**Memorandum of Understanding**

Between

MINISTRY OF LABOUR AND SOCIAL PROTECTION OF MONGOLIA

And

UNITED NATIONS CHILDRENS FUND IN MONGOLIA

November …., 2019

Ulaanbaatar City

MEMORANDUM OF UNDERSTANGING

BETWEEN

MINISTRY OF LABOUR AND SOCIAL PROTECTION

AND UNITED NATIONS CHILDRENS FUND IN MONGOLIA

**One. Justification**

This Memorandum of Understanding (MoU) sets forth the terms and understanding between the MLSP and UNICEF Mongolia to collaborate to implement a Child-focused Shock-Responsive Social Protection (SRSP) Pilot (the Climate Emergencies Child Grant), which will be separate from but based on the implementation systems of the Child Money Program (CMP).

**Two. Background**

While the effects of climate change are felt globally, Mongolia is particularly vulnerable given that a large proportion of households in rural areas are dependent upon herding activities for their survival, and given that cyclical and seasonal shocks have been increasing in frequency and severity due to climate change.

In this context, UNICEF will support the MLSP to implement a pilot that will test the ability of the Child Money Program (CMP) to provide top-ups to children in areas worst affected by dzud.

While the longer-term of objective of mainstreaming shock-responsiveness into the Mongolian national social protection system will cover a larger range of shocks and beneficiary groups, the SRSP pilot that UNICEF will support the MLSP to implement will focus on children[[1]](#footnote-1) and on responding to dzud.

The pilot is a test case for one possible model of SRSP and represents a first step in first generating evidence from which an informed decision of whether and how to scale-up the pilot can be made by the MLSP, and also towards supporting the MLSP to articulate a vision for the mainstreaming of shock-responsiveness into the wider national social protection system. The pilot will be implemented alongside other activities that UNICEF will work with development partners to support the MSLP with, in order to use experience and lessons generated from the pilot to move towards more comprehensive SRSP

The pilot will test 2 different top-ups:

* **Preparedness/Early Action Grant** of MNT 40 000 per eligible child paid in November, 2019 in order to help households in high dzud-risk areas invest in dzud preparedness for their children and prevent from potential negative impacts of dzud on children;
* **Early Response Grant** of 3 monthly instalments of MNT 20 000 (or 1 lump sum of 60 000 MNT, if this is necessary for any reason) per eligible child paid in Feburary/March/April, 2020 in areas hardest hit by dzud to help households avoid negative coping strategies harmful to children.

Both grants will be accompanied by messaging about the purpose of the grant.

The pilot will be implemented through existing government social welfare ‘implementation infrastructure’ (i.e. databases, bank accounts, etc.), rather than through parallel systems that would need to be created specifically for the pilot. This will allow UNICEF and the MSLP to understand the capacity and flexibility of the current, national systems to respond to shock, identify risks and opportunities to mainstream shock-responsive social protection into the national system, and move towards a better understanding of the required capacity improvements, investment costs, staffing needs, and operational requirements of SRSP.

The pilot will also attempt to leverage the annual Dzud Risk Mapping exercise led by National Meteorological Agency (NAMEM) and carried out with National Emergency Management Agency (NEMA) and Ministry of Food, Agriculture and Light Industry (MoFALI). The Dzud Risk Mapping will be combined with other qualitative and quantitative information in a meeting led by MLSP and held with NAMEM, NEMA and other relevant authorities from the national and local levels. This will require coordination with actors on the disaster management and humanitarian response side.

**Three. Duration**

The pilot is envisioned to be carried out over a 3 year period:

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| **Year** | **Main Activities** |
| Year 1 (Pilot) | Pilot in selected soums of one Aimag to:* 5000 children for the preparedness grant
* 8000 children for the response grant.

Qualitative assessment of pilot to understand whether the pilot was successful and to help inform the innovative research design for Year 2. |
| Year 2 (Pilot Expansion) | Pilot in selected soums of additional Aimags to a larger number of children.Quantitative, rigorous research/impact evaluation designed together with MLSP, UNICEF and other relevant Ministries and development partners to generate findings that will allow the MLSP to make an informed decision of whether and how to scale-up the pilot. |
| *Year 3 (Scale-up)* | *Year 3 activities are not covered by this MoU.* *Scale-up of the pilot to additional Aimags.* |

**Four. Areas of Cooperation**

**Purpose**

The purpose of the MoU is to detail the common understanding between MLSP and UNICEF as regards the collaboration for the implementation of the ‘Climate Emergencies Child Grant’. This goal will be achieved through the following activities and areas of cooperation:

4.1 UNICEF will send an official letter to the MLSP to request to implement the pilot;

4.2 UNICEF will request the number of all children aged 0 to 5 within the jointly selected soums in order to complete internal processes for the transfer of the exact amount of funds required to make payment of the pilot top-up;

4.3 UNICEF will provide funds to the MLSP to make top-up payments to eligible CMP beneficiaries under the pilot according to the existing related laws and regulations. UNICEF will transfer the funds in a timely manner;

 4.4 MLSP will open an account at the Ministry of Finance (MoF) to receive funds from UNICEF, and then request the MoF to pay beneficiary cash transfers (or use an existing account, if the regulations permit, as advised by MoF), as per the payment list;

4.5 UNICEF will provide all data requests to MSLP in a timely manner, and MLSP will process these by sending them to the MoF with request for payment into beneficiary accounts, in a timely manner. All efforts will be made to avoid delays in beneficiary payment;

4.6 General Agency for Labour and Social Welfare (GALSW) will provide a copy of the Climate Emergencies Child Grant payment list and reconciliation file to UNICEF, in order to meet the requirements of UNICEF’s internal audit procedures. The sharing of data is governed by the signed Data Sharing Agreement (DSA) between the GALSW and UNICEF which outlines the limited purposes for which the data can be used;

4.7 MLSP and UNICEF will coordinate and communicate regularly around pilot-related activities to ensure smooth pilot implementation;

4.8 MLSP and UNICEF will together coordinate with NAMEM, NEMA and other development and humanitarian partners to ensure the pilot is represented in relevant sector working groups and cluster meetings;

4.9 MLSP will provide a report on transfers to beneficiary accounts that were not successful, and will return those funds to UNICEF as per the regular process;

4.10 Selection of soums where the pilot will make payments will be done jointly between MLSP and UNICEF based on available quantitative and qualitative information from NAMEM, NEMA and local authorities. Soum selection will take place at a joint meeting attended by all and chaired by MLSP. The final approval for soum selection will come from MLSP;

4.11 UNICEF will provide support to the MLSP in the form of 2 national consultants over an 8 month period, who will work under the supervision of the Chief of Social Policy of UNICEF Mongolia and with the support of an international consultant. These consultants will also report to the Head of Social Welfare Division at the MLSP;

 4.11.1 Team Leader consultant will provide general support to the MLSP to implement the pilot, as required, and will also be responsible for managing the implementation requirements for UNICEF;

 4.11.2 Data Management consultant (part time position) will support MSLP staff with tasks related to data preparation (e.g. payment list, reconciliation file) and data analysis. This consultant will not have direct access to beneficiary databases.

 **Five. Expected results**

* 1. whether scaling-up (i.e. through vertical or horizontal expansion) of existing welfare programs to respond to dzud is a feasible, faster and cheaper alternative to response through traditional humanitarian response. Given that existing social welfare systems are quite robust (i.e. targeting databases, bank-based payment systems, aimag and soum-level social workers), there is an opportunity to leverage these to deliver additional benefits in areas at high risk of dzud or having experienced severe dzud;
	2. whether cash top-ups of existing welfare programs can help households affected by dzud to avoid negative coping strategies harmful to children (e.g. withdrawing children from school, reducing meals, etc.).

**Six. Funding**

6.1 The MLSP will not provide any funds for the implementation of the pilot. UNICEF will provide funds for the total cost of the cash transfers (i.e. payments to beneficiary accounts) associated with the pilot. In Year 1, this will cover 5000 children for a one-time payment of 40 000 MNT, and 8000 children for 3 payments of 20 000 MNT, or a total of 680 000 00 MNT. This is approximately USD 260 000. Exact figures will be determined based on the exchange rate.

6.2 For Year 2 the MoU will be updated based on the number of beneficiaries and benefit amount which may change from Year 1.

**Seven. Miscellaneous**

7.1 Any dispute over the interpretation or application of any provision of this MoU shall be amicably settled mutually through discussion and/or by such other means as may be mutually acceptable to both parties.

7.2 This MoU covers Year 1 and Year 2 of the pilot. It will take effect upon signing in November 2019.

**IN WITNESS WHEREOF,** the undersigned, duly authorized for this effect and acting in representation of the Parties, have signed the present Agreement in Mongolian and English with equal legal status on the date indicated below.

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1. The pilot will cover children aged 0 to 5. [↑](#footnote-ref-1)