

Chapter 3: Women's Economic Status

The economic policy of the Mongolian People's Republic between 1924 and 1990 was to nationalize and diversify the economy through centralized state planning. The transformation of the economy was geared to its integration into a broader system of regional planning and allocation of resources under the Council for Mutual Economic Assistance (CMEA). Egalitarian principles and reliance on physical controls rather than market forces to allocate resources underpinned the policy of low wage differentials, guaranteed employment, guaranteed export markets, physical control of production and subsidies. It is within this particular policy regime and economic philosophy that the rights to employment for women and men and to "human development" were guaranteed in accordance with the Covenant on Economic, Social and Cultural Rights.

The year 1990 saw a profound and sharp shift in economic policy. With the termination of the former Soviet Union's financial and technical assistance and the collapse of CMEA, the policy response was to dismantle the command economy and rapidly establish a market economy and private property rights, privatize state assets and liberalize prices and trade. In addition to this radical economic restructuring, the current medium-term economic and social development strategy emphasizes macroeconomic stabilization, both fiscal and monetary. The government intends to reduce the tax burden on businesses and private persons, while decreasing overall fiscal spending and the government deficit relative to GDP.

This process of economic liberalization was pursued during the 1990s at the same time as the government continued to adhere to the rights-based framework of international human rights instruments contracted under the socialist regime and also endorsed the commitments made at the 1990s UN conferences,

including the commitment to address the negative impacts of economic reform and macroeconomic stabilization. Specifically, governments committed themselves to:

- Providing secure and sustainable livelihoods
- Eradicating poverty
- Ensuring equal access to land and other property
- Measuring and valuing unpaid work
- Promoting corporate responsibility

Economic restructuring in two eras

Under socialism, livestock ownership and management was transferred from individual households to the *negdel* (collective) and movements of herds were restricted through the creation of settlements. From the 1960s through the 1980s, the *negdel* system was accompanied by a process of urbanization, as the social and economic infrastructure and services for rural areas were set up in *aimag* and *soum* centres. Industrialization also encouraged the urbanization of the countryside, particularly around metal and mineral areas in the Central regions, along the major railway axes linking Russia to China.

A large-scale industrialization process began during the 1960s with the emphasis changing from agricultural activities to the manufacture of semi-finished and finished products and the development of mining, infrastructure, transport and communications. As a member of CMEA, the government also prioritized the expansion of the livestock sector and the creation of an agro-industrial economy. By the late 1980s, industry was producing almost twice as much as agriculture.

During the 1970s and 1980s, about 90 per cent of Mongolia's foreign trade was with CMEA countries—the largest share with the Soviet Union. Industrial goods, services and turnkey projects

accounted for a large proportion of imports between 1970 and 1983. A wide range of consumer goods, including household items, textiles and food, was also imported. Copper, molybdenum, fluorspar, coal and other minerals, livestock produce, textiles and leather goods were exported. Until 1990, selected industries (milk, bread, meat, glass products, felt footwear, children's clothing, timber and coal mining) received subsidies to offset losses from low, fixed retail prices. Most industries, however, showed a profit at least on an accounting basis and paid taxes to central or *aimag* governments.

Employment was guaranteed by the state for both men and women and conditions were established to enable women to undertake work outside the home. But employment was structured along gender lines through state regulation. An official list of jobs and standards for women (issued in 1964 and 1985) distinguished between male and female work in the employment structure. Mining was an area of prohibited employment for women. Women's occupations were in the traditional sectors of health care, education and

child care, but also partially in some other sectors generally considered as male preserves in other countries, such as science and technology.

Women's employment accelerated with their graduation from the education system. The number of women employed in different economic sectors increased by 87.3 per cent from 1969 to 1989 against an increase of 68.4 per cent for male employees. By 1989 women were 47 per cent of the employed workforce. Pay was similar for men and women and wage differences were small, characteristic of the compressed wage scales of socialist economies; differentiation operated through the allocation of additional rewards, benefits and privileges. On the basis of the available data, it is unclear to what extent and how this differential operated along gender lines.

With the collapse of CMEA and the Soviet economy, this economic system became unsustainable. In 1990, Mongolia lost aid equivalent to 30 per cent of GDP and was deprived of concessional supplies of petroleum and other raw materials, as well as its markets with CMEA countries. In a situation of such severe external shocks, domestic policy measures were equally drastic. Since 1990, the economic transition has been called "shock therapy" (UNDP 2000a). This implies that little was done to cushion the impact but rather that the government used the crisis to provoke changes in structures, behaviour and attitudes and to galvanize individual initiative.

A large number of laws have been enacted to create the property rights and incentives to foster private-sector development. These include the Consumers Law, Customs Law, Economic Entities Law, Foreign Investment Law, Anti-Monopoly Law, Banking Law, Bankruptcy Law, Privatization Law, Securities Law and various tax laws and regulations. This legislative dynamism, however, has not been accompanied by adequate institutions and mechanisms for effective regulation, enforcement and arbitration. Instead, the system of price controls and regulation was abandoned and prices rapidly liberalized. By 1993, 90 per cent of livestock had been privatized. A private banking system was allowed to develop rapidly without the experience and the institutions necessary for its effective operation and solvency, and in conditions of monetary turbulence. There were successive devaluations

Box 1: Shock therapy since 1990 in Mongolia

- GDP is still below 1990 level
- GDP per capita in US dollars in 1998 is 27.5% of 1989 level, despite rises since 1995
- The exchange rate in 1989 was 4 tugrug per 1 \$US; in 2000, 1070 tugrug per \$1US
- Exports in 1997 are 43.9 % of 1989 level; imports in 1997 are 49% of 1989 level
- Industrial (manufacture, utilities, metals and minerals) output in 1998 was 68% of 1989 level
- Manufacturing output in 1998 was 29% of 1989 level
- Crop production in 1998, including wheat, oats, barley, vegetables, was 41% of 1989 level
- Government consumption fell from 30% of GDP in 1989 to 25.8% in 1998
- Inflation rate rose to over 300% in 1992 and the price index was 180 in 1998, with 1996 as base. The current annual rate is 6%
- Agriculture's share of GDP has risen from 15.5% in 1989 to 32.8% in 1998
- Livestock output in 1998 was 133% of the 1989 level
- Extractive industries output in 1998 was 255% of the 1989 level
- The share of cashmere and sewn garment exports in total exports rose from 17% in 1995 to 23% in 1998, while the share of mineral products in total exports fell from 65% to 47%.

Source: Compiled from data in the Mongolian Statistical Yearbook 1999

of currency.

In the wake of these changes, production in many state enterprises was abandoned in the face of shortages of fuel, raw materials, spare parts and finance. After the severe contraction in the early years of transition, the economy, which had become more open with liberalization, suffered from unfavourable terms of trade as the prices of key export commodities such as copper and cashmere fell in the latter half of the 1990s. Export markets collapsed, and domestic markets disappeared with the shrinking of real incomes, bankrupting many enterprises. Workers were laid off and public expenditure on social services sharply reduced.

It is in this context that a private sector came into existence. The development of the private sector has a dual character, formal and informal. The formal sector of medium-and large-scale enterprises has emerged from the disposal of state assets through vouchers and then through auction, and sponsored by the legal and regulatory framework described above. The informal private sector has developed rapidly in the interstices of a shrinking public sector and a slowly growing formal private sector, mainly as an outcome of the coping strategies of women and men affected by the severe economic dislocations.

As Box 1 indicates, there has been sharp economic contraction and manufacturing has given way to agriculture. The economic base rests narrowly on the primary sector, with mining and minerals extraction and processing and livestock production. The meso-level economic infrastructure and services have also contracted, particularly those supporting livestock production and marketing during the socialist period. The locus of economic activity has effectively shifted to the informal sector, as a new outgrowth straddling both the meso and micro levels and in fact has reverted back to households at the micro level.

In the first half of the 1990s, the broader dimensions of the economic crisis were reflected in severe economic contraction, large fiscal deficits, rapid expansion in money supply, high inflation and a precarious balance of payment situation. In 1991-1992 real GDP declined by 17 per cent and industrial and agricultural output fell by 26 per cent and 11 per cent, respectively. Real output in construction, transport and communications sectors declined by 27 per cent, 71 per cent and 38

per cent, respectively.

In the mid 1990s there was some progress towards macroeconomic stability. While there was positive economic growth over previous years by 1994, this has still not reached 1989 levels, nor have exports and imports. By the second half of the 1990s inflation had been considerably reduced, the foreign exchange rate became largely stable and the balance of payments position improved. Even so, the economy is still quite fragile.

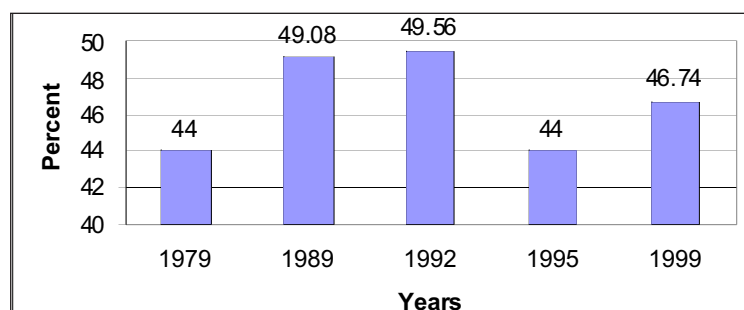
Gender relations and the status of women

Mongolia has emerged from these policy reforms as a fledgling democracy simultaneously with new phenomena of poverty, insecurity and unemployment. Structural reforms have induced major changes in the structure of employment, intensifying disparities in the participation of both men and women in the economy. The costs of structural adjustment and retrenchment have been disproportionately borne by women, who at the same time have not benefited from the potential opportunities offered by market-led development at a level commensurate with their capabilities and compared to men. But there are many complex facets to this overall assessment.

Gender equality in employment

One core indicator cannot capture the current situation of women and how they experience this situation. On the other hand, interpretation of a core indicator and a cluster of other related indicators can build a more complex picture of the dimensions of Mongolian women's situation at a moment in history and in the

Figure 3.1: Women's share in paid employment in industry and services, selected years



Source: Compiled from NSO 1999

Table 3.1: Female employment (1997)

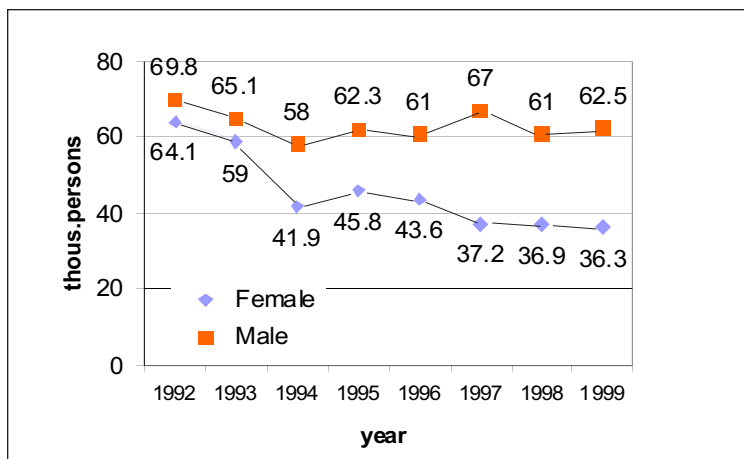
Sector	Percentage of female employees
Hotels and catering	79.8
Education	66.3
Health and social services	64.9
Financial institutions	61.2
Trade (wholesale and retail)	54.2
Public services	50.3
Agriculture and hunting	46.8
Real estate	45.0
Civil service and armed forces	42.4
Industry Processing	41.2
Electricity and natural gas	34.9
Mining	30.3
Construction	39.6
Telecommunications and transport	38.5

Source: NSO 1998.

process of empowerment.

The core indicator in the *UN Common Country Assessment Development Assistance Framework* for assessing progress towards gender equality in employment is the share of women in industry and services. This measure has been chosen because in most developing countries, formal paid employment is generally in these sectors rather than in agriculture. Moreover, the general direction of structural transformation and thus employment expansion is towards industry and services. The drawbacks with this indicator are that it

Figure 3.2: Employment in manufacturing sector by sex, 1992-1999



Source: Compiled from NSO 1999

does not take into account the fact that growth in such employment does not decrease women's total workload and that employment can be with low pay and under poor, precarious conditions.

Figure 3.1 presents the change in women's share of paid employment in industry and services over the past decade. Women's share is well within the range for gender equality in employment, reflecting the gains in employment during the socialist period and the declines and then improvements during the transition period. Mongolia in fact presents an opposite case to the scenario that underpins the choice of the indicator at the international level. Like other transition countries, restructuring has been accompanied by employment losses for both women and men as well as lower shares for women in these sectors. But the specificity of Mongolia is that the share of agriculture has risen with the transition. And this rising share has been accompanied by profound changes within agriculture, pushing it back to household production, rather than towards modern agro-business.

Assessing the status of and prospects for gender equality in employment and the economy requires that the industry sector be disaggregated into extractive industries, utilities and manufacturing. In the first two sub-sectors, men have continued to pre-dominate, whereas in manufacturing ("industry processing" in Table 3.1), women's share, which was slightly lower than men's at the end of the socialist period, has fallen over the succeeding decade. This is because employment levels have fallen in absolute terms and in relative terms it has fallen faster than men's (Fig. 3.2).

The services sector includes social, financial and business services as well as wholesale and retail trade. Retrenchment of staff in the social sector as a result of cuts in public expenditure on social services, has affected women more as a result of their larger share of employment in these sectors (Chapter 2, Figs. 2.3 and 2.4), since women are concentrated in lower and middle grades, rather than in senior management and decision-making positions. The gender inequalities within these women-intensive occupations cannot have helped women when tough decisions were made about who would lose jobs.

Despite the asymmetries of power between women and men within these state institutions,

women's interests are still relatively protected under legislation regulating public sector employment. The second phase of privatization, however, targets the selling off of government shares in "pivotal" enterprises, such as health, education and science. Prospects for women's employment depend on how competitive they are in the labour market relative to men and under what terms they can enter such markets or retain their jobs as these sectors become privatized. The mining and mineral sector, which has been most dynamic since the transition, is one that is least women-intensive, partly as a result of state restriction on women's employment in some occupations in these sectors.

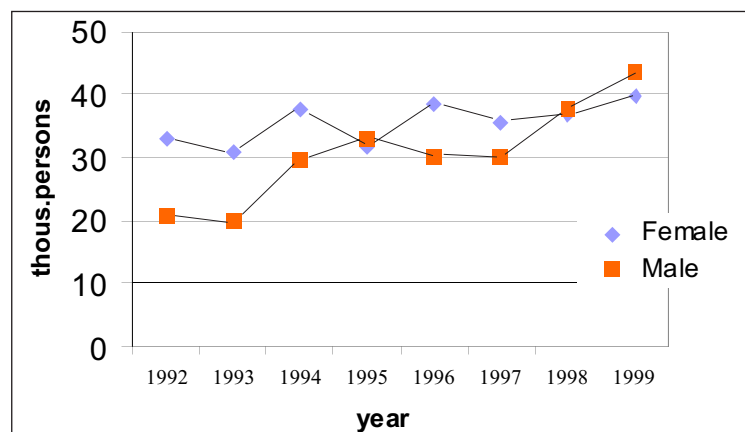
With trade liberalization and the influx of imports the private formal trade sector has expanded. But this expansion of employment is accompanied by a higher rate of growth for men, who now overtake women in this sector (Fig. 3.3). On the other hand, women have also moved into new areas such as finance and real estate (Table 3.1).

What happens to women's share will also depend on rising areas of employment such as information and communication technologies (ICTs). The increased use of computers and information technology will have a significant impact on employment in Mongolia. These technologies, technical education and knowledge of foreign languages are fast becoming integral to operations and management in both the state and private sectors in major populated areas. According to unofficial sources, at present there is a very limited number of women engaged in mid- to upper-level ICT-related jobs in engineering. A lower percentage of computer programmers are women. Traditionally, secretarial positions have been occupied mainly by women who are still dominant among data entry workers in various sectors. How this will evolve will depend on whether women can generate financial returns from their investment in ICT education at the tertiary level, which is at least equal to men's (see Chapter 2, Table 2). It will depend on whether highly educated and skilled women can obtain jobs and set up ICT-related businesses.

Barriers to women's entry in the private sector

The terms on which women can enter labour markets are strongly biased against them and in violation of

Figure 3.3: Employment in wholesale and retail by sex, 1992-1999



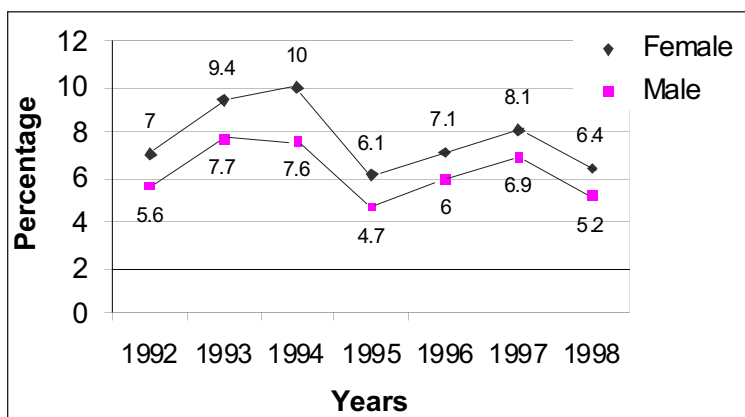
Source: Compiled from NSO 1999

their rights, reflecting how gender inequalities structure the setting up of markets and market institutions. The conditions under which employment is obtained are certainly not gender neutral. It makes a difference whether you are a man or a woman to an employer in Mongolia. Advertisements for employment that discriminate against women on grounds of appearance and age are highly visible. In the private sector the introduction of employment contracts that invalidate the rights of workers under existing legislation are becoming commonplace. Women who want employment are often obliged to sign away rights such as maternity benefit or family leave in order to secure a job in the private sector. There is no systematic monitoring of these practices. But in fact, the formal package of rights and supportive legislation coexists with corporate practices that violate them, in contradiction to the notion of corporate responsibility.

Women were and still are the child-bearers and the care workers. Services that ensured women's full and active participation were either drastically cut or privatized. User fees have a segregationist effect on poor children, boys and girls: children whose mother cannot pay are more often excluded. Women, because of their social position, were more affected by the reforms than their male counterparts and experience more obstacles to re-enter the labour market or engage in an income-generating activity.

The scale of job loss under the transition has been severe and has ended the period of job security. Such

Figure 3.4: Unemployment rate by sex, 1992-1998



Source: Compiled from NSO 1998 data

losses can be transient or a medium- or long-term state of unemployment can be a new phenomenon. It is not easy to establish a clear link between the scale of job loss and the extent of unemployment and to assess precisely the incidence of job loss among women and their current unemployment level, in the absence of systematic, sex-disaggregated data collection and dissemination.

Figure 3.4 shows the official unemployment rate for women and men. Official rates refer to those who are registered on the labour market exchange and are actively seeking work. The unemployment rate is the

proportion of the number of unemployed persons registered in the Employment Regulation Office to the economically active population. Women's unemployment rates are higher than men's and have remained within a range of 6 per cent to 10 per cent. However, official unemployment figures need to be treated with caution. On the one hand, there are limited benefits to being unemployed, thus leading to underestimation of job loss. On the other hand because of lack of benefits, the unemployed have to find means of survival, and usually it has been through self-employment in the informal sector and/or reliance on family and social networks and transfers. According to a 1998 survey by the Women's Information Research Centre, lack of individual income does not mean that there is no household income. Only 0.4 per cent of households declared that they had no source of income at all. Almost all households had some form of income and engaged in income-generating activities (WIRC 1998). This means that many of those registered as unemployed also work in the informal sector. In the transition period the lines between employed/unemployed, registered workers and unregistered workers are blurred. The sets of unemployed workers and self-employed workers overlap to some extent, quite likely because informal sector work may not be considered "proper" employment, but instead a temporary income-generating or income-supplementing coping strategy in the short term.

It is likely that the factors leading to an underestimation of the unemployed using registered unemployment data are more important than factors which may lead to an overestimation, at least as far as self-employment in the informal sector is concerned. Other data sets show higher levels of unemployment. The 1998 Living Standard Measurement Survey indicates an average unemployment rate of 15 per cent, rising to between 30 per cent and 51 per cent in some areas and for some social groups, such as the urban very poor (UNDP/NSO 1999).

Surveys conducted by NGOs, as well as case studies reported in different documents, indicate a much higher rate of unemployed among the female population. Women are predominant in many sectors that were privatized, closed down or downsized for rationalization motives, but such surveys had no

Box 2: A Former Veterinarian

Ms. Ts is in her mid 30s and lives with her husband and three children in Ulziit soum of Middle Gobi *aimag*. Unemployed since the privatization of the veterinary services seven years ago (see Chapter 2, Box 2), she has contracted a voluntary disaster relief job helping families affected by *dzud*. Her husband is currently away, attending a course at the Management Academy.

Though herders are in desperate need of veterinarian services, they cannot afford to pay for privatized care. So Ms. Ts is trying hard to find some other way to gain an income. For a while she tried to use her own oven to bake bread for sale. But she found that most people could not afford to buy bread and the *soum* market was too small to continue this business. Then she tried using her sewing machine to sew clothes (*deel*) and boots (*gutal*) for the local market. But she had to stop because she developed eye-sight problems.

Ms. Ts has two sons and a daughter. She is worried about increasing abuse and alcoholism in families, especially among young men. She wants her own daughter to be a medical doctor.

Source: Based on an interview conducted as part of UN Disaster Management Relief Mission, May 2000

access to official data concerning the total number of jobs lost during the transition by gender. A precise analysis of the gender composition of job loss and unemployment is also complicated by missing data and uneven disaggregation by sex. However, many factors point to the higher incidence of job loss for women. Women were the first to be laid off upon closure or restructuring of the processing (light) industries, service and trade, those traditional industries where they were predominant. Another example is that after disintegration of government-owned agricultural farms and privatization of their livestock and machinery, more than 20,000 trained women lost their jobs (see Box 2).

Legislation which is ostensibly about reproductive rights, but which is a legacy of a pronatalist policy approach targeting women as bearers of children, can in a different economic climate, be used to discriminate against women, specifically older women, and violate their employment rights. And in this case, it can also be used to facilitate their exit from employment. The Pensions Law (1990 amendment) legislated that women with four or more children could be pensioned off from work on the grounds of being occupied in "social care." Although the law states that this is to be by agreement, it has made such women vulnerable to job-losses. In 1994, 55.8 per cent of all "retired" women of working age, about 20,000 women aged 35-55, were pensioned off because of the number of their children. In the absence of adequate state entitlements to accompany such "social care," the clear presumption is that there is a breadwinner father.

The closing down of state enterprises has impacted not only women's access to secure jobs and social benefits, such as maternity leave, but many other services that were delivered through the work place. Child payments, for instance, were held back from the ex-husband's salary in state enterprise and transferred to the mother who had custody of the child. The dismantling of state enterprises and/or their privatization took this mechanism apart, without providing any alternative.

Women's income

An estimation of women's income levels and how they compare to men's is particularly difficult because

Table 3.2: Average monthly income by household head employment, 1997

Where household head works	Rural		
	Family size	% of total households	Monthly income per capita, tug
State establishment	5.4	1.3	27286.5
Cooperatives	4.9	3.2	15633.8
Company	5.6	13.6	17973.0
Government units	5.2	25.5	17769.9
State proprietorship	5.7	2.3	22616.5
Private herder	5.7	25.9	16711.9
Non profit institutions	5.0	0.3	13708.1
Retired	4.6	10.8	17197.0
Unemployed	5.1	13.9	13933.9
Other	5.5	3.2	11437.0

Source: NSO 1998.

whatever data sources exist tend not to be comparable, cannot be added together and are unevenly if at all disaggregated by sex. While the National Statistical Office has been conducting Household Income and Expenditure Surveys since 1996, the data is not disaggregated by sex. It estimates foodstuff consumption through different sources such as purchase in and out of the house, own production for own use, as well as foodstuff obtained as gifts.

The highest income-earning households are those whose heads of households are employed in state establishments, who constitute only 1.3 per cent of households. The number of income earners and source of income are not available and the accuracy of this differential is not clear. The extent to which income recorded from state sources is more likely to be closer to actual income than in other sectors, because it is more regulated, is not known. Table 3.2 indicates that

Table 3.3: Gender income disparities, 1997
(% of men and women according to income category)

Monthly income	Self employed	
	Male	Female
Low (1-20,000 tug)	58.8	69.4
Middle (20,001-60,000 tug)	36.4	25.9
High (60,001<)	4.8	4.6

Source: UNDP/NSO 1999

about 40 per cent of household heads are employed in the private sector, while about 30 per cent are employed in the public sector. Private sector incomes are somewhat less than in the state sector. In the Living Standards Measurement Survey conducted in 1998, those employed in government management were the highest category among the non-poor. Despite women's concentration in the public sector, there are no statistics on their individual income aggregated under household income in the data in the Statistical Yearbook Series.

Looking at income disaggregated by sex among the self-employed, Table 3.3 shows that the proportion of women in the lower income categories is higher than it is for men. A study in 1999 by USAID (2000) does not disaggregate value-added per male or female employee or per female- and male-owned businesses.

A survey on vulnerable groups income generation projects by the Women's Information Research Centre (WIRC 1997a) showed the same income disparities between men and women in the informal-unregistered employment sector. In addition, the survey explored perceptions of the relative contribution of women to household income. Gender responses to the question of who contributed the higher income to the household showed a clear difference of opinion. Almost 50 per cent of men as opposed to 36 per cent of women stated that it was they who earned most in the family. The fairly high percentage of women who were the principal wage earners in families seemed to be a phenomenon of the transition period whereby men who had changed employment or lost employment had either a lower income than they had previously in the former regime.

Whatever way the women earn their income, they are important contributors to family income, partly because two incomes have become essential for a basic standard of living for a family. Full-time employment for the head of household does not ensure that the family will stay above the poverty line. Though the traditional perception of males as the main bread-winners remains unchanged in many ways, the reality is changing. According to the WIRC 1998 survey on women's economic status, 36.0 per cent of women are generating a significant part of the family income: 33.1 per cent reported earning the major part of it, and 25.6 per cent

an amount equal to their husband's.

The meaning of disparities in individual income earned by women and men and in their relative contribution to household income, has to be interpreted with information about whether such income is pooled or what extent if any is retained individually, as well as who makes decisions over how to use the income. On this matter, there is very little information. In particular, when provisioning for different goods and services is now the responsibility of individuals women and men in households rather than the state, how this responsibility is shared becomes important. Do financial and spending decisions become the subject of divergences and conflict or matters of cooperative decision-making, particularly when living standards are falling and new goods and services become available?

Low income employment and self-employment

Having a job is not an insurance against poverty, the labour cost has also to be considered and women are here still at a disadvantage relatively to men. Poor people are concentrated in agriculture and services sectors (for urban areas) and in manufacturing, construction, education and health sectors in rural areas. Services, education and health are sectors where women hold an important share of jobs with low remuneration.

"Women most often work as junior and middle auxiliary positions and are concentrated in the lower income sectors of public and private sector Another evidence of gender discrimination is the concentration of women in the low paid jobs. Women occupy lower positions in the job hierarchy and men occupied more prestigious jobs that offer higher pay. As women occupy lower positions in the job hierarchy their salaries are correspondingly lower" (USAID 2000).

The USAID (2000) survey on the urban informal sector does not disaggregate income, or value-added data by sex. The one service category which is almost exclusively women's, however, is home-cooked meals and it is also the one in which value-added per business and per employee is the lowest. Overall, considering the sectors where women's labour force is dominant as well as their particular position in the hierarchy, women are more likely than men to join the ranks of poor and very poor. Women's share of

income is likely to be much lower than men's, at the aggregate level.

Women and poverty

That most Mongolian women and men have to some extent or other become exposed over the decade to sharply falling living standards can be deduced from the available macroeconomic data. Poverty has emerged as a new phenomenon that is measured and is an object of policy concern and programme intervention. One measure of the extent and meaning of poverty is the Living Standard Measurement Survey (LSMS). A study was conducted in 1995, which is not strictly comparable to the 1998 data.

The 1998 Living Standard Measurement Survey (UNDP/NSO 1999) points out that 36 per cent of the population still live below the poverty line in spite of an improvement in the macroeconomic situation. While the number of poor has not decreased significantly since the 1995 survey, the poverty is deeper and more severe than in the previous years. In 1998, "poverty depth (P1) ranges from 9.8 per cent to 13.9 per cent and poverty severity (P2) increased by 0.8 to 2.9. These imply that there has been an increase in the gap between average consumption expenditure of the poor and the poverty line and demonstrate that purchasing power of the poor in urban and rural areas to buy basic needs is falling. The average consumption expenditure of the poor is 10 per cent below the poverty line. This expresses that the number of poor is increasing and self-sustainability, to obtain basic essentials, is worsening" (UNDP/NSO 1999).

If the regional disparities are partly documented, the emerging social polarization receives less attention. The social disparity in Mongolia is most often understood in terms of "poor" and "non-poor" but the combination of various indicators suggests that women are particularly well represented in the first category.

The 1998 Living Standard Measurement Survey supplements the income/consumption measure of poverty, which is used to identify the poverty line and establish the scale of poverty with a wider set of indicators to capture other dimensions of poverty. Not all of them are sex-disaggregated. In particular, the unit of analysis is the household, and gender is analysed in terms of a distinction between male- and female-head-

ed households. The possibility of differential poverty between women and men in male-headed households cannot be explored and the implicit or explicit assumption is that household income and resources, claims and obligations are equally distributed.

The wider set of indicators includes access to electricity and safe water, nutrition, birth weight, as well as access to health and educational services. Some of these indicators have been used in preceding sections on health and education. These indicators together with data on own production for own consumption (discussed more fully under women and the rural economy below) give an indirect measure of the burden of women's time and energy in producing unpaid goods and services. Time and energy depletion is another dimension of poverty, which is strongly gendered.

For the period 1993-1998, the number of women heads of household increased by 44 per cent, from 37,813 to 54,530. According to the 1998 data, 47.1 per cent of urban female-headed households and 36.1 per cent of rural female-headed households are poor.

Female-headed households belong to one of the most vulnerable poverty group of society. 11,329 female-headed households have 5 and over children; 20,825, 3-5 children; 22,376 up to three children out of a total 54,530 female headed households. In 1999, in the capital Ulaanbaatar 29,000 households live under poverty line, of which 11,464 are female-headed households. In Orkhon *aimag*, female-headed households constitute 47.8 per cent of all families living under extreme poverty (UNDP/NSO 1999).

The poorer the household, the higher the proportion of female-headed households. (This is consistent with the income data presented in the earlier section). These proportions are much higher than the

Table 3.4: Female-headed households, 1995-1998

Year	Total number of households	Female-headed households	
		Number	% of total households
1995	514,100	44,077	8.6
1997	531,100	51,732	9.7
1998	535,300	54,530	10.2

Source: Compiled from *Mongolian Statistical Yearbook 1998*

Table 3.5: Share of poor households, by gender of household head, %

	Female headed	Male headed
Very poor	24.6	75.4
Poor	18.3	81.7
Not poor (L)	11.6	88.4
Not poor (M)	13.5	86.5
Not poor (U)	12.7	87.3

Source: UNDP/NSO 1999: 27, Table 9

proportion of female-headed households as total households nationally (10% in 1998 according to NSO data). This disparity is even sharper in urban areas, where female-headed households are 33.9 per cent of the very poor. The average share of female-headed households in urban households is 19.4 per cent. Part of this poverty is due to the lower number of employed per household among female-headed households, not all of which are poor. While 57.6 per cent of female-headed households are not poor nationally, 72.4 per cent of male-headed households are not poor.

The reasons for the greater slide into poverty of female-headed households and the rising trend of female-headed households have barely been researched and are an issue for serious concern. While there is concern over domestic violence against women and alcoholism, which mainly affects men, as well as concern over family disintegration, the links with the rise in female-headed households and their much higher incidence of poverty is little known. The fact that female-headed households tend to have fewer income earners per household point to a set of reasons. The official divorce rate has not increased over the period, but this may underestimate the number of separations and/or desertion of husbands because not all unions and marriages are registered and not all separations lead to divorce. The range of livelihood options open to women who are sole income earners are more severely limited than men's, and their income-earning power is lower than men's. In rural areas, there are some indications that single female-headed households have not received their full entitlement of livestock as a result of privatization. The migration of young women and men from the rural areas also severely reduces the labour available for livestock rearing (see Chapter 2, Box 1).

Women in the urban economy private sector

Private sector development is a new element in the economic life of the transition period. The gradual devolution of social property to individuals by the state had a considerable impact on all aspects of people's lives and affected citizenship rights, property rights and women's rights in both the public and private sectors, creating a new class structure. The registration of legal ownership of assets in the head of household's name permits that person to conduct business, trade and acquire loans without the consent of his spouse. This can place family assets at risk in the case of unwise business transactions and over-extended financial credit. On the other hand, women need the consent of heads of households (usually husbands) to offer assets as a guarantee for loan or credit. Where the (male) head of household is also seeking loans for private enterprise, women's claims tend to take lower priority, according to press reports.

The divestment of state assets through vouchers and cash auctions appears to have benefited men mostly, although sex-disaggregated data is not available to measure the extent of this phenomenon. Women have thus started the transition process with a much lower endowment of physical assets than men and have thus been less able to accumulate capital and to compete in markets on the same terms than men.

In the Economic Status of Women in Transition survey (WIRC 1998), women were 45.2 per cent of those whose principal occupation was herding. The amount of livestock and equipment a household was entitled to was based on the number of family members and status in the herding collective. Again, assets have mostly been registered in the names of male heads of households and there is some evidence that single women herders received less than their entitlement in the distribution of assets resulting from privatization. As a result, female-headed families with young children are likely to have small, often unviable, herds and to fall into the lowest band of rural poor. While the number of women herders in male-headed households have helped to increase the size of the herd divested to them, women in these households have effectively reverted to unpaid family workers in household-based livestock production.

The unequal access of women to property under

privatization has had an impact on their ability to set up businesses, either through own funding or the use of assets as collateral for mobilizing credit. The banking and credit sector in Mongolia faces difficult problems. "The banking system is nearly insolvent....Not one of more than 700 firms surveyed in Ulaanbaatar in 1997 used commercial banks in any way—not for credits nor for deposits" (UNDP 2000b). Part of the reason for the near insolvency of the banking sector is the large volume of loans extended. The link of this credit to the purchase of state assets through auctions is not clear but these loans, to the extent that have been attributed to men mostly, because property is registered in men's name, would still give them an initial advantage in the accumulation of capital. New large private businesses have also since grown in mining, textiles, information technology, among others. There are many pointers to the gender biases operating in the fostering of this private sector. The administrative decisions regarding the disposal of these state assets, involve decision-making strata in the political and economic arenas, where women are not present. Access to tangible resources in markets—material, physical assets and credit—is dependent on access to intangible resources, information and social and political networks that affect capacity to negotiate the purchase of state enterprises. In this process, women are disadvantaged.

Under these conditions, the expectation can only be that business start-ups by women in medium and large enterprises would be much lower than men's. Many different sources support this assessment. There is no data on women's ownership of large enterprises. The Employers Association Survey conducted among 482 small and medium enterprises (employing between 1 and 21 people) reported that only one third of entrepreneurs were female. The proportion of women was higher in very small companies of 1-5 people (38 per cent of small and medium enterprises) but decreased with companies of progressively larger size. Within small and medium enterprises the share of women entrepreneurs ranged from 20 per cent in industry to 25 per cent in trade and 35 per cent in the service sector as a whole. Other surveys also peg the share of women's businesses at less than a third. The WIRC 1998 survey in Ulaanbaatar and *aimags* found

that 26.2 per cent of private enterprise owners were women.

These surveys have explored the role of access to credit, in particular micro-credit schemes, in women's activity as entrepreneurs. Their access to credit has been less than men's. Reasons appear to be the disparity in formal asset ownership by males and females, lack of sufficient "women-friendly" loan schemes and insufficient knowledge about them. Access to loan schemes is improving slowly (for example, as part of Mongolia's Poverty Alleviation Programme) but there is growing realization that access to loans is not enough by itself. Information, education, advice and local support on how to use and repay them as part of know-how for operating in a market economy are needed, especially for poorer women.

The informal sector

While the dynamics which led to the creation of the formal private sector are not inclusive of women, those that have stimulated the informal sector are different. Women have become very active in that sector, which has grown very rapidly in urban areas.

The informal sector in Mongolia is not a parallel, underground economy. Many of the businesses are registered taxpayers. The sector is subject to the Income Tax Law of Citizens Who Individually Engage in Business Activities Whose Income Cannot Be Determined Every Time. This law covers 32 primarily small-scale activities, which are usually family-based and under-counted in official statistics. In view of the dynamism and scale of this sector, efforts have been made to estimate the size of the value-added of the sector to supplement national income statistics, which do not capture it (USAID 2000). Estimates based on recent research suggest that this sector can add at least 30-38 per cent to reported GDP and employs about 60,283 nationally. The chief characteristic of the sector is that it is made up of microenterprises, made up of one-person businesses.

The sector has been classified into 5 major sub-sectors:

Retail trade:	Kiosks, counters, containers
Financial services:	Pawnshops, money changers
Transport:	Taxis, trucks, minibuses, garages

Table 3.6: The urban informal sector

Sector	Share of value-added (%)	Share of employment (%)	Value-added per employee UB (000 tug)	Women's share of employment (%)
Retail trade	61.99	50.02	2175.2	69
Financial services	1.07	1.24	1228.6	77
Transport	28.3	32.6	1716.95	2
Services	7.91	14.65	1069.99	70
Manufacture	0.72	1.5	1191.78	62
Total	100	100	1999.44	54

Source: Compiled from USAID 2000

Services: Cobblers, canteens, barbers, games, chemists, home-cooked meals

Manufacturing: Baked goods, soft drinks.

The gender polarization within the services sector is striking. Women are the majority of microentrepreneurs except, significantly, in transport. Informal taxis are equally split between full-time and part-time drivers. Men are the overwhelming majority of taxi businesses, which have the most capital requirement for entry. Men's ability to generate funds to purchase cars and/or to claim use of family cars for generating income is a measure of the disparities in access to assets and income even in a sector where women predominate. If they do predominate in that sector it is precisely because the cost of entry and to stay in business are low.

At the other end of the spectrum, ready-made meals are exclusively a women's activity. The category of ready-made meals was not included in the original design of the survey. When it emerged from the calculation of value-added that retail trade purchased ready-made meals from women operating from their own kitchens, this category was included. Even then, women have only partially been excluded. This sector, which accounts for 3.13 per cent of total value-added, reveals clearly the coping strategies of women. They have transformed meal preparation for own consumption within the household, an activity within the so-called "production boundary" by the System of National Accounts (SNA) 1993, but not included as an SNA activity, into a marketed economic activity, purely

under pressure to generate income, and in response to demand from urban consumers who may not have the time, the money, the facilities to prepare meals.

In contrast to the low financial or physical capital entry costs (with the exception of transport), the sector is rich in human capabilities: 25.19 per cent of informal sector entrepreneurs had a university education and 74 per cent had an education level above ten years of secondary school (the data is not disaggregated by sex). Whether the returns are commensurate to their skills is a moot question, but in any event such a high level of human resources can create opportunities for further development.

The other set of reasons why women are more active in the informal sector is to do with the fewer transaction costs. It is easier to obtain licences, and there are fewer problems with corruption and government pressure. This might be indicative of a situation in which in addition to not having many tangible financial resources, women tend not to have nor want to develop the intangible resources, networks, contacts, information to engage in business and deal with the procedures and norms associated with a formal business environment.

This sector has developed without access to formal credit channels. In fact, a comparison with the formal sector shows that nationally pawnshops generate more than twice the business of commercial banks. While there is no breakdown by sex, family and personal loans emerge as the overwhelming source of credit (around 80%) for informal sector businesses, whereas bank loans account for less than 1 per cent. There is no information on who the clients of women who have set up as financial intermediaries in the informal sector are, but the data suggests that the clients are not in the informal sector. They seem likely to be private customers. This recently available survey data has been very unevenly and patchily disaggregated by sex. Are women involved in money changing as much as pawnbroking, for instance? The research raises a whole host of fascinating questions about women's involvement in this business and how this is linked to other economic sectors, such as cross-border trade, which involves currency exchange with an

inconvertible currency such as the Chinese yuan.

Since the study is mainly geared to estimating how much the informal sector can add to GDP, at a point in time, it does not generate information about the ease of exit from the sector, and the fluctuating nature of income, which is usually a feature of informal activity. The degree of risk which such livelihoods represent on a sustained basis is likely to be considerable, owing to the conditions under which the informal sector is able to have lower costs and charge lower prices. The sector is dynamic because its prices are competitive. Prices are competitive because costs are lower. Costs are lower because there is lower personal income tax and self-employed people can choose whether they pay social insurance. "Among Ulaanbaatar counter traders, 72 per cent do not pay social insurance and only 46.7 per cent pay for health insurance" (USAID 2000:17). The trade-off that the self-employed have to make even in cities where there is consumer demand is clear. Present earning is at the cost of future livelihood security, social and health protection. The extent to which the self-employed women and men in the sector overlap with formal sector employment and have other sources of income is not clear.

Women in the rural economy private sector

One of the most dramatic impacts of the transition has been the switch back to the livestock economy at the household level. This is the sector in which broad dimensions of poverty and insecurity as well as increasing inequalities among herders are most manifest. Privatization of herds has had the most important ramifications because of its scale and because of the social, economic and environmental interactions in the short, medium and long term. The number of herder households increased by 171 per cent between 1989 and 1998 and the number of herders by 206 per cent during the same period. Herder households now constitute 35.9 per cent of total households (NSO 1998). The number of herders per herder household increased from 1.96 in 1989 to 2.21 in 1998. Private livestock rose by 357 per cent, while the goat herd increased by 117

per cent since 1989. The surge in the number of herder households indicates that there has been an entry into herding by retrenched workers. "The percentage of the labour force in agriculture has *increased* steadily since 1990 from 33 per cent to 49 per cent in 1998" (UNDP 2000b).

Nomadic households are units of both the productive and reproductive economies.² Households are differentiated with rights and responsibilities divided by gender. Traditional nomadic herding life reflects clear distinctions between men's and women's work domains, but men and women tend to help each other in their own sphere of responsibilities, and boys and girls are also involved in this mix of cooperation and specialization. Moreover, seasonal work such as shearing, combing and hay-making are undertaken in conjunction with relatives and neighbours. The care of animals, for example, is also shared, with the larger cattle, horses, camels taken out to pasture and attended by men and the smaller animals, such as sheep and goats, cared for by women. Women and girls process dairy products such as milk curds, cream, butter and cheese for both home consumption and for sale in the urban centres. The provisioning for basic goods and services such as materials for housing, domestic fuel, transport, textile, clothing and foodstuffs is obtained through livestock processing and by-products.

Privatization has affected this organization of the livestock-based household economy in two ways. On the one hand, it is blurring some distinctions between men's and women's work as women and boys take on men's tasks. On the other, some traditional work divisions are often strongly adhered to although the volume of productive work (both paid and unpaid) has increased and these tasks continue to be women's responsibility. In effect, both the flexibility in some areas (where women and boys take on men's tasks) and the rigidity in others (where women's tasks and obligations remain theirs alone despite an increase in the workload) have combined to intensify women's work. Changes in herd composition, from single species to mixed species in order to maximize self-

² Productive work refers to both marketed and non-marketed production, included in the System of National Accounts as part of GDP. Most non-marketed productive work is not recorded in GDP, because it is unpaid and lumped together under unpaid women's work. Reproductive work includes those other unpaid activities that mostly women do, which reproduce the capacity to produce and are not included in the national accounts, i.e., unpaid care work as well as meal preparation and housework.

sufficiency and minimize risk, have increased the demand for labour to manage them. Women and children (especially boys) have taken on some of this additional work, previously the domain of men. The increase in milk production from expanded herds has produced more work in processing milk-products, traditionally women's work in the *ger*.

While herding skills and techniques are a crucial factor for the wealth of a household, which is much dependent on its male members, the labour available on the female side is an equally crucial factor for herd growth. There is a clear limit to the number of animals a woman can milk and how much milk she can process. Because these daily routine jobs are the exclusive responsibility of women, their labour is in fact the first limitation to herd expansion (Bruun and Odgaard 1996: 84). Additional milk production and processing does not necessarily generate increased cash income, because of poor access to markets and the fact that milk products are low value goods, unlike cashmere.

There are many indications of an emerging informal labour market for women, men and boys in the livestock sector, particularly in periods of peak labour needs. One is the increasing concentration of the herd among households with larger herds, beyond their ability to look after them with family labour alone. On the other end of the scale is the higher concentration of herders (over 75% with a herd size below subsistence and with the need to find supplementary income sources).

In addition to increased need for labour for herding, increased labour is needed to compensate for the reduction in local services and products, formerly provided by the state and available for purchase or as payment in kind. This has required more self-provisioning in families. For women, it has involved making more household food items such as bread, and a return to traditional crafts, making clothes, boots and felt for tents.

Productive and reproductive work have increased for herder women, lengthening the (already long) working day more than for men. Their labour appears to be over-utilized, though no systematic time-use data is available as yet. There is, however, a variety of indirect evidence. For example, herding women participating in a non-formal education project in the Gobi *aimags* reported lack of time for learning as a problem.

Listening to the early morning radio programme was not possible because they had to milk animals; some women said the men and children in the family listened for them and took notes for them, rather than doing the milking for them (Robinson and Solongo 1999).

The 1998 Living Standards Measurement Survey shows that for rural households as a whole, own consumption, which relies on self-provisioning, accounts for 51.5 per cent of total source of livelihood. This amount reflects the food processing, textile, candle making, housing textile, footwear, fuel processing activities of women in *ger* households from livestock and livestock by-products. For the urban groups, by contrast, this own production is a very small share. On the other hand these households receive gifts in all income quintiles ranging from 11.6 per cent to 17.2 per cent. A substantial proportion of these gifts come from rural sources: meat, milk, eggs. In exchange, urban relatives and friends typically provide flour and non-food items. This customary, widely practiced transfer or informal barter between urban and rural households has not been documented.

There is no comparable data for the period before the transition. That the share of own production has increased since the transition can be inferred from the fall in production in imports as well as the rise in the cost of living leading to a lower ability to purchase goods and the decline of meso-level state services outlined in the earlier part of the chapter. The scale of the category own consumption in rural areas gives a measure of the intensification of women-intensive "own production."

Herders' responses to the impact of the transition have been to increase the herd size to cope for the need to find extra income and to diversify the herd in relation to market opportunities. In the first instance, herder families aim to be self-sufficient but they need to sell part of their produce on the market to raise cash income to provide for various family needs. It seems that most bartering is done by men but women also trade on a scale and in patterns that are difficult to discern with the existing information.

Cash income came from the sale of livestock and animal by products and overall 93.5 per cent of herders traded in goods such as wool, down, animal skins,

cattle, meat, milk and dairy products. These goods are sold for cash or still bartered with intermediaries, usually middlemen, for flour, candles, matches, rice, sugar, tobacco, and salt. The main problems for herders in marketing their produce and raising their revenue are the question of transport, distance from the market, lack of market information and dependence on a small network of middlemen, and consequently the ability to bargain over price.

Another disadvantage for herding communities has been the breakdown of the service industries and most especially the dairy industry in many rural areas. The opportunity to sell dairy produce thus also depends on the geographic location of the herding community. The differences in access to markets have amplified the disparities between the main rural provinces. Milk and dairy products, being perishable, are far more difficult to transport to areas where purchasing power exists. Only a small percentage of herders were engaged in trading these goods in the southern and eastern regions. Conversely, the central regions account for 33.7 per cent of sold milk and dairy products due to a thriving local market and access to regional urban markets. Without doubt, herder families needed to engage in the cash economy far more in the transition period with the rise in user charges in schools and in particularly boarding schools expenses, which concern mostly herders, as well as health.

Women and the cashmere commodity chain

With the rising pressure to generate income, women in particular have responded to the emerging market opportunities. One of the fundamental changes in herding has been the diversification of herds through the increase in or introduction of cashmere goats. This change has been principally driven by women and, in southern regions, it is a major source of income for female herders (see Box 3).

The remarkable business acumen of Ms R.D, with a rapidly expanding formal business characterized by modern business strategy and management practices, represents only part of the situation confronting most women in the cashmere commodity chain. In fact, the scale and nature of women's involvement are quite different further up the commodity chain. It is estimated that goats have increased from 5 million in 1990 to 11

million in 1999. The ratio of sheep to goats has reached 1:1 compared to 3:1 at the beginning of the decade, indicating the switch to goats, traditionally a woman's livestock in the household division of labour. The sheer volume of growth has many ramifications for all levels of the economy and for the sustainability of the natural resource base. This increase in herd size is in response to both demand and supply factors.

Mongolia is now the world's second largest producer of cashmere after China, and cashmere is a fast-growing export. Mongolia's competitive advantage is that it is a "low cost" producer. This advantage exists because extensive pasture land is needed and the processing of "raw" cashmere is very labour-intensive. Raw cashmere is indeed a misnomer, because the quantity and quality supplied depends on a production process stretching from the management of the quality of the pasture, water, supplies, breeding and the processing of the hair into "raw cashmere." Mongolia's competitiveness rests on the fact that vast supplies of pasture land and the intensive labour required for rearing goats and processing hair is

Box 3: A diversified business enterprise

Ms R. D. has developed a diversified business base in the Govi-Altai, in an area located close to the main road linking all the western *aimags* to Ulanbaatar. Since graduating from Arvanghai Pedagogical College, she worked as a teacher for 17 years. In 1994, she started in business by trading cross-border with China in cashmere, wool, meat, hides and skins produced from her parents' livestock. She accumulated enough capital to start her own business and secured a loan from the *aimag* government in 1995. She set up a small sewing shop that made clothing and other textile products. She then branched into a related activity, furniture, to diversify her business and reduce risk. Wool is used to make mattresses which are sold in the furniture division. The company also opened a marketing centre to consolidate the links between the furniture and textile parts of the business. She bought the former state-owned vegetable and tree plantation, which she has reorganized to grow and sell trees to the Ministry of Agriculture, which replants them in a scheme to fight desertification. She has also opened up a hotel and is developing wholesale and retail trade and consumer services.

Ms R.D. aims to become the western regional leader in producing high quality, low cost foodstuffs and beverages, to be a significant supplier to domestic cashmere and other livestock raw material processors as well as a direct exporter of raw materials to neighbouring countries and to establish the first local non-bank financial institution, such as a credit union or a savings and loan cooperative.

Source: Gobi Business News, July-August 2000, number 4

available at low cost.

It takes a woman between 15 and 90 minutes to comb a goat. To comb a kilo of pure Mongolian breed cashmere would take between 1 and 4 hours, on the assumption that a goat from this breed yields 250 grams a year. The hair then has to be cleaned, sorted and graded by colour and packed. Raw cashmere is sold in rural markets at a price ranging from 13\$US to 30\$US a kilo. A women's sweater weighing 750 grams can fetch over 500\$US in New York. The value-added of the commodity is earned much further downstream from the moment the "raw" cashmere is sold to intermediaries.

As a result of pressures to generate income and opportunities to earn income through the sale of cashmere, the use of pasture land and women's labour has intensified considerably. Apart from year-round activities to rear the herd, spring is the time of peak activity. If combing has to be concentrated over one month, a herd size of about 100 goats would on average require about three hours a day of combing alone for women. (In fact 85 per cent of herders have a herd size below 100, not all of which are cashmere goats—barely enough to live on). This peak activity in spring coincides with other peak spring time activity related to livestock management and domestic work for women.

The marketing and processing of raw cashmere

While women are heavily engaged in production and processing of raw cashmere, their share of marketing, their employment and business activities in factories downstream and the control over the income generated is less well-known. Marketing seems to be a male-oriented activity, although more women have been trading in their own right. Livestock trading was an activity controlled by the state before privatization and the sole remaining state producer of cashmere, Gobi Cashmere, is now due for privatization. With privatization and liberalization, sellers have diversified into other markets, most notably in the cross-border trade with China, where cashmere is exchanged for cash. The extent to which such a market opportunity has increased women's entry into marketing is not clear, nor are the implications of their acquisition of yuan, a non-convertible currency through this process, as well as their disposal through informal sector financial

intermediaries. The scale of the cross-border trade with China has led to a Chinese import ban, which has eased the pressure on the price of raw cashmere, which is nevertheless in strong demand locally.

There are now some 30 organizations processing cashmere at one stage or other and they are producing below capacity. Many raw cashmere producers however continue to sell to or barter with intermediaries. Without access to price information in different markets, other market institutions and infrastructure, and indeed policy channels, the terms of trade would be the least favourable to the isolated rural producer, who may not be able to bargain for higher prices. Under these conditions, the returns from cashmere trading, which rests on a product base of natural resources and essentially women's labour are not likely to be appropriated by women producers. To the extent that they are sellers down the commodity chain, emerging markets have opened up a space for entering other spheres of economic activity and potentially for better control over household decisions over allocation of resources.

The sustainability of cashmere production and of the livestock sector

Issues concerning the sustainability of cashmere production—an important source of livelihood for women in many rural regions—and of the livestock sector generally currently centre around whether it can still be assumed that pasture is a cheap renewable resource, one will continue to sustain Mongolia's competitiveness in the livestock sector. In fact, women and men herders, responding to a combination of policy measures and market forces during the transition have intensified pressure on the natural resource base. Experts in natural resource management are concerned that, with the sheer scale of livestock expansion, the carrying capacity of pasture land has been reached and that *dzud* type disasters (with high livestock death and disease) are aggravated by human activity.

While the herd size has increased, acreage under pasture has actually decreased. In addition to longer term trends such as rising temperatures, which are already leading to increasing desertification and loss of species diversity, overgrazing is an important factor in the degradation of pasture land. The increase in herd size has also increased water needs at a time when

wells that used to be managed under the previous regime have been allowed to deteriorate. As a result, pasture land is not used due to lack of water. Goats have the most negative environmental impacts among livestock, contributing more to topsoil erosion, overgrazing of prime grass than other domestic species.

While livestock has been privatized, pasture land is not, and this is already emerging as an issue for debate and advocacy. There is no effective system of pasture land management for sustainable use, with the collapse or erosion of state regulation of the agricultural and livestock sector at the meso level. The maintenance of wells has eroded, mechanisms such as livestock insurance have nearly disappeared, with only 0.1 per cent of livestock insured. The infrastructure to manage irrigation, the institutional regulatory mechanisms to manage pasture land cannot be generated at an individual herder level. Herders pay a per head livestock tax after the first 150 head. This tax is at the moment a revenue-raising measure which sustains the local budget. There is a proposed pasture land-use fee as part of a draft land payment law. The proceeds it is argued could be earmarked for pasture land restoration, but this is no consensus as yet on this issue.

Another impact of the policy of leaving private herders to cope with the economic costs and opportunities of transition is that herders, many of whom are new and inexperienced, have allowed the pure cashmere herd to cross-breed. The cross-bred Gobi-Gurvan Saikhan, although sturdier, yields more wool (cashgora) but at a much lower price. For women, this means lower value-added and much more combing per goat, a further intensification of time and energy use in processing.

Current prescriptions for sustaining livestock combine natural resource management and productivity increases through increasing quality of the hair, and thus of raw cashmere. None of these measures for product development, market know-how, increasing productivity rather than herd size, and thus maintaining export competitiveness can be effectively developed without the active involvement of women as the direct producers, yet their presence and voice in this arena are not discernible.

The sustainability of herd expansion has recently been put in question by the severity of the *dzud*

disaster, which seems to have been amplified by the overgrazing of pasture land, the increase in herd size in affected areas and the dependence of herders on a sole source of livelihood for multiple needs. The issue of its sustainability in terms of women's labour, and of boys' labour has not yet been an issue of policy concern. Yet the two phenomena are intricately interlinked for resource management and human development issues within a rights-based framework.

Conclusions

The chapter shows the complex ways in which women's position in the economy has been transformed by the transition and indeed how gender relations at all levels have influenced its course. While both women and men have lost employment and rights in the shrinking state sector, women have been affected more and in different ways than men. They are disadvantaged in the formal sector because of their care-giving obligations, having lost state entitlements that enabled them to take up paid employment. In the labour market, they are subject to discrimination as actual and potential child-bearers and higher educational qualifications do not make them more competitive than men. The gender norms that designate men as heads of household and the power relationships and mechanisms surrounding the allocation of resources have deprived them of assets disposed of by the state. This has had a cumulative impact on their ability to start, sustain and expand businesses in the formal medium- and large-scale sector.

Unlike men, women have been less sponsored by privatization measures. In urban areas in particular, they have responded to the onslaught on their livelihood and living standards by setting-up informal sector businesses in the service sector, taking advantage of the opportunities opened up by import liberalization and the gap left by the collapse of state services. The informalization of these activities has left them exposed to the risks of the market, against which they lack the means to protect themselves in the longer term.

In the rural sector, herd expansion through asset disposal has been seen as a social safety net during the transition. The increase in herder activity due to increasing herd size is accounted for and reflected in

output, income and employment figures, which treat herder households as part of the rural private sector. But women are less recognized in their own right as herders and tend to be considered as unpaid family labour because of the conflation of households as production units and as social units, with a designated head. The extent to which such economic activity, a considerable part of agricultural economic production and income can be seen as a social safety net is arguable. The term is usually used for expenditures, transfers, or subsidies, which compensate for inability to generate income from the market and as protection from severe income and consumption poverty. In fact state provided transfers are a small proportion of livelihood sources.

Part of the reason that there is no proactive policy targeting women's economic activity, is the prevailing stance of seeing them as a socially vulnerable groups, victims of the economic change. It is clear that public expenditure reduction have had drastic and differential impacts on women and men and different groups of women and men. But the magnitude of this impact is not known and there is no mechanism to trace effect of macroeconomic policy changes. There is no corresponding mechanism to trace the sources and the impacts of the state's taxation and revenue generation policy.

The reduction in public expenditure as well as privatization have transferred costs to the unpaid, own production and domestic sector of the economy, where women predominate. The costs, unmeasured—perhaps an invisible economic safety net—are borne by rural women who work to produce the goods that families cannot afford in the market and the state no longer produces. It is a situation which is in contradiction to the commitments made throughout the 1990s to uphold their economic and social rights.

How to uphold economic rights and how to shape the economic policies and institutions towards sustainable and equitable development is the crucial challenge for women's economic empowerment in Mongolia.