HE INSTITUTIONS	95	96	94	95	88
2 Public	17	18	18	21	20
3 Private	78	78	76	74	65
4 TOTAL STUDENTS	157,138	155,248	157,625	148,446	147,293
5 Female Students	91,526	90,094	93,552	90,574	89,463
6 Male Students	65,612	65,154	64,073	57,872	57,830
7 NEW ENTRANTS	41,195	45,480	44,094	17,566	25,165
8 Female Entrants	24,097	26,592	26,373	10,554	15,839
9 Male Entrants	17,098	18,888	17,721	7,012	9,326
10 of which High school (12th grade) graduates	27,626 (79.4% of graduates)	32,9190 (88.7% of graduates)	31,558 (77.8% of graduates)	11,915 (72.5% of graduates)	19,283 (67.5% of graduates)
11 GRADUATES	34,681	29,164	23,038	28,045	31,161
12 Female Graduates	21,179	17,476	13,513	17,283	19,861
13 Male Graduates	13,502	11,688	9,525	10,762	11,300
14 Workforce	12,740	12,705	12,634	11,342	11,970
15 Teachers	6,917	6,724	6,668	7,330	7,143
<b>TVET Institutions</b>					
1 # TVET INSTITUTIONS	86	83	86	80	75
2 Public	50	50	51	50	46
3 Private	36	33	35	30	29
4 TOTAL STUDENTS	40,134	35,831	38,526	40,011	40,165
5 Female Students	15,900	13,941	15,077	16,440	15,987
6 Male Students	24,234	21,890	23,449	23,571	24,178
7 NEW ENTRANTS	18,769	19,519	24,999	24,853	22,720
8 Female Entrants	7,631	7,854	9,485	10,396	9,779
9 Male Entrants	11,138	11,665	15,514	14,457	12,941
10 12th grade graduates	4,416 (12.7% of graduates)	3,246 (8.7% of graduates)	4,905 (12.1% of graduates)	2,892 (17.6% of graduates)	2,097 (7.3% of graduates)
11 9th grade graduates	5,455 (25.8% of graduates)	5,809 (16.7% of graduates)	7,521 (16.9% of graduates)	8,435 (20.1% of graduates)	9,031 (21.2% of graduates)
12 GRADUATES	19,531	20,379	21,206	18,887	19,734
13 Workforce	4,714	4,227	4,626	4,403	4,061
14 Teachers	2,510	2,230	2,469	2,388	2,242

Source: Author compiled from Ministry of Education and Science's Sub-sector statistics and NSO's 1212.mn

## Technical and Vocational Education and Training

Education sector, in particular Technical and Vocational Education and Training (TVET) sector is one of the industries that influences the socio-economic development of the country by preparing the graduates and labour force in line with the labour market needs, creating a realistic public-private partnership mechanism, incorporating industrial development needs into training standards, improving industrial-practice workshop and laboratories in line with moderns needs and requirements, and introducing training services based on the need of the society (MECSS; ADB, 2019).

\* big fall from the previous year – it represents the number of the first batch of students that completed higher-secondary education according to the renewed K-12 system adopted in 2006.

In Mongolia, the TVET system comprises various types of formal and non-formal training institutions. According to UNESCO, the formal TVET system in Mongolia is structured as shown in below Table 17.

Table 17. Formal TVET system structure in Mongolia

1	Programme Title / Level: Vocational education offered at upper secondary level	
	Duration	2.5 years
	Admission requirements	Completed General Secondary Education
	Taught in	Secondary Vocational Educational Schools (VTPC)
Graduates from lower secondary schools can proceed to Secondary Vocational Educational Schools (VTPC) or to general upper secondary school. Graduates of the VTPCs receive both vocational education and general upper secondary education certificates.		
2	Programme Title / Level: Vocational education offered at upper secondary level	
	Duration	1 year
	Admission requirements	Completed General Secondary Education
	Taught in	Secondary Vocational Educational Schools (VTPC), Polytechnic colleges
Vocational education training for one year is a flexible training programme, which admits adults and graduates of lower secondary education based on employers' need and occupation specific features.		
3	Programme Title / Level: Higher vocational education offered at post-secondary non-tertiary level	
	Duration	1.5-3 years
	Admission requirements	Completed Senior Secondary Vocational Certificate or Certificate of Senior Secondary Education
	Taught in	Polytechnic colleges
Graduates from VTPC receive a technical diploma after 1.5 years of training at Polytechnic colleges. Graduates who completed senior secondary education receive a technical diploma after 3 years of training. Those transferring from Polytechnic colleges to higher education can graduate with bachelor's degrees after 2-3 years.		

Source: TVET Country Profile, UNESCO, 2020

Within the academic year of 2020-2021, 75 formal education and training organisations have been providing vocational education and skills in the TVET sector. The legal training institutions are functioning with a total of 40,165 students with 2,242 teachers (Table 17). Around 77% of the total TVET students are in vocational education programmes, 18% are in technical education, and the remaining 5% in professional training to get competency certificates (MECSS; World Bank, 2020).

**In addition to the afore-mentioned formal TVET structure, there are several other non-formal, short-term trainings and programmes.** It is estimated that there are 560 short-term training providers offering skill development training, although not all of these are accredited by the Ministry of Labour and Social Protection (MECSS; World Bank, 2020). Short-term vocational training is often tailored to serve the needs of unemployed or under-employed individuals seeking to acquire new skills and competencies. Those who complete vocational training may receive a competency certificate.

### Higher Education

Higher Education offers four levels of qualifications: Diploma level (up to 90 credit hours), Bachelor's degree (120 credits), Master's degree (150 credits), and Doctoral degree (210 credits). Tertiary education is offered by universities, colleges, and institutes – colleges mainly offer undergraduate programmes, while universities and institutes focus more on research and graduate study. Admission to universities requires the Diploma of Secondary education awarded at completion of secondary school. Students must take a competitive entrance examination administered nationally by the Education Evaluation Centre (EEC). The Education Law states that higher education institutions are to award academic degrees or qualifications (Korea-World Bank; Partnership Facility, 2015). In 2021, a total 20 state-owned and 65 private higher education institutions were operating with a total 147,293 students (Table 16.) Public universities are fewer in number than their private counterparts, but service 90% of students (MECSS; World Bank, 2020).

### Lifelong education is yet to become a key sub-sector in response to Mongolia's socio-economic demands.

In Mongolia, the lifelong education sub-sector was established in the 1990s. The Law on Education set out policies to promote lifelong education as means to service the hardest to reach learners (ADB; MECSS, 2019). Lifelong learning is provided through alternative or equivalent programmes for elementary, basic, and secondary education in 354 centres throughout Mongolia. The participants or target groups of lifelong learning are school dropouts, adolescents and adults, monks, housewives, unemployed citizens, migrants, preschool aged children and their parents, vulnerable groups, and citizens with disabilities and those who have little or no access to education. In 2018, 7,296 students enrolled in lifetime education centres, according to the National Centre for Life-long Learning. These services are decentralised with aimag, city, and district governors taking responsibility for the sub-sector (MECSS; World Bank, 2020).

We will now assess the three intersections in the education-to-employment journey in the Mongolian context.

## 4.4.1 Intersection 1: Enrolment

### Youth enrolment in education shows positive trends in Mongolia but disparities still exist.

Mongolia has made great strides in improving access to education in the last two decades (UNDP, 2016). In particular, educational enrolment among 20-29 years olds during the period 2010–2020 has greatly improved: it has increased from 29.8% to 53.4% for 20-24 age group, and from 5.6% to 17.9% for 25-29 age group during that time frame, according to the Population and Housing census of Mongolia (Table 18).

Table 18. Youth educational enrolment, by age groups and gender: 2010, 2020

Age groups	2010			2020		
	Total	Male	Female	Total	Male	Female
15	93.0	90.5	95.6	98.3	97.6	99.0
16-19	75.9	69.6	82.5	90.1	86.8	93.6
20-24	29.8	25.8	33.8	53.4	50.2	56.7
25-29	5.6	4.7	6.5	17.9	17.0	18.9

Source: National Statistical Office: 2020 Population and Housing, Sub report on Education

**The nine years of compulsory education are now nearly universally attained. However, the TVET is not meeting the previously established targets on access.**

As of the 2019-2020 academic year, the net enrolment rate reached 98.5% for compulsory education, and the urban-rural difference in access has narrowed, although rural areas still lag (MECSS; World Bank, 2020). However, the goal of Education Sector Master Plan 2006-2015 to re-educate 40% of dropout students from general education through alternative or equivalent learning programmes in TVET or life-long learning was not achieved. There are a multitude of reasons for this. The number of secondary school students choosing to progress to 10<sup>th</sup> grade is increasing, meaning fewer are enrolling in TVET programmes. Some reports suggest that, owing to the per-student funding of education institutions, schools may be encouraging children to remain in school (MECSS; World Bank, 2020). People are not interested in choosing TVET schools even when there are opportunities such as the waiver of tuition fees, stipends, and invitation to study in-demand occupations identified by the labour market barometer survey (MECSS; ADB, 2019).

About 25% of the total Employment Promotion Fund goes to the TVET Promotion Fund to cover monthly stipends for all TVET students (both public and private) as well as the variable cost per student in private TVET schools. The government allocated much less to vocational and technical education programme than monetary allowances for students (about MNT 600,000 versus MNT 1,000,000) (MECSS; ADB, 2019). By February 4 of 2020, the Cabinet of Mongolia decided to increase the monthly stipend to students of TVET institutions to MNT 200,000 from MNT 100,000 in 2019. However, enrolments in TVET programmes remained low and the employment of graduates has not improved commensurate with the efforts and financing.

**Demand for higher education is rising, and there is a high concentration of higher educational institutions and students in the capital.** On average, 30-40 thousand students graduate from secondary school per year in Mongolia, of whom 40% are in Ulaanbaatar and 60% are outside of the capital. Yet, 91% of all graduates enrol at institutions in Ulaanbaatar, and just 9% in other areas (MECSS; World Bank, 2020).

**Despite the expansion in enrolments at all levels of education, there are disparities in access:**

- Access to education among youth with disabilities is still limited: only 66.2% of youth with disabilities are enrolled in the compulsory education age-group. Almost half of the youth with congenital disabilities have no education or are illiterate. They face significant barriers because teachers do not have appropriate training, and institutions lack accessible infrastructure. These failures exacerbate the stigma of disability.

- There are disparities in access to tertiary education across households of differing wealth status.
- Likewise, rural students are becoming more disadvantaged in gaining access to higher education because of the rapid rise in the cost of housing and the cost of living in Ulaanbaatar, where most of the higher-education institutions are located.
- Participation in education is relatively good. But gender disparities exist and opportunity in access to education by different socioeconomic groups is unequal (UNDP, 2016).

### Students can't make informed decisions about their fields of study and career options.

Effective career guidance helps individuals to reach their potential and plays a critical role to the smooth transition of people as they make choices about education and training and to mobility within the labour market. Moreover, investment in guidance provides positive economic, educational, and social returns. However, in several countries, access to guidance is insufficient (ILO, Investing in Career Guidance, 2021). **According to the ILO, Mongolia's upper secondary school students have limited knowledge and understanding about various types of jobs and professions, so they select the most common occupations such as lawyer or teacher.** Moreover, students also base their choices on gender-biased perceptions about certain types of jobs (*I choose to become a hairdresser because it is a girl's job*) and almost none of the surveyed respondents referred to entrepreneurship as a viable employment option. Career guidance has been introduced as an extra-curricular activity to 8<sup>th</sup> and 9<sup>th</sup> grade students in all public secondary schools of Mongolia since 2016 and has also been extended to 10<sup>th</sup>-12<sup>th</sup> grade students since 2018.

Existing superficial approach and inconsistent career guidance is encouraging Mongolian secondary school students to pursue higher education, but potentially to the detriment of vocational jobs. Reports indicate that the general trend is to encourage students to sit university entrance exams, which creates a bias towards higher education over alternatives such as technical and vocational education and training, and a lack of awareness of the shifting needs of the labour market (World Bank, 2020). Due to its poor public image, **TVET remains a secondary option to most students and parents.** Lack of career information and guidance on choosing between senior education and TVET, resulted in enrolment of students who are academically less successful and come from poorer households. Moreover, the fact that only half of the TVET graduates are engaged in professionally relevant jobs, most of whom are graduates from the health, energy, and education sectors indicate a need for greater understanding of labour market vacancies and requirements, and career counselling services connected to the job market (World Bank, 2020).

### The specificities of Mongolia's job market are not captured in the higher education sub-sector.

While there are a wide range of qualifications offered in the higher education sub-sector, they do not fit well with the priority areas of economics and labour market in Mongolia and do not clearly present what career path graduates could pursue (World Bank, 2020). Moreover, higher education institutions do not offer employability skills training, career guidance, and employment services.

**There is an oversupply of graduates in certain bachelor's degree majors** such as law, business administration, and international relations. Studies that tracked unemployment reasons of young people with higher education as well as the focus group discussions conducted during this study show that this group of youth usually ends up obtaining an occupation that does not match the needs of the labour market or their true aspirations. Parental preferences and perceived high salary levels are among the key determining factors for career pathways of youth who pursue higher education in Mongolia. Many university graduates who struggle to find a job relevant to their study upon graduation report choosing an unsuitable occupation or having no or little interest in their chosen field of study, irrelevance of the obtained education, and high levels of competition within the labour market as key reasons for their unemployment.



**While career guidance is one of the services offered by public employment services and employment promotion programmes, only a small percentage of unemployed jobseekers receive such public services.** Moreover, according to recent assessments, these services and programmes are poorly designed, almost exclusively supply-driven and neglect labour demand, and do not effectively reach to or serve the intended target groups.

#### 4.4.2 Intersection II: Skills Building

**Quality and relevance of education remains a major concern in Mongolia.**

Despite extensive efforts directed to improve the TVET system, the quality of TVET is still inadequate, enrolment remains low, and employment rate of graduates in jobs relevant to their study at TVET institutions has not improved. According to the assessments by the development partners such as UNESCO and ADB, issues linked with youth employability in TVET that require further improvement, include:

- Improve the image and reputation of TVET for youth and their parents
- Strengthen the participation of the private sector and employers' representatives
- Enable TVET institutions to research and respond flexibly to the vocational education and trainings needs of the sectors and regions
- Ensure that TVET curricula are oriented towards developing appropriate skills required in work and also enable those in work to upskill via appropriate TVET programmes
- Address inadequate theoretical teacher training as well as issues of high turnover of teaching and administrative personnel linked to causes such as political changes, low payment, and social benefit
- Ensure implementation of quality assurance mechanisms – licensing, accreditation, inspection, and certification
- Develop infrastructure, trainings, and curricula for people with disabilities
- Focus on development of the soft skills that are commonly required by employers, including attitude towards job, problem solving, teamwork, communication, and entrepreneurial skills.

While almost three in five Mongolian youth are enrolled in higher education institutions, quality assurance of this sub-sector remains a key concern. **Higher educational institutions are not preparing graduates for appropriate employment.** According to UNESCO's Education Policy review conducted in 2020 and Education Sector Mid-Term Development Plan 2021-2030, gaps that currently exist in transition from higher education to workforce need to be addressed by undertaking a range of strategies. These include:

- Offer education curricula that is designed to meet the structure and demands of domestic labour market and characteristics
- Focus the teaching workforce towards providing employment-related skills and feedback loops between academic programmes and the labour market/graduate employment opportunities
- Provide career counselling and employment services. Students otherwise find it difficult to make informed choices about their fields of study and the career options

- Improve the quality and relevance of its training programmes to close the current gaps between employer requirements and graduate skills
- Develop alternative approaches that can facilitate acquisition of 'soft' 21<sup>st</sup> century skills and integrate employability skills into the training programmes
- Prioritise investments in specialised areas in line with national development needs.

**Lifelong learning has great potential to contribute to the reduction of youth unemployment rate.**

As assessed by UNESCO, among the beneficiaries of the lifelong learning services, the less educated and unemployed group stood at 2<sup>nd</sup> level with a rate 59% (UNESCO, 2016). According to the recent assessment of the Mongolian lifelong education sub-sector, its achievements of the last 20 years in terms of accessibility, flexibility of courses, and training suitability for different age groups are considered successful (ADB; MECSS, 2019). However, this study has also revealed a number of pressing issues that need to be addressed, including:

- Insufficient follow-up and implementation of existing relevant policies and regulations
- Absence of explicit national frameworks, including policies and regulations on adult education
- Insufficient funding and lack of adequate funding mechanisms
- Lack of trainees' need-based content and services, often limited to literacy and equivalency programmes.

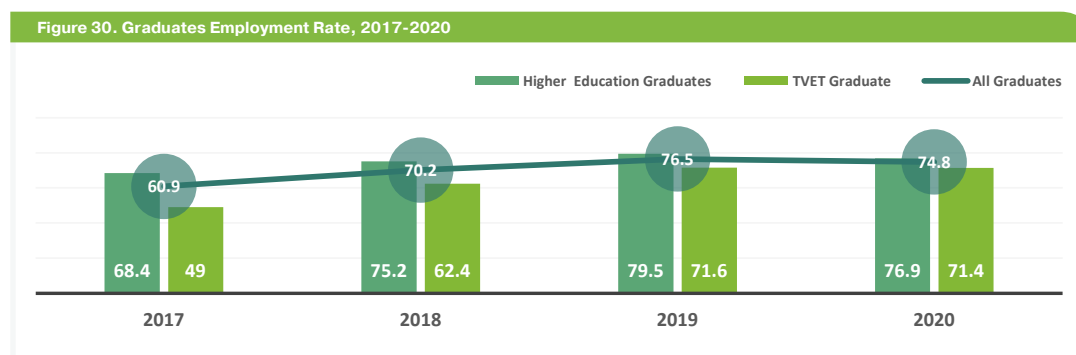
#### 4.4.3 Intersection III: Finding a Job

Obtaining a job and becoming financially independent are important milestones of successful transition of young people to adulthood. However, the capabilities of young people do not always match the requirements of the jobs that are available, and many young people wait for a long time for suitable jobs. While searching for their first stable jobs after completing their education, youth pass through a transition phase, **the education-to-employment transition** – a major life event for all young people. Obtaining a first stable job marks the culmination of the transition. It depends on a number of key factors such as the skills of young people and the availability of appropriate jobs (UNDP, 2016).

**Mongolian Youth face difficult Education-to-Employment transitions.**

According to the sector statistics, every year in Mongolia, around 25,000 youths graduate from higher educational institutions and around 20,000 graduate from TVET institutions. As we discussed in previous sections – upon exit from schools, the rates of informality, unemployment, and inactivity are elevated for youth in Mongolia.

**The employment level of universities and TVET graduates have been intensely criticised** by the public (MECSS; World Bank, 2020). As a result of the Graduates Employment Tracers Survey, 74.8% of the university and TVET graduates from 2015-2016 have been employed in 2020, of which 76.9% of university graduates and 71.4% of TVET graduates were employed (Figure 30).



Source: RILSP: Graduates Employment Tracers Survey, 2020

**Among the employed TVET graduates, only 51% are engaged in professionally relevant jobs,** and out of the employed graduates of higher education, 66.5% were working in their chosen fields of study, which further validated the issues of i) relevance of education and ii) inadequate career guidance. The top three reasons cited for this finding were the lack of interest in pursuing a career in their major, lack of demand for their profession, and poor working conditions (Research Institute for Labour and Social Protection, 2020).

**Finding a job is a major obstacle for the graduates of Mongolia.** Vacancies generally require some initial work experience, and employers prefer hiring employees with certain skills and experiences (ILO, 2017). In addition to that, several literatures and consultations with stakeholders revealed that most young people actively seeking job deal with many barriers-to-entry that are based on:

- Limited job vacancies especially during times of economic slowdown
- The mismatch of employability skills with available jobs remains and employer's requirements
- Lack of career guidance from educational institutions during their studies and inadequate placement support and job linkages upon graduation
- Lack of information and transparency about labour demand and employment opportunities
- Insufficient outreach of Public Employment Service, as only 5% of youth relies on PES when looking for job (World Bank, 2020).

Furthermore, requirements by some employers for male candidates to pass military conscription is one of the barriers youth may face.

**There is inadequate support for the Education-to-Employment transition for young people. For those who remain unemployed, they may face a prolonged job search.**

RILSP survey found that a significant percentage of graduates took longer than six months to find a job. Especially for TVET graduates, around 4 out of 10 students took longer than 13 months to secure their first employment. For the other group, it was just over 2 out of 10. (Table 19). This finding further bolstered the point that the TVET system must be reformed, strengthened and be well-coordinated between the government and the private sector. In addition, there is a need for accurate forecasting of Labour force supply and demand, including proper matchmaking, as well as ensuring that the TVET curricula are oriented towards developing appropriate skills required in work.

Table 19. The length of transitions from Education to Employment

The length of transitions from Education to Employment	Higher Education Graduates	All Graduates	TVET Graduates
Before the graduation	9.4%	10.4%	12.7%
Less than 3 months	28.5%	25.7%	19.6%
4-6 months	14.0%	12.8%	10.0%
7-12 months	24.5%	22.1%	16.8%
More than 13 months	23.5%	28.9%	40.9%

Source: Graduates Employment Tracer Survey – 2020, RILSP

Moreover, as per experts, linking students to employment opportunities is yet to become a priority for education providers of Mongolia. Additionally, the participation of the employer is still at the incipient stage (ILO, 2017). Without adequate support for education-to-employment transitions, youth become discouraged and are often forced to work in low-productivity and low-paying informal jobs. This coping strategy, however, can lead to the negative impacts of skills erosion and reduced lifetime earnings of young people (RAND, 2015).

A smiling woman wearing a white chef's hat and a white chef's jacket with blue trim. She is holding a stack of four rectangular cakes in clear plastic containers. The cakes have yellow layers and pink frosting. The background is a solid light blue color.

5

# **MONGOLIA'S POLICIES ON YOUTH EMPLOYABILITY**

Photo credit to World Vision Mongolia



**Mongolian government has made significant policy efforts** with the aim of reducing poverty and unemployment over the past 20 years. The GoM adopted important policy documents and updated legal frameworks linking macroeconomic policies with employment outcomes, focusing on employment promotion and jobs creation, reforming technical and vocational training systems to address supply-demand and skills mismatch, supporting entrepreneurship and SMEs, improving employment support services, promoting employment opportunities for rural youth and persons with disabilities. Despite the increasing policy recognition and efforts directed at unemployment, imbalance between economic and employment growth persists (UNDP, 2016).

As suggested via the several policies on youth in the next section, youth employment seems to be one of the Mongolian government's highest priorities. For its young population, the government seeks to decrease the unemployment rate, provide quality education, and create necessary conditions by which youth can be part of a skilled labour force (ILO, 2016). Number of key policy documents such as *State Employment Policy*, *Law of Mongolia on Vocational Education and Training*, *Employment Promotion Law*, *Youth Development Law*, *State Policy on Herders* as well as recently adopted long-term development policies such as *Vision 2050*, *Education sector Medium Term Development Plan 2021-2030*, *Government Action Plan for 2020-2024* all have provisions related to youth employment.

## 5.1 Overview of the Institutional Framework

**Recently adopted country-level long-term development policies, including “Vision 2050”, “Education Sector Medium Term Development Plan 2021-2030”, and “Government Action Plan for 2020-2024” all focus on human capital development, creation of the middle class, ensuring quality education for all, preparing highly skilled workforce, increasing employment, and supporting entrepreneurship.**

The objectives of these long-term development policies, as listed below, are linked with labour market and employment promotion, which while targeting the general population are also linked to the policies targeting the youth.

- Further reforming labour, social security, and welfare systems in conformity with demand
- Improving coordination between labour market and education sector
- Establishing demand-driven education system and supply national labour force with occupationally highly skilled workforce
- Providing employment support, building business know-how skills, promoting SMEs
- Enhancing and diversifying vocational education and training system
- Creating jobs through support for private sector, SMEs, and employment promotion
- Re-introducing nursery system for children aged 0-2 to enable employment for mothers.

**Adopted in 2016, “State Policy on Employment”** includes a wide range of measures such as improving opportunities for in-demand skills training, on-the-job training opportunities, improving public employment services and the legal environment surrounding labour relations. It also recognised the importance of targeting vulnerable groups and disadvantaged regions with better skill training and entrepreneurship opportunities, and the directing of investments, credit, and financial resources to remote regions. The policy also recognises the importance of SMEs as engines of employment growth and proposes targeting incentives towards their development, particularly “green” investments. The two-phased plan began in 2016 and will continue until 2025 with a range of targets to be met. The Policy is comprehensive; however, there are concerns that due to the current slowdown in growth and the tight budgetary constraints, implementation may be affected (ILO, 2017).



**Advancement of TVET** is one of the key measures of the Mongolian government to fight poverty and youth unemployment. Over the last decade, efforts were made to improve the attractiveness, relevance of TVET as well as promotion of demand-driven technical and vocational education programmes. Reform strategies declared in official policy documents were directed so that the system is driven by the demands of the economy as well as individual employability needs. **The 2009 revision of “Law on Vocational Training and Education”** has enhanced vocational training responsiveness to labour market demands, improved vocational training standards, curriculum, teachers’ training, and technology, and strengthened the private sector’s role in skills development (ILO, 2017).

**“Employment Promotion Law” revised in 2011** is one of the core active market policies in Mongolia that is focused on active labour market participation and employment promotion. This policy, while focusing on assisting Mongolians, including youth, who are unemployed, job seeking, herders, self-employed and individuals establishing small businesses, also aims to ensure the inclusion of specific groups such as herders, school dropouts, people with disabilities, and those who have been released from correctional facilities (Youth Policy Toolbox UNESCAP, 2017). Services and measures offered through this law, funded by the Employment Promotion Fund established under this law, are:

- Promotion services: career counselling, job mediation, vocational training, labour market information sharing
- Promotion measures: employment preparation and employment training
- Support herders, small business owners, self-employed via trainings, incubation services and small grants/loans

**Youth employment is also one of the five key priority areas of “Youth Development Promotion Law”** that was adopted in 2017. This policy has enabled the establishment of youth development service centres across the country at district- and province-levels, and it aims to promote youth employment by supporting:

- Labour exchange centres who liaise with and refer youth and students to employers
- Herders, self-employed, citizens running businesses in forms of cooperatives/partnerships
- Unemployed youth through professional skills improvement and re-training programmes
- Employers who have employed graduates that have difficulty in obtaining employment or creating part-time jobs for students (Youth Policy Toolbox UNESCAP, 2017).

**Rural youth employment promotion is one of the priority areas of regulations focused on herder, livestock husbandry, and rural development**, including past policies such as “State Policy on Herders 2009-2020”, “Sustainable Livestock Husbandry Development Framework 2018-2020” as well as recently adopted “Mongolian Herder - National Programme 2020-2024”.

**Effective implementation and follow-through of relevant policies remain a key concern. Employment promotion policies such as “State Policy for Employment” and “Employment Promotion Law” do not specify youth groups, characteristics of their needs or different age groups, and ways to approach youth employment problems such as school-to-work transition.**

**Mongolian government undertook significant policy efforts towards reducing unemployment and promoting employment.** However, absence of M&E frameworks, mismatch with labour market demands, poor design, implementation shortcomings, lack of intersectoral coordination, inefficient budget spending, inadequate and unsustainable financial mechanisms as well as lack of outcome and impact assessment practices are some of the key gaps of these policy development and reforming efforts (World Bank, 2020).

**Moreover, indistinct targeting further complicates the effective implementation and follow-through.** The policies are too broad and do not clearly specify various groups, including youth and NEET, and do not differentiate their age groups. Lack of clearly defined roles of intersectoral coordination among various key stakeholder groups is also one of the key gaps of respective policies.

**Educational policies are inadequate in terms of defining, regulating, and monitoring the areas of specialisation that Mongolia needs for its social and economic development** (UNESCO, 2020). Education sector policies are not serving the needs of the labour market or the needs in employability skills of the students. Moreover, the role of educational institutions on how they should address labour market demand, participate in the school-to-work transition, and regulate processes between education and labour market sectors is not clearly defined in the employment promotion and other youth focused policies.

**One of the key policies targeting youth – “Youth Development Law” is too broad and generic.** Adopted in 2017, its implementation hasn't seen substantial results on-ground, as the financing mechanism of this policy – Youth Development Fund hasn't been set-up yet. Moreover, recent surveys show that young people are not aware of the existence of Youth Development Centres, created in each district and province, as well as the services, although very limited, these centres offer (Youth Policy Toolbox UNESCAP, 2017).

**Mongolia stands as a country firmly committed to addressing informality.** It was the first country to develop a National Plan on the Informal Economy through tripartite negotiations, which has subsequently been hailed as international good practice. The resulting 2006 “**State Policy on the Informal Economy**” was very comprehensive. The policy supports transitions to the formal economy through a combination of incentives and regulatory measures in areas such as the macroeconomic environment, sectoral policies, financial services, and business support. The policy was intended to be implemented in three phases; however, implementation has been delayed and stalled for various periods. The first phase saw a number of activities implemented in the areas of upgrading informal enterprises and exercising decent work concepts, but the situation could have been further improved if the GoM had put in all the effort necessary to implement its strategy and supervise the regulatory system. While the Policy does target vulnerable groups, including herding communities and female-headed households, it does not explicitly target youth, informal enterprises, and young people in informal employment (ILO, 2017).



6

# KEY CHALLENGES FOR YOUTH EMPLOYABILITY

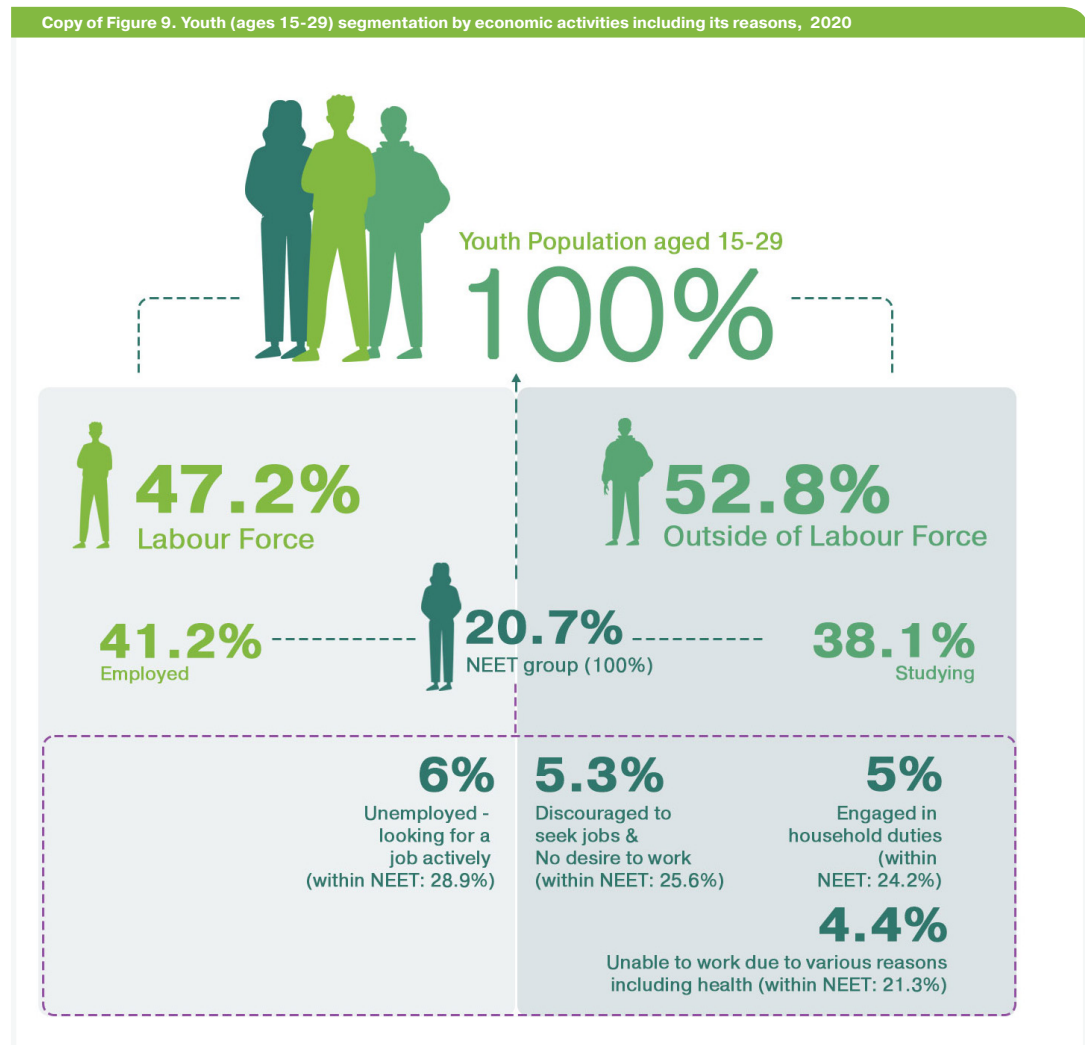


## 6.1 What Constitute the Challenges

As we saw in the previous sections, there are different segments of youth with regards to their needs, their economic activities, their family situation, and the phase they are at in their lives. Some of them have stable employment, some are pursuing education, while many are still not engaged in the economy due to various reasons. It is extremely important to understand the context of each segment and identify the corresponding challenges they have in getting jobs or in acquiring skills necessary for getting a job.

**As young people with NEET status are a diverse group, the issues they face differ.**

Youth segmentation is one of the ways of classifying the challenges in youth employability. As of 2020, 41.2% of the total youth population were employed, 38.1% were in education, while a notably high percentage – 20.7% were economically inactive (with NEET status) as shown in Figure below, which is based on the author's estimation centred around NSO's 2020 Population and Housing Census and Labour Force Survey data.



Source: Author's estimation based on NSO's 2020 Population and Housing Census and Labour Force Survey data.

**There are several touchpoints that young people have in their journey to employment, and each touchpoint has different sets of challenges.**

Another way to outline the challenges is to get a full picture of the various touchpoints that youth have in their journey from education – i.e. enrolment, retention, skilling etc. to employment – i.e. job search, household engagements, entering the labour market, entrepreneurship etc. In this journey, they tap into several opportunities and also face many impediments; many individuals face disparities or biases that hinder their progress or discourage them completely. The touchpoints also include various stakeholders such as teachers, employers, family members, education institutions, govt., and several others that they interact with and who play a critical role in shaping their journey. They collectively form an ecosystem that enables youth to become an active economic contributor and advance the development of society and country. While the previous sections of the report investigated the roles and accountabilities of all relevant stakeholders in workforce development, it is worthwhile to delve into the challenges from ecosystem point of view. The next section consolidates the various challenges that youth face across all the aforementioned ways of classifying them.

## 6.2 Challenges of Different Youth Segments in Their Journey to Employment

### 6.2.1 Skills and Demand Mismatch

**Inadequate skills have emerged as a prime concern on youth unemployment in Mongolia.**

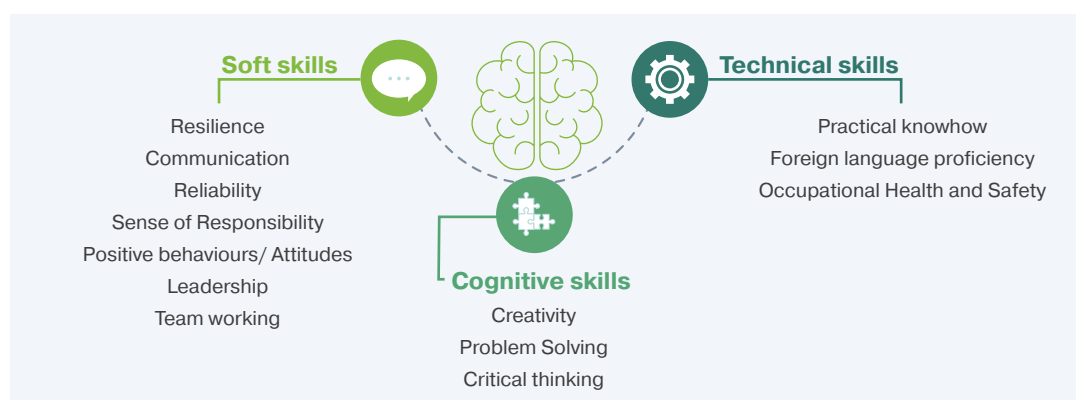
Skill gap – the mismatch between the abilities that employers rely upon in their employees and the capabilities that job seekers possess – is evidently the biggest challenge for Mongolian youth employment. This mismatch results in high youth unemployment as young people are unable to find the jobs they want and businesses are unable to find the right people for their job openings. Many of the unemployed youth are highly educated but still not employed.

More than half of the graduates (both from Higher Education and TVET institutions) do not meet the requirements of employers due to inadequate skills when they seek or secure employment. The mismatch can happen at several skill levels such as technical skills, language, business skills, employability skills etc.

**Employability skills are most in-demand by employers but most deficient among youth.**

In Mongolia, the **definition of employability and its interpretations vary**, let alone efforts to make the youth employable, leading to gaps in what the market demands and what the jobseekers offer. We need hard data that recognises the skills employers consider most important while hiring. However, this data is unavailable. As the previous sections point out, not enough research has been done to identify which skills are in high demand and which are in short supply. Most of the research done to identify the problem of unemployability fails to classify the skills required across different sectors and regions.

Based on feedback from employers and experts and as described in the previous sections, many young people are not adequately equipped with the following skills:



## 6.2.2 Ineffective Education to Employment Transition

### **Quality and relevance of education is a concern for both higher education and TVET.**

Higher education institutions are not equipping graduates appropriately for employment, even though almost three in five Mongolian youth are enrolled in higher education institutions. Firstly, the academia and the industry do not interact with each other enough, and therefore do not fully engage in reducing the gaps that exist between supply and demand. Secondly, the academic institutions are not prioritising specialised areas in line with national development needs. Thirdly, the higher education sub-sector remains without a national qualification framework to guide its development along quality standards. Therefore, due to insufficient focus on ensuring quality and governance, many graduates face challenges in meeting the requirements of employers. In addition, the inadequate experience or orientation of the teaching workforce towards employability skills further aggravates the issues the higher education sub-sector faces.

For TVET as well, the quality is inadequate, enrolment remains low, and employment rate of graduates in jobs relevant to their study has not improved. Efforts in the TVET sub-sector have been made to strengthen the education content using a competency-based approach and make curricula oriented towards developing the skills required by employers, but the process has been slow and is pending completion. TVET institutions are still not effectively responding to the vocational education and training needs of the labour market and not focusing on development of soft skills that are commonly required by employers. Moreover, this educational sub-sector lacks quality assurance mechanisms such as licensing, accreditation, inspection, and certification. Inadequate teacher training as well as issues of high turnover of teaching and administrative personnel are the quality concerns of this sub-sector.

### **Practical training or internship opportunities by education institutions are insufficient.**

Existing practical and on-the-job training as well as internship opportunities offered at both TVET and higher-education institutions are ineffective in addressing the issue of skills mismatch and not equipping the students with necessary practical and workplace experiences. Some employers, especially those that face workforce shortages among TVET graduates, make efforts to strengthen its connection with the technical and vocational training institutions through internship and training programmes and recruit the graduates. However, overall poor linkages between academia and employers limit students' opportunities to gain practical skills and experiences.

### **Lack of career guidance persists across all education sub-sectors.**

Students can't make informed decisions about their fields of study and the career options, leading to oversupply of graduates in majors and occupations that do not fit well with the priority areas of the market. Upper secondary school students have limited understanding about the various types of professions and associated streams of studies. Existing light-touch career guidance is encouraging secondary school students to sit through final exams and pursue higher education, but potentially to the detriment of vocational jobs. Higher education institutions too do not offer career guidance and employment services, making it difficult for students to further plan their careers.

On the other hand, TVET remains a secondary option to most students and parents due to its poor public image. Lack of career information and guidance in choosing between senior education and TVET resulted in enrolment of students who are academically less successful and come from poorer households.

### **Self-employment is not promoted as a viable employment option.**



The lack of entrepreneurial mindset, or even general entrepreneurial awareness, among Mongolian youth is detrimental to the growth of the labour market. More often than not, the focus of educational institutions is on enrolling students and not on promoting self-employment. Youth too do not perceive starting their own business as a viable career option due to lack of knowledge about the basics of starting a business, limited network, low self-confidence, and fear of failure. Moreover, similar to other emerging markets, constraints for small businesses and micro-enterprises in Mongolia indicate a lack of supportive ecosystem, including access to credit, regardless of the sector.

### 6.2.3 Ineffective Enabling Systems

**Policies on youth do not cover their specific needs, let alone their effective implementation.**

Effective implementation and follow-through of employment promotion policies do not specify youth groups, characteristics of their needs, and ways to approach youth employment problems such as school-to-work transition.

The policies on employment promotion are broad and do not clearly segregate the various groups, including youth and NEET. As for education sector policies, they do not serve the needs of the labour market or the needs in employability skills of the students. Moreover, the role of educational institutions on how they should address labour market demands, participate in the education-to-employment transition, and regulate processes between education and labour market sectors is not clearly defined in the employment promotion and other youth focused policies.

**In addition, there are many disadvantaged young people who remain at the risk of being left behind. There are limited avenues available to many individuals due to inequality, disparity, or disability. Such structural issues or individual barriers require tailored approaches and are covered in Section 6.2.4.**

**There are inadequate avenues for employment support; in particular, the public employment services have inadequate resources and capacity.**

Lack of information, and information that is unsystematic and scattered across multiple agencies, are major constraints as many young jobseekers have little or no information about the labour market, let alone their employment prospects.

Among the students, graduates of higher education, as well as job seekers, **there is a widespread uncertainty about the skills demanded by the labour market and how to find a job.** Furthermore, a well-framed career guidance or employment support system that could be used by a wide range of jobseekers is missing. This is linked with the gaps that are prevalent in the transitions from education or TVET institutions. A lack of structured information about job opportunities and its requirements is evident from the fact that only 5% of unemployed or inactive youth rely on state employment support organisations as sources of information about employment. Job seekers overwhelmingly rely on informal sources such as family, and personal networks to learn about job opportunities, resulting in long protracted periods of job search.

Public employment services are not delivering on their crucial role of matching demand and supply or sharing labour market information to unemployed youth. Active labour market programmes are almost exclusively supply-driven and not adequate to the local context and the needs of specific groups. Reforming the institutional arrangements, strengthening the labour market information system, and ensuring systematic use of data to inform decision making are all key areas for further improvement.

**There is inadequate participation of employers in workforce development.**

Employers' role in preparing qualified workers is vital. Fundamentally, it is imperative that employers identify the skills they need and also develop mechanisms to recruit, train, and retain employees. However, not many employers are prepared to do so. Currently, there are gaps in the interactions and partnerships between academia and industry, which leads to the lack of clarity on the specific skills required at the workplace.

This could partially be a result of the obsolete functioning of the ecosystem that emphasises more on employment and less on employability. Employers are not empowered to insist on what they need, and they have to settle with what the academia can provide. A fresh way of looking at employability is many a times considered a 'frill' investment by education institutions, which then show resistance to the newer ways and hesitate to question the status quo.

#### **Forecasting the accurate labour market demand remains a challenging task for Mongolia.**

Balancing supply and demand in the labour market requires accurate and reliable information. Actual quality of the information in the labour market, its processing, and presentation are deficient in Mongolia. Although estimation based on historical data can provide reasonable projections for determining demand, it is still weak in providing analysis of actual conditions of specific employment markets.

It is often questionable whether the information that is provided is in line with what is demanded from the students, education and training institutions, job seekers, and beneficiaries of active labour programmes. On the other hand, due to the lack of business and human resource management capacity, many employers are unable to project their future workforce demands accurately.

### **6.2.4 Lack of Need-specific or Tailored Approaches**

#### **There is no additional assistance for those who are NEET or discouraged to find jobs.**

It is found that on top of lack of skills and labour market information, NEET groups and youth who are discouraged to find jobs face several additional barriers. Many of them have failed to secure employment before, and it made them unmotivated and led to the belief that there are no suitable jobs for them. Specific assistance towards career and psychological counselling, which could motivate them and help to have the right aspirations and guidance, is absent in Mongolian public employment services. In addition, most of the youth have financial burdens and various family issues. Therefore, in order to reintegrate this group of youth into the labour market, application of holistic approaches that are also directed at addressing their social security issues are required.

Lastly, there are also youth (particularly young women) who chose or were forced to stay home owing to the household and caregiving responsibilities. The absence of flexible or part time opportunities that could fit with the family responsibilities of these young women and other youth from NEET group further contributes to the problem of remaining inactive.

#### **There are limited avenues available to disadvantaged youth who face structural or individual barriers due to inequality, disparity, or disability.**

The majority of the residents in ger areas have lower-income levels and are further disadvantaged by poor access to markets, workplaces, quality education, and other services. **The gap is growing between the education level of youth in ger areas and youth living in the city centre.** An unsafe and underdeveloped environment of ger areas also contributes to the challenges of youth employability. Youth residing in the ger districts named alcoholism among economically inactive youth, domestic violence, lack of support from parents, additional family burdens, and unsafe environment with limited access to education, self-development, and employment as some of the key challenges they face daily.

Secondly, **there are large gender disparities in the Mongolian labour market**, and it is even more pronounced among the young people. Mongolian young women's higher educational attainment has not resulted in better employment outcomes. Young women face difficulties in the labour market; compared with men, they tend to spend longer time looking for jobs, encounter limited occupational choices, and are paid less. When they get employed, they tend to dominate lower-skilled clerical jobs and do not reach managerial positions in the same numbers as men. They are less likely to work in higher-productivity or traditionally male-dominated sectors that have higher rates of pay and often face sexual and workplace harassments. Moreover, Mongolian women are far less active than men in entrepreneurial endeavours. Gender-sensitive approaches are not mainstreamed into labour market policies, which limit women's continuous, productive, and safe labour market participation.

**Another sect of individuals facing challenges in employment are youth with disabilities.** Both paid and self-employment opportunities or support for youth with disabilities are extremely limited in Mongolia. Their low employment rates are directly linked to negative social attitudes, extreme limited access to infrastructure, lack of education and skills building opportunities, unfavourable attitudes of employers, and insufficient attention and limited support provided by the government. Coming to the job market with little education and few or no skills, some differently abled people have difficulty competing. PWD thus are stuck in a deadlock, increasing the number of unemployed population and relying on welfare. While self-employment is seen as an effective measure to improve employment of PWD, obstacles associated with lack of knowledge, skills, experience, process of guiding and training as well as limitations associated with access to finance make it difficult for PWD-owned and -operated micro-businesses.

## 6.2.5 Construct of the Labour Market

### Contextual characteristics influence the nature of the labour market situation in Mongolia.

The country is sparsely populated and is subject to harsh climate with extreme fluctuations in seasonal temperatures. Such contextual factors influence the nature of employment, which is highly seasonal in many sectors, and challenge the provision of labour market services throughout the country. In addition to that, structural economic changes have been accompanied by two important demographic shifts: (a) high share of the youth population and (b) internal migration to the capital city have imposed additional pressure on labour markets. Furthermore, imbalances across the economic cycle, across seasons are translating into falling labour participation, high unemployment and inactivity, job mismatches and low productive employment in Mongolia.

It is known that high unemployment in Mongolia goes side by side with high shortages of workers in many economic sectors in Mongolia. The biggest shortages of workers occur in construction, wholesale and retail sectors, manufacturing, and science and technical services and this trend has been consistent over the past several years. Investment projects specified in Mongolia's medium-term plan faced serious labour force shortages in road construction where the available supply of qualified engineers, specialists, and skilled workers could only meet half of the overall labour required.

### There are job-related issues, including low productivity, informality, and workplace harassment.

Low productivity of Mongolian labour market is more pronounced among youth, and even a secured employment sometime cannot prevent them from falling into poverty and becoming inactive. Promotion of "decent jobs" concept for youth and employers is required. In theory, employed youth gain work experience and practical skills, but in practice, many young workers engage in informal sector or jobs of poor quality in Mongolia. Around one-third of the employed youth are living below the poverty line due to the extremely low pay rates.

Besides having low productive jobs, it is found that employed young people face a number of workplace related challenges, including conflicts with the employers and violation of labour rights, especially for small businesses and informal economies.

### 6.3 Future-job Readiness

Future job-readiness, including digitalisation, is still a far-fetched aspiration for the Mongolia labour market and the enabling ecosystem. As per McKinsey's Future of Work report, artificial intelligence and automation will make this shift as significant as the mechanisation in prior generations of agriculture and manufacturing. While some jobs will be lost, many others will be created, and almost all will change.

However, the existing literature, although extremely limited, suggests that Mongolia and its policy environment lack the readiness to respond to the impact of the future of work in a timely manner. This is mainly due to insufficient knowledge around the concept of the future of work among all relevant stakeholders. National priority sectors such as mining, agriculture, and tourism have no specific policies or frameworks to train and equip the workforce with the skills required for a future of work. Moreover, these sectors have no viable strategies or research to forecast future changes in the sectoral labour needs that would assist in projecting developmental pathways and long-term planning (SICA, 2021).

The education system and pre-employment programmes in their current forms are not designed to prepare the workforce for the twenty-first century. Workers nowadays require a different mix of skills than in the past. Therefore, the notion of 21<sup>st</sup> century skills has emerged in order to meet the demands of the twenty-first century marketplace. The pace of technological disruption also requires organisations, and not just employees, to adapt to this change and equip themselves with new capabilities.

It is imperative to embrace the impact of technology, automation, and digitalisation on the entire landscape of work; to deepen our understanding of how work and workplace will change and what skills will be required of workers; to reform the policies and practices on workforce development that are guided by evidence and research; and to invest now in future careers.

### 6.4 Impact of COVID-19

The COVID-19 crisis has created high levels of uncertainty and a global economic shock with massive impact on public health, businesses, and workers. Mandatory stay-at-home orders and social distancing are forcing businesses to adapt and reshape the fundamentals of work. Youth, women, and other disadvantaged groups are disproportionately affected by the current situation. Youth were already at a disadvantage before the pandemic outbreak, facing challenges in transitioning to the labour market (World Bank, 2021). The COVID-19 pandemic has led to a severe economic and labour market shock, with an increase in unemployed people estimated between 5.3 and 24.7 million worldwide (United Nations, 2020). The impact on youth employment is likely to be harsh, given that youth (15-24) are already 3 times more prone to losing jobs than adults (United Nations, 2020). It is not just the number of jobs that young people are losing due to the pandemic but also their lower levels of resilience due to the already poor quality of jobs that they have. Globally, 77% of employed young people have informal jobs; such unstable types of work make youth vulnerable to health-related hazards because social distancing in informal work is not always an option (World Bank, 2021).

**Since the onset of the crisis, many young workers have been driven out of the job market due to a significant reduction in labour demand.** Worldwide, there is a surge in youth unemployment. While there was a drop of 3.7% on employment for adults, the same was much higher for youth; it fell by 8.7% in 2020, according to a recent report by the International Labour Organisation. In particular, youth in low-income countries have been hit hard as they are more likely to face substantial cuts in working hours and wages (World Bank, 2021).

According to ILO's Youth and COVID-19: Impacts on Jobs, Education, Rights and Mental Well-Being Survey, approximately 17% youth reported to have been pushed out of the global workforce, representing one out of six young people who had to stop working since the outbreak. The survey also finds that young people in lower-income countries and young women are facing reductions in working hours, incomes, and productivity as compared to their peers.

**Job losses will affect their future earnings because of interruptions, lost productivity, and deskilling associated with prolonged unemployment spells,** and missed opportunities to build human capital on the job (Faish, Patrinos, & M., 2020). Insights from past crisis and economic recessions show that economic crisis severely impacts the less educated, women, and young people (entry-level job seekers) while educated workers were relatively less affected. In addition, the impact on the vulnerable youth could last for several years and lead to cyclical downgrading as the effects of recession shocks are strongest for young workers (Oreopoulos, Wachter, & Heisz, 2012).

In Mongolia, due to the quarantine and closure of businesses, around 47% of employees were negatively affected by the pandemic such as wage reduction, job loss, and temporary suspension of work in 2020 – even before the local outbreak (Confederation of Mongolian Trade Unions, 2020). Another survey conducted by the World Bank, stated that 16% of the self-employed workers received zero income and 3 out of every 4 businesses experienced income loss (World Bank, 2021). Furthermore, the Graduates Employment Tracers Survey revealed that more than 50% of the surveyed graduates reported COVID-19 affecting their employment negatively and 7.6% quit their jobs due to the closure of kindergarten and schools (Research Institute for Labour and Social Protection, 2020).



7

# EXISTING EFFORTS BY THE ECOSYSTEM

Photo credit to Zorig Foundation



Mongolian youth employment ecosystem as anywhere in the world is very complex and involves participation of diverse and wide groups of stakeholders including government, education and training institutions, donor and development partners, civil society organisations, private sector, employers, and youth. The following section presents an overview of the efforts directed at addressing various challenges associated with youth employability, skills development, employment, and livelihood, which are segregated by thematic priorities that are focused on i) improving employability; ii) promotion of entrepreneurship; iii) education and training sector reforming; iv) creation of jobs and supporting SMEs; v) livelihood; vi) employment promotion for women and PWDs; vii) decent work; and viii) efforts of the private sector and employers. This section is the author's attempt to map the key, wide-ranging, and argumentatively big efforts of the government and its development partners, including donors and international implementing organisations.

## 7.1 Schemes, Programmes, and Initiatives

### 7.1.1 Improving Youth Employability

**a. In addition to offering public employment services, the Mongolian government has delivered a series of active labour market programmes to follow-up on the implementation of employment promotion policies.** Past and current programmes such as *Youth Development Promotion*, *Young Mongolian with a Job and Income*, *Entrepreneurship Development Programme*, *Employment Promotion for Youth*, *Employment Promotion for Disabled Citizens*, *Herder's Employment Promotion*, and *Preparation for Work* were aimed at addressing the needs of specific groups, including unemployed and job seeking youth, rural, disabled, self-employed as well those who run or are interested in microbusinesses and entrepreneurship (ILO, 2017). These mostly short- to mid-term programmes are funded by the State Employment Promotion Fund, and are designed to provide:

- Public employment services such as labour market information distribution, career counselling, and job linkages as well as short-term vocational and employment preparation training services.
- Students' employment promotion to facilitate a successful transition to work through information and career counselling services, and part-time student employment.
- Training and financial support (small grant/loan) for self-employed, SMEs, and entrepreneurs
- On-the-job training in mining, road building, and construction to address the gaps in skills demand and supply in the three sectors and promote jobs for Mongolians.
- Special employment support measures and services for people with disabilities such as employment preparation training, job linkages, training, and financial support for microbusiness owners
- Herders' employment promotion services and measures mostly target the younger generation of herder households aged below 40 and focus on improving animal husbandry and entrepreneurial skills (ILO, 2017).

**b. 'Participation' project is the latest effort of the Mongolian government that is explicitly focused on youth employability** and is part of a larger national 'Transition to Employment from Welfare' programme adopted in 2021. Led by the Ministry of Social Protection and Employment, the project aims at employment preparation of 5,000 unemployed young people aged 18-34 by enrolling them in 14-day vacuum training, focused on encouraging youth with active lifestyle, patriotism, instilling employment willingness and supporting with skills training and career guidance. Providing internship opportunities and linking with employers are other key components of the project.

Past and ongoing efforts of partners such as World Bank, Swiss Agency for Development and Cooperation (SDC), European Union, UNDP, and others are directed at reforming the employment promotion policies, improving quality of public employment services, strengthening active labour market programmes, increasing employment opportunities for building the skills of both job seeking and self-employed youth.

**c. SDC funded project “Youth Employment Promotion Project” (YEPP)** implemented between 2017-2021, is one of the recent notable interventions specifically targeted at youth aged 15-34 years and aimed at addressing the needs of youth groups differentiated by sex and age, including job seekers and those interested in self-employment. With a funding of CHF 5.13 million by SDC, the project is implemented by GFA Consulting Group in partnership with national and local level authorities. YEPP is designed to a) refine youth employment policies, b) improve employment services directed at both urban and rural youth, and c) support development of start-up business led by young entrepreneurs.

Integration of youth employment services into local public employment services through establishment of Youth Employment Service Desks in all 21 provinces and 9 districts of the capital city is on one of the key outcomes of the project. These desks/ centres offer variety of services, including:

- Job seekers: individual profiling, job search, labour market information sharing, employment pathway planning, counselling, and skills training such as job searching and job interviews.
- Self-employers: entrepreneurial and start-up running skills development training, open/ shared office spaces, business incubator activities, networking opportunities, small grants (GFA-GROUP, 2017).

**d. Development partners such as World Bank and Save the Children Japan have joined hands to target vulnerable rural youth both in secondary education and out-of-school under the age of 25 years to improve their entrepreneurial and socio-emotional skills.**

World bank funded and Save the Children Japan implemented USD 2.75 million ‘**Entrepreneurship-focused socio-emotional skills for the most vulnerable youth in rural Mongolia’ grant project** (2019-2023) is a skills development and employment preparation intervention undertaken by development partners. The project focuses on vulnerable rural youth of Mongolia and aims to train them with socio-emotional skills for improved performance in school and preparation for entry into self-employment. This objective is planned to be achieved through a school-based, community-driven programme targeting 6,000 school-enrolled and out-of-school youth to support acquisition of socio-emotional skills that are linked not just to success in school but also to growth in the labour market. Its core components include (i) development and piloting of an innovative, locally tailored, entrepreneurship-focused socio-emotional learning (ESEL) curriculum and training package; (ii) establishment of a multi-stakeholder coordination and networking platform to support implementation of the training programme; and (iii) introduction of a small grant mechanism to enable target youth to apply their entrepreneurship knowledge (World Bank, 2019).

**e. World Bank financed USD 25 million loan project “Employment Support Project” (2017-2023)**, implemented by the Ministry of Labour and Social Protection is aimed at improving quality of public employment services by providing jobseekers and micro-entrepreneurs with improved access to labour market opportunities and providing temporary relief to eligible workers in response to the COVID-19 crisis. The project has three components:

- Supporting client-centric public employment services;
- Strengthening active labour market programmes (design, relevance, and demand orientation);
- Facilitating labour market monitoring and analysis and enhancing scope, quality, and availability of labour market information for both institutional and individual users (World Bank, 2021).

**f. Employment promotion is one of the core components of the EU funded project ‘SDG-Aligned Budgeting to Transform Employment in Mongolia’ (2020-2024).** This recently commenced project is jointly implemented by UNDP, ILO, and UNFAO in partnership with relevant government authorities. The project aims to strengthen the national employment promotion programmes through assessment of the existing programmes and design and incorporation of support services into the national programmes. Pilots for youth employment promotion with explicit focus on the agriculture sector will be undertaken with the scope for scaling-up to build evidence, lessons, and support policy.

In addition to strengthening employment promotion, this comprehensive project is also aiming for the reinforcement of the ecosystem for innovation, start-ups, technology and enterprising as well as boosting capacity and skills development for wage and self-employment (UNDP, 2020).

**g. “All for Youth, Youth for all” project (2020-2023) is another EU funded EUR 1 million grant project** that explicitly focuses on youth development. The project is implemented by Caritas Czech Republic in partnership with national and local youth focused CSOs such as Mongolian Youth Council and Centre for Citizenship Education, and targets Ulaanbaatar city and four other provinces. The project is working on (i) developing policy recommendations directed at enhancing and upgrading existing policy frameworks associated with youth employment; (ii) building the skills of social entrepreneurs; (iii) providing small seed funding and mentorship opportunities to social entrepreneurs who win business competitions organised as part of the project (Caritas Czech Republic, 2020).

**h. ‘Scholarship Programme’, implemented by Zorig Foundation with combined financial assistance from SDC, the Asia Foundation, LG Electronics, La Mensa Foundation, and Merali Foundation (2004-2023).** The project aims at linking education to the labour market and promoting better employment for young women and men. The primary beneficiaries of the project are academically well performing, socially active students, marginalised individuals due to rural background, and/or disadvantaged migrant families who need financial assistance to pursue or complete their studies. Since its inception, the project has provided scholarships to over 1,800 students.

The programme has a hands-on approach in bringing together financial assistance as a contribution to tuition fees, human development seminars, and implementation of small grant projects. By implementing the community development projects and participating in specific seminars on improving employability, the students acquire practical skills in teamwork, project proposal writing and implementing, and seeking innovative ideas. The results from the recent tracer study confirm that 63% of SDC scholarship recipients (of which 70% are female students), could obtain employment after graduation.

**i. Lorinet Foundation funded and Zorig Foundation implemented ‘Sustainable Employment for Youth Program’ grant project (2018-2021)** is one of the recent innovative interventions designed to address unemployment of higher education institution graduates and vulnerable urban youth. The project aims at streamlining the school-to-work transition and improving employability of targeted youth by (i) equipping them with skills and knowledge required both for job seeking and at workplace, (ii) linking with employers and providing with internship opportunities, and (iii) assisting in better planning individual career pathways through personalised career guidance and coaching (Lorinet Foundation, 2019).

### 7.1.2 Promotion of Youth Entrepreneurship

Over the last decade, increased attention has been put on promoting entrepreneurship culture among Mongolian youth. Past initiatives undertaken or supported by the various stakeholders including private sector, government, academia, civil society organisations, and the youth themselves, consisted of organising hackathons, incubator labs, annual events, and summits that explicitly focused on startup and entrepreneurship promotion among youth. ***'Green National Challenge', 'MIT Global Startup Lab', 'Seedstars Ulaanbaatar', 'Hack of Hackathon', 'Mongolian Entrepreneurship Summit', 'Mongolia Innovation Week', 'Unplugged', 'Ulaanbaatar Startup week', 'Mongolian Social Entrepreneurship Summit'*** are some of the examples of such event-based initiatives (UNDP, 2018).

a. The Ministry of Labour and Social Protection and its implementing agencies are the leading government bodies that promote entrepreneurship through its public employment services and employment promotion programmes that offer training and financial support (small grant/loan) for self-employed, SMEs, and entrepreneurs. In addition to these efforts, the government also supports the **National Information Technology Park of Mongolia (IT Park)**, which is one of the key players in incubating and supporting startups in Mongolia. Establishment of the **Hub Innovation Centre** with the support from the Governor's Office of Capital city is another indication of the government's focus on promotion of youth entrepreneurship. This Centre is designed to offer startup incubation, accelerator, and co-working services to youth, including university students and young entrepreneurs (UNDP, 2018). Ulaanbaatar city government is taking replication efforts of this model and establishing similar innovation centres at the sub centres in ger districts constructed under the ADB funded Urban Services and Ger Areas Development Investment Programme.

b. Similarly, entrepreneurship and startup promotion are also the core components of the development partners supported interventions listed in the above sub-section, including SDC's grant project **'Youth Employment Project'**, WB's supported **'Entrepreneurship-focused socioemotional skills for the most vulnerable youth in rural Mongolia Project'**, **'Employment Support Project'** as well as EU funded **'SDG-Aligned Budgeting to Transform Employment in Mongolia'**.

c. UNDP's **'Activated 2030: Youth Enterprising Project' (2019-2020)** is one of the recent notable interventions that aimed at understanding the entrepreneurial mindset of Mongolian youth and through 'design-thinking' and 'platform approaches' developed a range of products and services to support the enterprising activities of Mongolian youth (UNDP, 2018).

d. As for education institutions, few universities have put efforts towards entrepreneurship by the establishment of startup or innovation labs and added entrepreneurship courses to their curriculum. For instance, in 2016 Mongolian National University (NUM) and The Mongolian University of Science and Technology (MUST), in partnership with Massachusetts Institute of Technology (MIT), initiated a pilot **"MIT – Mongolia Initiative Project"** with an aim of setting and nurturing the foundations for larger scale collaborative projects, however a lack of funding has put this project on hold (UNDP, 2018).

e. **Startup Mongolia and Development Solutions (DS)** are the key representatives of the local NGO sector that have been actively promoting startup and entrepreneurship in Mongolia. Both organisations are key implementing partners of the projects supported by organisations such as WB, SDC, USAID, TAF as well as initiatives undertaken by government agencies, private partners, and universities.

- Established in 2011, **Startup Mongolia** organises various thematic events including ‘Global Entrepreneurship Weeks’, ‘Startup Weekends’, ‘Startup Grind’, and others. It also offers various capacity building and training activities such as ‘Mongol Accelerator’ and ‘Innovator Education’. As mentioned earlier in the section, Startup Mongolia is a key implementing partner of SDC’s grant project ‘Youth Employment Project’ and leads the youth startup component of the project.
  - **Development Solutions**, as mentioned earlier in this section, is an implementing partner of USAID funded ‘BEST’ programme and a member of UK based Youth Business International (YBI). It established Youth Business Mongolia (YBM), which provides mentoring and business networking support to micro-businesses.
- f. **Private sector representative – MCS group** has recently established **MStars Hub** which offers 5-months long capacity building and training programme to IT industry young professionals. Banking sector representative **Khas Bank** through partnership with Development Solutions and Kiva, undertook efforts to provide access to finance for startups in the past. Leading telecommunication company **Mobicom** in partnership with JICA has recently launched a **MonJa Startup Accelerator Programme** to support local startups. The programme has capacity building, mentorship, and financial support as key components.

### 7.1.3 Labour Market Oriented Reforms

Mongolian TVET system has been continuously benefiting from international assistance received from donors and development partners. Improving labour market outcomes through advancement of education and training systems, especially TVET sector, is a long-time priority area for donors and development partners.

**ADB, MCA, World Bank, European Union, SDC, and GIZ have all been long-term supporters of the TVET sector since the second half of the 2000s. Donor’s assistance and interventions have primarily focused on i) improving policy frameworks towards competency based and private sector led system; ii) renewing curricula; iii) upgrading facilities and training equipment; and iv) upgrading teachers’ qualification.** Key foreign sovereign donors include Germany, USA, Switzerland, Republic of Korea, Australia, India, and Singapore. Between 2008-2019, these donors and development partners have collectively contributed a total of USD 168.49 million funding towards the TVET sector. Major private sector representative Oyu Tolgoi LLC, as part of its investment in Mongolian mining sector, has also made a significant investment of USD 65.45 million to reform TVET in Mongolia (UNESCO, MoLSP, 2019).

a. **‘Cooperative Vocation Training in the Mineral Resource Centre’ (2016-2019) project** is one of the recent notable TVET sector projects co-funded by the governments of Germany, Switzerland, and Australia (EUR 17 million) and implemented by GIZ in partnership with the Ministry of Labour and Social Protection (MLSP). Project focused on labour market-oriented vocational education and further training and supported vocational orientation and career guidance counselling through a range of activities aimed at improving the employability of Mongolian youth and adults. As a result of the project:

- Employability of TVET graduates in target training programmes was improved; piloted competency-based curricula were approved for adoption nationwide; quality teaching and learning materials were improved; and capacity and skills of teachers and sector professionals were improved.



- Partnerships between the private sector and TVET institutions were strengthened. The project supported the establishment of 16 professional boards at partner schools with representatives from nationally recognised companies.
- Supported vocational orientation and counselling, launching a Career Studies master's degree programme at the National University of Mongolia to train students in the much-needed field of career counselling. An integrated career guidance website and a phone application were developed to give young people and their parents, TVET schools, and government labour divisions access to comprehensive information on occupations, opportunities in TVET and employment promotion, and interactive advisories targeting career decisions (GIZ, 2019).

**b. GIZ implemented 'Cooperative Technical and Vocational Education and Training' (cTVET, 2019 – 2022)** project builds on the results of "Cooperative Vocational Training in the Mineral Resource Sector" (CVT) project implemented between 2013 – 2019, and further supports the sustainable development of TVET sector in Mongolia. cTVET is co-funded by German Federal Ministry of Economic Cooperation and Development (BMZ), Australian govt. (DFAT), and KOICA and supports the Ministry of Labour and Social Protection in the sustainable development of 7 TVET Capacity Development Centres (CDCs) and related framework in all regions throughout Mongolia. Additionally, it supports the establishment of pre-service and in-service qualification systems for TVET teachers (GIZ, 2019).

**c. ADB funded USD 25 million loan project 'Skills for Employment Project'**, executed by the Ministry of Labour and Social Protection between 2016 – 2021, is aimed at improving the employability of graduates from TVET programmes in three priority economic sectors of Mongolia: agriculture, construction, and road and transportation. The project supported the reform of the TVET system in Mongolia through (i) the development of an industry driven TVET system; (ii) the upgrading of selected TVET providers to implement competency-based training and assessment; (iii) the establishment of training systems for TVET teachers and managers; (iv) and support for secondary education career guidance (TVET) and schools specialising in technology (ADB, 2021).

One of the key achievements of this project was the introduction of career guidance as part of extra-curricular activities to 8<sup>th</sup> and 9<sup>th</sup> grade students in all secondary schools since 2016. It has also been extended to 10<sup>th</sup>-12<sup>th</sup> grade students at all schools since 2018 (ADB, 2021). However, despite its inclusion in the instructional plan approved by the Ministry of Education, the career guidance activities were not consistently delivered in schools and are now discontinued.

**Supporting Mongolia to reform its higher education (HE) system to improve labour market outcomes is one of the key focus areas of ADB's work in the education sector of Mongolia.**

**ADB funded a USD 20 million loan project 'Higher Education Reform Project' (2011-2020)**, implemented by the Ministry of Education and Science, aimed at capacity building of the entire sub sector to improve its performance. The project institutionalised the much-needed reforms in HE to improve the quality and relevance of HE programmes; governance, management, and financing of HE Institutions (HEI); and promote equitable access to HE. In addressing skills mismatch of HE graduates in the labour market, Employers Satisfaction Survey and Graduates Tracer Study were conducted at selected six HEIs. Moreover, as part of the project's objective to strengthen the capacity of HE accreditation system, in accordance with renewed accreditation procedures set by Mongolian National Centre for Education Accreditation, all HEIs are obliged to conduct their Employers Satisfaction survey and Graduates Tracer study (ADB, 2021).

### 7.1.4 Jobs Creation and SMEs support

European Union, USAID, GIZ, and UN agencies are the leading donor and development partners that focus on reducing unemployment, especially in the rural parts of Mongolia, through supporting jobs creation and promotion of SMEs.

**a. EU funded EUR 4.15 million “Support to Employment Creation in Mongolia” project (SECiM, 2016-2020)**, jointly implemented by UNFAO and UNIDO, in partnership with government agencies is one of the recent notable interventions that aimed at job creation through strengthening specific value chain of (non-mining) agriculture sector. The project focused on engaging with the private sector and enhancing the social partnership, linking primary producers with large and medium food processing industries at national and local levels. It also introduced a range of innovations into the selected value chains by identifying international best practices fit for the Mongolian market. Over the project cycle, it reached more than 12,000 herders, vegetable growers, and over 80 food-processing companies. Creation of 2,200 jobs in dairy, meat, and vegetable value chains was a direct result of this project (FAO, 2020).

**b.** Implemented by GIZ in partnership with the National Development Agency, **‘Promotion of Growth and Employment in the Private Sector’ (PROGRESS, 2021-2023)** aims for more modern and efficient SMEs that offer better products and services, accessing new markets and employing more people. The project focuses on competitiveness and productivity of SMEs in Ulaanbaatar and two other semi-urban regions of Mongolia through creation of regional business hubs that help SMEs to modernise their products and services and boost innovativeness. These hubs will aim to address various needs of SMEs and offer them access to material and intangible resources such as technical knowledge and skills, networks, eco-friendly energy and logistics infrastructure, and financing. Ensuring close cooperation with the local partners to develop a sustainable operating concept for the business hubs that offer an attractive portfolio of services to SME is a key objective of this project. Business associations and research institutions can support innovations while domestic and foreign investors offer themselves as financing and knowledge transfer partners for SMEs (GIZ, 2021).

**c. EU funded and EBRD implemented EUR 9.3 million “Support for Mongolia Economic Diversification through SME Access to Finance” Programme (2015-2025)** targets micro, small, and medium sized companies in a variety of non-mining industry sectors in all 21 provinces of Mongolia, and intends to support economic diversification by improving SMEs access to finance via (i) indirect financing to SMEs via credit lines to partner financial institutions for on-lending to mostly micro and small companies; (ii) risk sharing/co-financing with partner financial institutions on their loans to mostly small and medium-sized companies; (iii) business advice to SMEs, and (iv) policy dialogue to develop new financial products and strengthen business associations (EBRD, 2016).

**d. USAID funded USD 15 million “Business Excellence for Sustainability and Transparency” (BEST, 2020-2025) project** is implemented by a leading local NGO – Development Solutions. It aims to improve SMEs access to finance to support operational expansion and growth in Ulaanbaatar and 12 provinces via (i) improving SMEs access to finance and their corporate governance; (ii) enhancing transparency and strengthening internal control systems of govt. and non-govt. organisation that promotes SMEs; and (iii) issuing micro grants to NGOs, SMEs, and start-ups with sustainable growth potential. The objectives will be achieved through activities like capacity building training, loan facilitation services, consulting services, and creation of good SME corporate governance practices (Development Solutions, 2020).

### 7.1.5 Youth Livelihoods

**Reducing the poverty through supporting livelihoods and resilience of vulnerable communities is one of the key strategic focuses of the implementing INGOs** such as World Vision Mongolia, Mercy Corps, Good Neighbors Mongolia, and ADRA Mongolia. Such efforts cover both rural and urban parts of Mongolia and primarily focus on empowering marginalised and poor families on running household businesses, increasing income generation, enabling opportunities for basic financial services, promoting cooperatives and self-help groups, as well as equipping these vulnerable families with necessary life skills.

While herder families and agriculture/livestock sector are the target beneficiaries of the efforts implemented in rural parts of Mongolia, ger district families and various trade and service sectors are the priorities of the interventions undertaken in urban parts, particularly in the capital city Ulaanbaatar.

**a. Lorinet Foundation funded and World Vision Mongolia implemented ‘Young Family Livelihood Improvement Project’** (2018-2021) is one of the notable interventions that was specifically designed to address the livelihood challenges of the young vulnerable households aged 18-28 residing in the ger districts of the Ulaanbaatar city. Over the three years of the project implementation, a total of 150 families have received a variety of assistance aimed at addressing different needs of the vulnerable households. Components of the project included (i) vocational, job preparation, and life skills training and coaching; (ii) access to savings and consumption support; (iii) market and job linkages; (iv) improving the community engagement; and (v) equipping the families with the right knowledge and skills (Lorinet Foundation, 2019).

### 7.1.6 Employment promotion for Women and PWD

**The Asia Foundation (TAF) and KOICA are one of the leading development sector players that focus on economic empowerment of women in Mongolia.**

**a.** With support from KOICA, and in partnership with public and private sector stakeholders, TAF delivered a comprehensive suite of support services through the **Women’s Business Centre and Incubator Project** (WBC, 2016-2020) to address the critical need to build women entrepreneurs’ skills and capacity. Since inception in 2016, WBC has trained more than 5,000 women and served more than 2,500 regular members (185 women receive WBC’s services monthly) and contributed to the improvement of an entrepreneurship ecosystem for women in Mongolia. In addition to providing with day-to-day professional and high-quality business support and development services (training consulting, information desk, co-working space, business library, and children’s corner), the project also improved women entrepreneurs’ knowledge and skills of applying ICT in their businesses and provided an online platform to utilise business value chain of women-owned businesses (The Asia Foundation, 2019).

**b.** Another recently launched women focused four-year intervention also led by TAF and funded by Global Affairs Canada is **‘Women’s Economic Empowerment’** project (WEE, 2020-2024) that supports women’s organisations to work on a range of economic empowerment issues, and coalitions and networks to advocate for social and economic policy changes for women. WEE also focuses on directly nurturing and supporting current or aspiring women owned businesses through activities such as offering mentorships and fellowships for rural women-led businesses, increasing access to finance, and developing a network of women’s business trainers (The Asia Foundation, 2020).

**Addressing social and economic challenges faced by PWD, including access to employment, has started to get recognition by the Mongolian government in recent years. JICA, ADB, and ILO are among the key development partners that support the government's efforts aimed at improving employment opportunities and promoting employment for PWD.**

c. USD 2 million grant project 'Promoting Employment Opportunities for People with Disabilities' (2018-2022), part of larger USD 25 million loan assistance 'Ensuring Inclusiveness and Service Delivery for Persons with Disabilities', is a recent and ongoing notable intervention undertaken to increase access to services and employment for PWD. Funded by the Japan Fund for Poverty Reduction and Implemented by the ADB in partnership with JICA and Ministry of Labour and Social protection, the project targets both the capital Ulaanbaatar city and six rural provinces. It intends to improve access to the physical environment through construction of an employment resource centre in Ulaanbaatar city as well as strengthening the capacity of the management and service provision of such centres (ADB, 2018).

### 7.1.7 Decent Work

**International Labour Organisation (ILO) is a leading UN agency that champions promotion of a decent work agenda in Mongolia.**

Since 2006, the ILO has facilitated in-depth conversations between its tripartite partners on improving and expanding decent, productive employment, improving livelihoods of the most vulnerable members of society, and increasing social protection. ILO's support in the country is well captured in UNDAF Mongolia for 2017-2021 in all three areas of promoting inclusive growth, enhancing social protection and accountability. The ILO in partnership with its key partners including, Ministry of Labour and Social Welfare and its implementing agencies as well as Mongolian Employers Federation and Confederation of Mongolian Trade Unions, provides technical assistance and financial support to the following areas of its work:

- Supporting the development of labour market governance, promoting the ratification of ILO Conventions and aligning national labour statistics with international statistics norms;
- Capacity building of labour market institutions to participate in social dialogue;
- Promoting green jobs and the livelihoods of people with disabilities through enhancing their skills and employability as well as improving the legal framework for the promotion of employment of people with disabilities;
- Providing technical expertise on wage policy and wage setting;
- Building and improving existing systems of social protection, income security, and employment services for unemployed and underemployed workers (ILO, 2019).

### 7.1.8 Private Sector and Employers Efforts

When it comes to employers and private sector participation in supporting youth development or improving youth employability, efforts of business organisations can be divided into three groups.

i. **Efforts of the first group are focused on youth talent hunting, on-the job training, and upskilling at workplaces.** Finance sector organisations mostly represented by leading local banks such as Golomt bank, Khan Bank, and Trade and Development bank, through partnership with universities organise various job affairs to attract talented final year students. Some proactive employers from manufacturing, construction, and agriculture sectors, aim to partner with TVET institutions to address their workforce shortages.

Large trade and service industry corporates with well-sustained businesses such as MCS group, E-Mart, Central Express, and APU apply various internal human resource development programmes that focus on on-the-job training and upskilling of fresh-graduate or part-time student employees.

**ii. Efforts of the second group can be classified as youth focused CSR initiatives undertaken by mostly larger corporations.** Companies such as MCS group, Khan Bank, Golomt Bank, Oyu Tolgoi, Wagner Asia Equipment, Monnis Group, APU group, and others offer youth oriented short-term CSR projects including scholarship, internship, and mentorship programmes. In addition to individual activities of corporations, representatives of membership-based business networks such as AmCham and Mongolian Chamber of Commerce have formally established CSR committees as a cross-learning, collaboration platform that also amplifies the CSR works of their members to wider business community and society. Only a handful of large corporations such as Khan Bank and Oyu Tolgoi have designated entities or corporate foundations that are responsible for managing their own CSR initiatives. Established in 2007, Khan Bank Foundation's priority areas include education, culture, environment, and poverty reduction. As a mining project with largest foreign investment in the country, Oyu Tolgoi LLC through its 'Gobi-Oyu Development Support Fund' is focuses on targeting rural communities of Umnugobi province where the company operates its mining activities.

**iii. And thirdly, two non-governmental organisations Mongolian Employers' Federation (MONEF) and Confederation of Mongolian Trade Unions (CMTU) are the key ecosystem players that represent the voices of the employers and workers through participation in national tripartite dialogues.** They also play the role of implementing partners in various interventions of the government and development partners. MONEF is a nationwide organisation of 21 regional, 45 professional, and 12 sector organisations, and it provides its members with information sharing, consultancy, and training services. CMTU offers legal advisory services to its 22 territorial and 14 professional unions and focuses on protecting workers' rights and interests as well as leading in setting up the dispute settlement mechanism and public-sector wage fixing.

## 7.2 Concluding Remarks

This mapping of the existing efforts of various stakeholders clearly suggests that youth employability has become a key area of focus for the Mongolian government and its development partners. As described in this section, efforts of various ecosystem players are aimed at addressing a wide and diverse range of problems and issues associated with youth employability and unemployment. While some interventions explicitly target the youth population and are designed to address the issues associated with youth employability, most ecosystem players target the wider population groups without differentiating them by age.

Past and ongoing systemic level efforts have focused on reforming the relevant policies and sectors such as employment promotion, education, and training systems as well as supporting the development of the private sector, SMEs, and creation of jobs, including supporting specific industries such as agriculture.

At youth level, the emphasis is put on improving employability through hands-on approaches in areas such as labour market information sharing, job linkage, and vocational and employment preparation skills training. Supporting the livelihoods and building resilience of vulnerable young households both in semi-urban and rural settings are priorities of some of the development partners.

In recent years, increased number of stakeholders from public, private, and development sectors are undertaking interventions that are focused on the promotion of youth self-employment through entrepreneurial skills and start-up running training programmes. Such efforts include accelerator and incubator programmes as well as financial support in the form of small grants or loans. Employment promotion for women and PWDs is another area with specific targets on vulnerable populations that has seen some traction among stakeholders and civil society in recent years.



# REFERENCES

ADB. (2018). Japan Fund for Poverty Reduction Grant. Retrieved from Asian Development Bank: <https://www.adb.org/sites/default/files/linked-documents/48076-002-jfpr.pdf>

ADB. (2019). Living with Disability in Mongolia, Progress toward inclusion. Metro Manila: Asian Development Bank.

ADB. (2020). Boosting Mongolia's Long Term Economic Growth through More Equal Labor Force Participation between Men and Women. Metro Manila: Creative Commons Attribution.

ADB. (2021, July). Mongolia Fact Sheet. Retrieved from Asian Development Bank Web site: <https://www.adb.org/sites/default/files/publication/27781/mon-2020.pdf>

ADB. (2021, Mar 29). Mongolia: Higher Education Reform Project. Retrieved from Asian Development Bank: <https://www.adb.org/projects/43007-023/main>

ADB. (2021, September 30). Mongolia: Skills for Employment Project. Retrieved from Asian Development Bank: <https://www.adb.org/projects/45010-002/main>

ADB; MECSS. (2019). Sub-sector Study Report on Life-long Education. Ulaanbaatar: ADB.

Alzúa, M. L., Batbekh, S., Batchuluun, A., Dalkhjav, B., & Galdo, J. (2020). Demand-Driven Youth Training Programs: Experimental Evidence from Mongolia. World Bank.

Ariunzaya, A., & Munkhmandakh, M. (2019). Women and the Future of Work in Mongolia. Friedrich Ebert Stiftung.

Brewer, L. (2013). Enhancing youth employability: What? Why? and How? Guide to core skills. Geneva: International Labour Organization.

Caritas Czech Republic. (2020, Mar 13). All for Youth, Youth for all. Retrieved from Caritas Czech Republic in Mongolia: <https://mongolia.charita.cz/what-we-do/Ongoing%20projects/all-for-youth-youth-for-all/>

Confederation of Mongolian Trade Unions. (2020). Covid-19 impacts on employers . Ulaanbaatar.

Development Solutions . (2020). Ongoing Projects and Programs. Retrieved from Development Solutions: <https://dsmongolia.org/en/best-program/>

EBRD. (2016). Support to SME Development in Mongolia. Retrieved from European Bank for Reconstruction and Development: <https://www.ebrd.com/knowhow/mongolia/smedevelopment>

Faish, T., Patrinos, H. A., & M. (2020, May 20). The impact of COVID-19 on labor market outcomes: Lessons from past economic crises. Retrieved from World Bank Blogs: <https://blogs.worldbank.org/education/impact-covid-19-labor-market-outcomes-lessons-past-economic-crises>

FAO. (2020, 12 21). The European Union funded SECIM project supported the creation of more than 2 000 jobs in the dairy, meat and vegetable value chains . Retrieved from FAO in Mongolia: <https://www.fao.org/mongolia/news/detail-events/fr/c/1366078/>

Gassman, F., Francois, D., & Trindade, L. Z. (2015). Improving Labor Market Outcomes for Poor and Vulnerable groups in Mongolia.

GFA-GROUP. (2017). Vocational Education and Training in the Western Region of Mongolia, Phase III. Retrieved from GFA consulting group: [https://www.gfa-group.de/projects/Vocational\\_education\\_and\\_training\\_in\\_the\\_western\\_region\\_of\\_Mongolia,\\_phase\\_III\\_3913318.html](https://www.gfa-group.de/projects/Vocational_education_and_training_in_the_western_region_of_Mongolia,_phase_III_3913318.html)

GIZ. (2019). Cooperative Technical and Vocational Education and Training (cTVET). Retrieved from GIZ: <https://www.giz.de/en/worldwide/23143.html>

GIZ. (2019, November). VSD2 Factsheet Mongoli. Retrieved from Swiss Agency for Development and Cooperation: [https://www.eda.admin.ch/dam/countries/countries-content/mongolia/en/VSD2-Factsheet-Mongolia\\_EN.pdf](https://www.eda.admin.ch/dam/countries/countries-content/mongolia/en/VSD2-Factsheet-Mongolia_EN.pdf)

GIZ. (2019, November). VSD2 Factsheet Mongolia. Retrieved from Swiss Agency for Development and Cooperation: [https://www.eda.admin.ch/dam/countries/countries-content/mongolia/en/VSD2-Factsheet-Mongolia\\_EN.pdf](https://www.eda.admin.ch/dam/countries/countries-content/mongolia/en/VSD2-Factsheet-Mongolia_EN.pdf)

GIZ. (2020). Vocational Education Training Partnership (VETP). Retrieved from VETP website: <https://vetp.mn>

GIZ. (2021, October). Promoting economic growth and innovation to create jobs. Retrieved from GIZ: <https://www.giz.de/en/worldwide/94825.html>

Helble, M., Hill, H., & Magee, D. (2020). MONGOLIA'S ECONOMIC PROSPECTS: Resource-rich and landlocked between two giants. Manila: Asian Development Bank.

Ignatowski, C. (2017). What works in Soft skills development for Youth employment?: Donor's Perspective. Youth Employment Funders Group.

ILO. (2016, December 2). Youth Employment Policy Summary Mongolia. Retrieved from ILO: [https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---sro-bangkok/documents/publication/wcms\\_536713.pdf](https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---sro-bangkok/documents/publication/wcms_536713.pdf)

ILO. (2017). Global Employment Trends for Youth 2017: Paths to a better working future. Geneva: International Labour Office.

ILO. (2017). Jobs and Skills for Youth: Review of Policies for Youth Employment in Mongolia. Geneva: International Labour Office.

ILO. (2017). Mongolia: Decent work Country Programme. Beijing: International Labour Organization.

ILO. (2019). Publication. Retrieved from ILO: [https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-beijing/documents/publication/wcms\\_706539.pdf](https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-beijing/documents/publication/wcms_706539.pdf)

ILO. (2019). Rules of the game: Introduction to the standards-related work of the International Labour Organization. Geneva: International Labour Office.

ILO. (2020). Global Employment Trends for Youth: Technology and the future of jobs. Geneva: International Labour Office.

ILO. (2020, March 9). Youth exclusion from jobs and training on the rise. Retrieved from International Labour Organization Website: [https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS\\_737053/lang--en/index.htm](https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_737053/lang--en/index.htm)

ILO. (2021). Investing in Career Guidance. ILO.

Independent Research Institute of Mongolia. (2020). Youth Poll, Mongolia.

International Federation of Red Cross. (2011). Project/programme monitoring and evaluation (M&E) guide. Geneva: Planning and Evaluation Department of IFRC Secretariat.

James Ojok. (2016). Effective role of Public Sector Monitoring and Evaluation in Promoting good Governance in Uganda: Implications from the Ministry of Local Government. UTAMU.

Jeffery H. Marshall, D. S. (201). The Flow of Management Practices: An Analysis of NGO Monitoring and Evaluation Dynamics. Nonprofit and Voluntary Sector Quarterly.

Korea-World Bank; Partnership Facility. (2015). National Quality Framework and Competency Standards (NQFs): Skills Promotion and Job Creation in East Asia. The World Bank.

Lorinet Foundation. (2019). Projects We Support. Retrieved from Lorinet Foundation: <https://www.lorinetfoundation.org/zorig-foundation/>

Lorinet Foundation. (2019). Projects We Support. Retrieved from Lorinet Foundation: <https://www.lorinetfoundation.org/world-vision-mongolia/>

Maina, M., Guarda, L., Firestone, M., & Fernandez-Ferrer, M. (2020). Developing, showcasing and assessing employability skills in Higher Education. Edul@b Research Group.

MECSS; ADB. (2019). Study report on Technical, Vocational Education and Training Sector. Ulaanbaatar.

MECSS; World Bank. (2020). Towards Mongolia's Long-Term Development Policy Vision 2050: Advancing education equity, efficiency and outcomes. Washington, DC: The International Bank for Reconstruction and Development / The World Bank.

National Academy of Governance. (2020). Results Analysis on Employment Support Policy. Ulaanbaatar: Munkhiin Useg LLC.

National Statistical Office of Mongolia. (2019). Annual Labour Force Survey.

National Statistical Office of Mongolia. (2020). Income and Consumption Inequalities. Ulaanbaatar.

National Statistical Office of Mongolia. (2020). Mongolian Statistical Yearbook.

National Statistical Office of Mongolia. (2020). Population and Housing Census.

National University of Mongolia. (2020). Employers Satisfaction Survey. Ulaanbaatar.

National University of Mongolia. (2020). Graduates Employment Tracers Survey. Ulaanbaatar.

Ong, L., & McKnelly, M. (2016). Pushing Mongolia's land-locked boundaries: An investigation into the country's innovation ecosystem. Massachusetts Institute of Technology.

Oreopoulos, P., Wachter, T. v., & Heisz, A. (2012). The Short- and Long-Term Career Effects of Graduating in a Recession. *American Economic Journal: Applied Economics*, 1-29.

RAND. (2015). Improving the Mongolian Labor Market and Enhancing Opportunities for Youth. Santa Monica, California: RAND corporation.

Research Institute for Labour and Social Protection. (2019). Barometer Survey on Labour Market Demand.

Research Institute for Labour and Social Protection. (2017). Employers' Requirement Survey. Ulaanbaatar.

Research Institute for Labour and Social Protection. (2017). Youth unemployment and Economic Inactivity Survey. Ulaanbaatar.

Research Institute for Labour and Social Protection. (2019). Barometer Survey on Labour Market Demand.

Research Institute for Labour and Social Protection. (2019). Wage structure survey. Ulaanbaatar.

Research Institute for Labour and Social Protection. (2020). Graduates Employment Tracers Survey.

Research Institute for Labour and Social Protection. (2021). Labor Market Bulletin 2021 1st Quarter. Ulaanbaatar.

Sara, G. (2018). Career Guidance Landscape in Mongolia.

Schmillen, Sandig, A. D., & Nina-Weimann. (2018). Perceptions of precariousness: a qualitative study of constraints underlying gender disparities in Mongolia's labor market. Washington DC: World Bank Group.

SICA. (2021). Research on the "Analysis of the Future of Work in Mongolia: Tripartite Responses". Ulaanbaatar.

Sodnomdorj, A. (2020). Surveillance of the Current Situation of Self-Employed People with Disabilities (On The Example of Mongolia). *International Journal of Humanities and Social Science*, 98-109.

Thailand Development Research Institute. (2020). Youth Employability Scoping Study. Thailand.

The Asia Foundation. (2019, February). Fact Sheet Women's Business Center and Incubator Project. Retrieved from The Asia Foundation: <https://asiafoundation.org/wp-content/uploads/2019/02/MG-Women-Business-Center-Fact-Sheet-2019.pdf>

The Asia Foundation. (2020, October 26). Asia Foundation Launches Women's Economic Empowerment Project in Mongolia. Retrieved from The Asia Foundation: <https://asiafoundation.org/2020/10/26/asia-foundation-launches-womens-economic-empowerment-project-in-mongolia/>

The Graduate Institute of International and Development Studies. (2020). Global Interdisciplinary Policy Research Conference on Youth Transitions. Geneva.

UNDP. (2016). Mongolia Human Development Report.

UNDP. (2018). Activited 2030: Youth Enterprising Project - A scoping and Baseline study for Discussion. Ulaanbaatar: United Nations Development Programme in Mongolia.

UNDP. (2020). SDG-Aligned Budgeting to Transform Employment Mongolia. Retrieved from UNDP: <https://open.undp.org/projects/00117248>

UNESCO. (2013, May). Children and Young People with Disabilities Fact Sheet. Retrieved from United Nations Web site: <https://social.un.org/youthyear/docs/Fact%20sheet%20youth%20with%20disabilities.pdf>

UNESCO. (2016). Third Global Report on Adult Learning and Education. UNESCO, Institute for Lifelong Learning.

UNESCO. (2019). TVET Policy Review, Mongolia.

UNESCO. (2020, Nov 13). Education to Employment: Youth with disabilities and their needs post-COVID-19. Retrieved from UNESCO Bangkok's Web Site: <https://bangkok.unesco.org/content/education-employment-youth-disabilities-and-their-needs-post-COVID-19>

UNESCO. (2020). Mongolia Education Policy Review. UNESCO.

UNESCO, MoLSP. (2019). TVET Policy Review Mongolia. UNESCO.

United Nations. (2016). Youth with Disabilities. Retrieved from United Nations Web site: <https://www.un.org/development/desa/disabilities/youth-with-disabilities.html#menu-header-menu>

United Nations. (2020). Special issue on COVID-19 and Youth. Retrieved from United Nations website.

World Bank. (2015). Toward Solutions for Youth Employment. Solutions for Youth Employment (S4YE) Coalition.

World Bank. (2019, 09 17). Mongolia - Entrepreneurship-Focused Socioemotional Skills for the most Vulnerable Youth in Rural Mongolia Project : grant (English). Retrieved from Documents World Bank: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/660891568749874537/mongolia-entrepreneurship-focused-socioemotional-skills-for-the-most-vulnerable-youth-in-rural-mongolia-project-grant>

World Bank. (2020). Labor Market Programs and Services in Mongolia: Assessment of the Public Employment Service. Ulaanbaatar.

World Bank. (2020). Maximizing Returns on Human Capital Investment in Mongolia: Policy Note for Mongolia. Washington DC: World Bank.

World Bank. (2020, May 22). Mongolia Emergency Relief and Employment Support Project. Project Information Document.

World Bank. (2021). How the Private Sector is supporting Youth Employment during the COVID 19 pandemic. Solutions for Youth Employment.



World Bank. (2021, April 06). Mongolia: Overview. Retrieved from The World Bank Web site: <https://www.worldbank.org/en/country/mongolia/overview>

World Bank. (2021, September 7). Projects and Operations. Retrieved from World Bank: <https://projects.worldbank.org/en/projects-operations/project-detail/P159215>

YBI. (2020). Beating the odds: Supporting youth on move to become successful entrepreneurs.

YBI. (2021, November 6). What We Do. Retrieved from Youth Business International: <https://www.youthbusiness.org/what-we-do>

Youth Policy Toolbox UNESCAP. (2017, November 18). Law on Employment Promotion (new amendment) – Mongolia. Retrieved from Youth Policy Toolbox: <https://yptoolbox.unescapsdd.org/portfolio/law-employment-promotion-new-amendment-mongolia/>

Youth Policy Toolbox UNESCAP. (2017, December 11). Law on Promotion of Youth Development-Mngolia. Retrieved from Youth Policy Toolbox: <https://yptoolbox.unescapsdd.org/portfolio/2-law-promotion-youth-development-mongolia/>

Youth Policy Watch NGO. (2019). УЛААНБААТАР ХОТЫН ГЭР ХОРООЛЛЫН ХҮҮХЭД ЗАЛУУСЫН ХӨГЖИХ ЭРХ БА ТӨРИЙН ҮЙЛЧИЛГЭЭНИЙ ХҮРТЭЭМЖ. Улаанбаатар.

# Appendix

## A. Stakeholders Engaged

No	Organisation	Name	Position	Date	Form
1	Ministry of Labour and Social Protection of Mongolia	Dambii S.	Director of Employment Policy Implementation Department	Aug 19	KII
2	Swiss Agency for Development and Cooperation	Zayasaikhan D.	Senior Programme Manager	Sep 08	KII
3	Asian Development Bank	Itgel L.	Social Development Specialist	Sep 09	KII
4	Mongolia Employment Support Project, MLSP	Bolormaa S.	Labor Market Officer	Sep 09	KII
5	The Asia Foundation	Women Economic Empowerment Team		Aug 11	KII
6	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	Bilguun G.	Senior Specialist (TVET)	Aug 25	KII
7	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	Sara G.	TVET Teacher Education/Inclusion Expert	Sep 8	KII
8	World Vision Mongolia	YFLI Project Team		Aug 10	KII
9	Save the Children	Nyamdavaa Yo.	Project Manager	Aug 18	KII
10	International Labour Organization in Mongolia	Bolormaa P.	National Coordinator of ILO in Mongolia	Aug 26	KII
11	UN Food and Agriculture Organization, Mongolia	Munkhjargal B., Munkhchimeg E.	Agribusiness Partnership Specialist, Monitoring and Reporting Specialist, STREAM project	Sep 09	KII
12	MCS Holding	Tuvshintur	HR Director	Oct 07	KII
13	SICA LLC	Uugantsetseg G.	Consultant	Jul 22	KII
14	IRIM LLC	Tselmegsaikhan L. Jargalmaa G. Minjirmaa N.	Executive Director, Research Manager, Consultant	Aug 24	KII
15	Development Solutions NGO	Bat-Orshikh E.	Chief Advisor	Sep 24	KII
16	Start-up Mongolia NGO	Uyanga Z, Erdenebat S.	Advisor, CEO	Sep 24	KII
17	United Consulting Management (Career Development Center), Human Resource Evaluation Center	Bulgan Ts. Oyu O. Duuriimaa O.	CEO, Consultant, Director	Aug 16	KII
18	Mongolian Employers' Federation	Enkhjargal E.	Head of General Coordination Department	Sep 28	KII
19	Section heads & Social workers	Sukhbaatar District, 13th khoroo, 14th khoroo, 16th khoroo, 17th khoroo, Bayanzurkh District, 19th khoroo, 21st khoroo		Oct 08	FGD

20	Representatives of youth	Bayan Zurkh District, 21st khoroo, 19th khoroo		Oct 08	FGD
		Bayan Zurkh District, 13th khoroo			FGD
21	Members of HR club NGO	1. Bayarmagnai Sh. 2. Duuriimaa O. 3. Amarzaya Ch. 4. Munkhtsetseg B. 5. Damdintseren A. 6. Erdenechuluun B. 7. Duziimaa U. 8. Uyanga B. 9. Erdenebayar D. 10. Sukh-Ochir G. 11. Dulguun T.	1. HR Consulting LLC 2. Human Resource Evaluation Center 3. Teso Group 4. Monos Group 5. Altan Joloo Trade LLC 6. EMJJ hospital 7. Bold Tumur Yuruu Gol LLC 8. Gobi LLC 9. MCS Coca-Cola LLC 10. Erdenes Tavantolgoi JSC 11. MGL Aqua	Oct 07	FGD



