I. Introduction and Context

Country Context

Mongolia today is characterized by rapid economic growth, declining poverty rates and yet, rising inequalities. Over the past 20 years Mongolia has been transformed from a socialist country to a multiparty democracy; and from a low income country to a booming economy. At the threshold of a major transformation driven by the exploitation of its vast mineral resources, the Mongolian economy grew by 17.3 percent in 2011, and GDP is expected to grow at a double digit rate for the next five-year period, translating into extensive benefits to the people of Mongolia. Recent World Bank estimates show that the proportion of people living below the real national poverty line dropped from 39 percent in 2010 to 30 percent in 2011. Substantial progress has also been made in regard to several Millennium Development Goals at the national level, though significant regional disparities prevail.
Despite greater efforts at transparency, the country is struggling to establish a culture of accountability. While an adequate policy framework is in place, there appears to be a gap between enacted rules and actual implementation. The mineral-rich country faces the risk of a “resource curse,” tearing the social fabric and leading to significant income inequalities and social stratification. The Government of Mongolia (GoM) faces increasing pressure on demonstrating its ability to manage new revenue streams in a transparent and accountable way. As public revenues from mining will increase exponentially over the next few years, a stronger sense of transparency and accountability at the national, local and corporate levels will be vital to secure the transformation of nonrenewable mineral resources into renewable assets.

At the cusp of transformation, Mongolia has the unique opportunity to strengthen its institutional capacity and improve public service delivery. To ensure sustainable and inclusive growth, Mongolia will need to strengthen institutional capacity to manage public revenues efficiently and limit the effects of “Dutch Disease.” By designing and implementing policies and systems for a more robust, equitable, and transparent management of public revenues and expenditures, the Mongolian government will have the tools to respond to an increasing demand for accountability.

Mongolia recently decided to decentralize core services, bringing decision-making closer to the people, and to lay the foundations for greater citizen engagement. Decentralization offers a host of opportunities for greater civic participation in priority setting and oversight of services and can significantly improve governance and transparency. The World Bank has piloted initiatives that open up channels for citizen and business engagement in service delivery, but these remain to be institutionalized as part of the broader governance framework. In addition, decentralization of social services also requires common national standards and systems, and effective equalization of basic services across the country. Getting the decentralization process right is instrumental to staving off discontent on the part of rural and poorer urban populations and ensuring that equality of opportunity to basic services is assured in a responsive and inclusive manner.

Mongolia’s commitment to participate in the Open Government Partnership could lead to more transparent and citizen-oriented public management through better data management and e-Government. There is high-level political support for open data and open Government development in Mongolia. Currently the focus is on the development of strategies, policies, legal/regulatory frameworks, institutional structures, and technology enablers that can help Mongolia to leapfrog and realize its aspirations for government transformation. The Cabinet Secretariat has recently been tasked to lead the Open Government agenda in Mongolia and has started an engagement with civil society organizations to develop an Open Government action plan.

**Sectoral and Institutional Context**

The GoM recognizes the potential of information and communication technology (ICT) infrastructure, applications and services to improve the efficiency and effectiveness of public service delivery. Under the national e-Government program (see Annex 3 for more details), Mongolia has set a goal of becoming one of the top 30 countries in the world by 2016 for e-Government. It plans to achieve this goal by undertaking measures such as enhancing the legal environment to develop e-government, improving IT infrastructure, developing e-content of the government, providing public services to citizens online, increasing participation of citizens in the decision-making process, narrowing the digital divide, and developing human resources. This vision is also supported and clearly stated in the national ICT Policy document—a 2021 vision of
becoming a knowledge-based economy using ICT to accelerate the development of Mongolia. The Information Technology, Post and Telecommunications Authority (ITPTA) is responsible for the design and implementation of the government’s ICT policy. Government of Mongolia also aims to leverage ICT advancements to support the creation of an efficient and competitive ICT business environment and to use the technical resources of the National Information Technology Park (NITP) to support the ITPTA.

Over the last decade the Government of Mongolia has undertaken a number of initiatives to facilitate ICT sector development. Since the mid-1990s the GoM has implemented a telecommunications sector reform program leading to effective liberalization of all market segments, partial privatization of the fixed-line incumbent, Mongolia Telecom Company, and establishment of the Communications Regulation Commission as an independent regulatory authority. As a result, the ICT sector has witnessed tremendous growth, with an average compounded annual growth rate in mobile teledensity of 30.6 percent over the last five years (2006-2011). Today, over 25 percent of Mongolian citizens use smart phones and tablet devices.

The use of ICT has been a remarkable success, driving economies of scale and increasing efficiencies across the country. With fiber optic backbone and access networks being extended nation-wide, ICT is getting closer to the people of Mongolia. There were 2.94 million mobile subscribers at the end of 2011 and nearly 80 percent of the population owned cell phones. Internet users have increased from under 200,000 in 2010 to over 455,000 in 2011. Under the recently closed ICT Infrastructure Development project, the Government engaged in sustained efforts to significantly reduce the economic and social isolation of rural populations by improving the availability and quality of ICT infrastructure and services.

The GoM has enacted schemes to help foster open data and open government initiatives. The enactment of Freedom of Information and e-signature laws, establishment of a national data center and cyber security frameworks are just a few steps in that direction. The national Data Center, established in 2009, has implemented several projects, including document registration and online eArchiving system. The Government plans to establish a backup data center and build a high speed network between government offices. The law on Information Transparency and Right to Information has come into effect in 2011. In the same year, Mongolia became a signatory to the Open Government Partnership, and confirmed its intention to participate in an international movement for promoting openness, transparency, and citizens’ engagement for better governance. Currently, there are a number of data sets readily available in digital form though they vary in terms of quality and openness. While there is core government data being made available via the Websites of the National Statistics Office (NSO) and Budget office (Iltiod) - these data are not technically or legally open. The majority of data is not in machine readable format. Potential areas for unlocking the public data discussed with key ministries and agencies during the April 2012 scoping mission to explore the design of a potential Mongolian open data initiative include the following: public finances and services, Government processes and public officials, environment, land, disaster risk, population, the extractive industries sector. In 2012, the Government also completed the implementation of an electronic identification infrastructure and had issued cards to over 1.7 million eligible citizens. The Government also intends to utilize this infrastructure for the delivery of services to citizens across the country, using service kiosks.

Mongolia has made remarkable progress in improving the budget information accessibility to the public, scoring 60 out of 100 according to Open Budget Index 2010. The country scored 18 in
2006, 36 in 2008 tripling its number in four years mostly due to the government initiative to publish the budget, including the Executive Budget proposal which provides comprehensive information on revenues and expenditures in more detailed version of 300 pages. According to International Budget Partnership, Mongolia produces seven out of eight key budget document (Pre-Budget Statement, Executive’s Budget Proposal, Enacted Budget, In-Year report, Mid-year report, year-End report and Audit report) missing the Citizens report which is a summary of the government budget easy to understand for the public not familiar with public finance. Also the Mongolian government lacks the open budget discussion to consult with citizens and formulate a budget based on their demands.

Despite various efforts, public service delivery falls short of the expectations of the population. A survey conducted by the researchers of National University of Mongolia in order to evaluate the quality and effectiveness of the General Authority for State Registration services indicated that the Government needs to improve accountability and responsiveness; transfer the delivery of some services to electronic formats; improve customer service, promote one-stop shops and eliminate bureaucracy. One important constraint in service delivery is the absence of data (open data) about service delivery, which can help the government and citizens improve service delivery, in part by making citizen participation and the feedback loops better informed and making government decision making and responses more evidence-based.

Actively cognizant of these shortcomings in service delivery and widespread frustration with petty corruption, the Government is making several efforts to improve governance. It has initiated a citizen engagement and feedback “11-11 Center” to speed the response time for citizen’s comments and complaints received through 10 different channels in an attempt to promote an open, transparent and accountable government. The Ulaanbaatar Municipal Government has piloted an inquiry and information center “Ulaanbaatar online” and a call center service “1200 and 1234”, aimed at bringing services closer to citizens and to encourage citizen participation in governance and service delivery. Ulaanbaatar City is also piloting a one-stop service center for citizens to obtain construction permits.

The Government’s reform program anchored in the office of the Chief of Cabinet Secretariat ultimately aims to improve citizen and business satisfaction with service delivery. Over the next five years, the program aims to increase focus and implement a coherent set of interventions for an organized program of change. In particular, it will leverage the use of ICT to address e-service delivery, better information systems, transparency, citizen engagement, change management trainings, and better performance management.

Challenges remain on both the implementation and institutional capacity levels. With the implementation of the first phase of ICT sector reforms, Mongolia needs to build institutional capacity to consolidate reforms and answer the call for greater government efficiency, transparency and accountability. Limited implementation capacity and resources in the government to deliver on its 2021 ICT vision, e-Government Master Plan and recent engagement with the Open Government Partnership could hinder Mongolia’s efforts to deliver on its growth, transformation and reform targets.

**Relationship to CAS**

The Bank has engaged Mongolia on its governance and anti-corruption agenda and has helped advance a series of institutional reforms. Given the Government’s reform agenda and the priorities of the Joint Country Partnership Strategy (CPS), the World Bank is well positioned to support
Government address the cross-cutting constraints to service delivery and governance by leveraging the use of widespread ICT infrastructure and services. Considering the breadth and ambition of the government’s program, this operation will limit itself to addressing key upstream binding systemic constraints in service delivery, such as weak information management systems, limited citizen participation and dysfunctional feedback loops-citizen interaction. Proposed interventions to address these identified weaknesses will rely on innovative ICT-based tools as instruments for driving change.

The World Bank is well placed to provide support: (a) because of its global knowledge and experience of supporting countries on eGovernment programs in particular in the South Asia, Eastern Europe and Central Asia regions, and its leading role on accountability and right to information reforms in South Asia; (b) the strong basis for engagement in Mongolia through prior engagements in the ICT sector; (c) the analytical basis created through the engagements in similar related projects in Moldova (Governance e-Transformation project), Armenia (e-Society project) and Kenya (Open Data project), among others.

The proposed project is fully aligned with the current CPS for Mongolia. The proposed project fits under several CPS outcomes, such as: (a) the institutional set-up for greater transparent, accountable and citizen-oriented public management through better data and eGovernment (Pillar I, outcome 1.2); and (b) the CPS aim to achieve a more responsive and accountable local service delivery through a strengthening of participatory processes (Pillar III, outcome 3.2).

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

19. The development objective of the project is to support Mongolia to improve accountability, responsiveness, and transparency of public service delivery by engaging citizens and businesses through participatory channels, including open data and ICT.

Key Results (From PCN)

20. Key project results: The following tentative results that are expected to reflect and measure success in achieving the PDO have been identified:

(a) statistics on service delivery performance proactively received, disclosed and disseminated as open data (accountability);
(b) reduced time taken by select government agencies to respond to citizen complaints and feedback (responsiveness);
(c) increased data sets of government information progressively opened and made available for public and private use (transparency);
(d) increase in usage of the mobile platform for government interaction with stakeholders and for service delivery (responsiveness); and
(e) increased stakeholder satisfaction with public service delivery (responsiveness)

21. During project preparation, specific results targets and measurement protocols for the results framework, (including baseline targets) will be agreed upon and finalized.

III. Preliminary Description

Concept Description
CONCEPT

The proposed framework for supporting the project provides a roadmap to help government meet its goals of improving service delivery through transparency and accountability, and towards encouraging citizen innovation and engagement. These goals can be strengthened by opening government data. The proposed framework was developed through an earlier analytical activity that was approved by the Government and consists of the following six components, with open data as a common connector between components. Increasingly many governments have found that moving from stand-alone, isolated e-Government projects to instead building an ecosystem for Open Government results in Smarter Government with faster innovations and more cost effective and sustainable results.

1. Policy and Legal Framework
2. Institutions
3. Shared Infrastructure and Services
4. Citizen Engagement
5. Capacity Building
6. Applications and co-creation of solutions

On the policy and legal front, the Government is in the process of revising the Secrecy Act and expects parliamentary endorsement within 2013. This will enable data opening and the sharing of key information between line agencies and with citizens. The Cabinet Secretariat has taken responsibility for the Open Data agenda and is in the process of drafting an Open Government Action Plan. The Government has also issued a directive that requires all government data bases to be hosted at the national data center with a medium-term plan to transition the data center into a national data exchange. Two citizen engagement platforms have been piloted and are operational. These include the nationwide “11-11” center and the Ulaanbaatar specific “1200 and 1234” centers, which allow for proactive citizen engagement with Government. The Government intends to design and implement a National Enterprise Architecture (NEA), with the ultimate goal of producing better services for citizens by enhancing interoperability and supporting the reuse of public sector information systems while reducing duplication and costs. The ITPTA and its technical team from its affiliated National IT Park will be responsible for design and enforcement of NEA.

PROJECT COMPONENTS

Component 1: Enhance civic engagement and citizen feedback mechanisms (US$4.4 million) will provide investment support for the expansion and improvement of the Government’s citizen call centers. This will enable citizens to collaborate with government in policy and service design and will make public sector data available to the wider public. It will also enable government to get citizen’s views on their satisfaction with government programs, services and regulation to inform government on improving service delivery. Specifically, the component will consist of:

(a) Investment and technical assistance support to improve, expand and scale up the Government’s “11-11” center, and Ulaanbaatar City’s 1200, 1234 and smart city initiatives. IT infrastructure and services, including computing hardware and packaged software and content will be procured (US$2.4 million).

(b) Capacity building and technical assistance support to government to use business analytics
on information from the call centers to help government gain a deeper performance insight and ensure that services meet citizen needs, to ensure effective use and management of government resources. This component will also support the development of an institutional mechanism so that one organization can service both Ulaanbaatar City and the Federal Government with the business analytics function in a sustainable way. Capacity building will include training workshops, learning events and master classes, conference participation and study visits (US$2.0 million).

Component 2: Enabling Foundations for SMART Government (US$8 million) will provide investment and technical assistance to the Government to establish shared infrastructure and services that can be used by all government agencies to improve service delivery. Specifically, the component will consist of:

(a) Investment and technical assistance to design, develop, deploy and use national enterprise architecture (NEA) and interoperability (e-GIF) for better strategies, processes, plans, structures, technologies and systems across the government. At present, NEA and e-GIF do not exist. The NEA and interoperability framework will be used to better tailor information systems for government agencies to achieve key Government objectives and outcomes and achieve increased data sharing, better asset management, reduced risk and lower costs of IT procurement. This will consist of the procurement of limited IT equipment and a single consulting contract (US$1.0 million).

(b) Investment support to upgrade the National Data Center and transition it into a national data exchange and cloud computing infrastructure for the Government. This infrastructure will be used to establish it as a shared service delivery platform to facilitate the rapid deployment of government applications that can be delivered on the mobile platform, at a low cost for use by various ministries, agencies, and programs. The service delivery platform will support the delivery of voice and data services and content to the largest number of potential users across Mongolia. This will involve the procurement of IT infrastructure (systems and services) (US$3.5 million).

(c) Investment support to establish an Innovation Support Fund. The fund will finance an innovation grants program as a mechanism to quickly identify, test, and deploy simple mobile applications and open data applications in support of specific government objectives in priority sectors. The program will take the form of a grants competition that will fund the most innovative tools that address specific development ‘innovation challenges’ in priority areas identified by various ministries and agencies of the Government. In doing so, this program will both help mainstream applications across the Government while also creating opportunities to involve private sector firms in the development and provision of applications. The applications will be developed to respond to demand from citizen demands that are captured by the citizen engagement platforms. This subcomponent will be managed by the existing office of the Director General for Innovations in the Information Technology, Post and Telecommunications Authority (ITPTA). An operations manual for the Innovation Support Program will be drafted during project preparation and will guide the implementation of the subcomponent. In order to ensure that the program is well designed, an initial pilot will be conducted focusing on one specific area where critical mass for open data and mobile applications exist. This will enable the ITPTA to assess the validity of the program, prior to full scale up (US$2.5 million).

(d) Capacity development support to the ITPTA to strengthen its ability to support various government agencies on ICT initiatives. This includes building capacity through workshops and
training events, so that the ITPTA and its aligned agency, the National IT Park can better function as an eGovernment resource center to support other line agencies on the design and development of specifications for systems and solutions, contract management, quality assurance and testing among others (US$1.0 million).

Component 3: Enabling Open Data (US$6 million) will provide investment and technical assistance support to the Government of Mongolia (Office of the Cabinet Secretary, National Statistics Office, and other line agencies) to improve the quality and increase the quantity of data released as open data. Specifically, support will be provided for:

(a) Developing capacity to: (i) prioritize datasets that need to be opened, through a multi-stakeholder public consultation, and demand assessment process and to provide better data that matches citizens’ interests on a sustainable basis, (ii) identify the legal, institutional and technical constraints to open data initiatives at the national, sub national and sector levels. This will include training, workshops, conferences, peering arrangements with other open data offices and study visits over a five-year period. This component will also provide technical assistance to the Office of the Cabinet Secretariat to implement a national open data initiative, to the UB municipal government in particular, and to government agencies in general, to enable them to open their data. (US$1.0 million)

(b) Investment support to implement the statistics production system at the NSO. The NSO, through the Mongolia Statistics Support project has developed a detailed IT plan for NSO. The project will support the implementation of this right-sized, rationalized IT plan, focusing on ensuring that it enables NSO to produce quality data. Specifically, IT hardware systems and services will be procured as a single package (US$5.0 million).

Project Implementation Support (US$1.0 million) will establish the Project Implementation Unit. Project funds will be used to hire the Project Director, a Financial Management Specialist, Procurement Specialist, and other required support staff including translators, communications specialists, M&E officer. Funds will also be used to procure required infrastructure and services to support the functioning of the PIU as needed, including office equipment. Operational costs of the project will also be met from this allocation. The Government’s in-kind contribution to the project will include office space and the cost of key technical officers at the Cabinet Secretariat office. The PIU will be dissolved six months after project closing, with the technical skills for long-term sustainability of operations developed and residing at the line agencies.

IV. Safeguard Policies that might apply

<table>
<thead>
<tr>
<th>Safeguard Policies Triggered by the Project</th>
<th>Yes</th>
<th>No</th>
<th>TBD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Assessment OP/BP 4.01</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Natural Habitats OP/BP 4.04</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Forests OP/BP 4.36</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Pest Management OP 4.09</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Physical Cultural Resources OP/BP 4.11</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Indigenous Peoples OP/BP 4.10</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Involuntary Resettlement OP/BP 4.12</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Safety of Dams OP/BP 4.37</td>
<td></td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>
V. Financing (in USD Million)

<table>
<thead>
<tr>
<th>Total Project Cost:</th>
<th>20.00</th>
<th>Total Bank Financing:</th>
<th>19.40</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing Gap:</td>
<td>0.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financing Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>BORROWER/RECIPIENT</td>
<td>0.60</td>
</tr>
<tr>
<td>International Development Association (IDA)</td>
<td>19.40</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>20.00</strong></td>
</tr>
</tbody>
</table>

VI. Contact point

World Bank

Contact: Tenzin Dolma Norbhu  
Title: Senior ICT Policy Specialist  
Tel: 975-1757-9  
Email: tnorbhu@worldbank.org

Borrower/Client/Recipient

Name: Office of the Cabinet Secretariat  
Contact:  
Title:  
Tel:  
Email:  

Implementing Agencies

Name: Office of the Cabinet Secretariat  
Contact: Mr. Davaa Ch  
Title: Chief Technology Officer  
Tel: 976-51-260809  
Email: davaa@cabinet.gov.mn

VII. For more information contact:

The InfoShop  
The World Bank  
1818 H Street, NW  
Washington, D.C. 20433  
Telephone: (202) 458-4500  
Fax: (202) 522-1500  
Web: http://www.worldbank.org/infoshop