I. Project Context

Country Context
Mongolia transformed itself over the past 20 years into a multi-party democracy with a vibrant market economy and is now experiencing a second transformation fueled by a mineral resource boom. Since 2010, the economy has grown annually at an average rate of 12 percent. Poverty rates declined from 39 percent in 2010 to 27 percent in 2012, and several of the Millennium Development Goals have been met.

The vast natural resources offer a unique opportunity—and challenge—for Mongolia to ensure that this wealth is transformed into sustainable and equitable growth and contributes to poverty reduction. Although the Gini index has remained around 0.38 since 2005, inequalities are rising. There is evidence of large disparities across socioeconomic groups and geographic regions in many of the Millennium Development Goals indicators, for instance. The combination of extreme population sparseness in rural areas and overcrowding in urban and peri-urban areas implies significant challenges for ensuring equity in access to social services.

The country has adopted a series of reforms to manage public resources in a manner that’s more
sustainable, transparent, and decentralized. The economy’s reliance on mineral exports and exposure to commodity price swings has tended to result in boom-and-bust cycles and a high degree of volatility in public revenues. This has been particularly detrimental for social services like health, which are highly dependent on public spending. In reaction to the crisis in 2008-2009, the Government of Mongolia (GoM) adopted a Fiscal Stability Framework in 2012. GoM also introduced the Integrated Budget Law in 2013 setting rules for budget planning and decentralization to strengthen accountability and improve the distribution of public spending.

Good quality information generated by integrated information systems provide the enabling environment for achieving greater accountability, efficiency, and equity in public spending and for ensuring public spending contributes to poverty reduction. As the International Budget Law is implemented, public spending will increasingly be managed at the subnational level. Absent good quality data and integration of data across and between levels, historic allocation patterns and political interests may supersede actual need for services, thus undermining equity in the distribution of revenues. Furthermore, as Mongolia moves away from input-based financing towards more performance-based financing in the public sector, consistent and accurate data would be critical for achieving the efficiency and equity gains that such resource allocation methods can potentially generate.

Mongolia 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, and oversight of services and can significantly improve governance and transparency. Getting the decentralization process right is instrumental to ensuring that equality of opportunity to basic services is assured in a responsive and inclusive manner across the country.

The GoM is showing leadership in managing a multidimensional ecosystem which aims to offer better public services to citizens and businesses. The GoM has joined the Open Government Partnership and has engaged with a broad range of stakeholders including civil society organizations to develop its open government action plan 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. The Prime Minister has set up and is leading the Information and Communication Technologies Council that gathers Chief Information Officers from every Ministry as information communication technologies (ICT) is seen as a key enabler of this open government effort.

**Sectoral and institutional Context**

The GoM recognizes the potential of ICT infrastructure, applications, and services to improve the efficiency and effectiveness of public service delivery. Under the national e-Government program, 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 information technology (IT) infrastructure, developing e-content of the government, providing online public services to citizens, increasing participation of citizens in the decision-making process, narrowing the digital divide, and developing human resources. This vision is supported and clearly stated in the national ICT Policy document—a 2021 vision of becoming a knowledge-based economy using ICT to accelerate Mongolia’s development. Mongolia’s Information Technology, Post and Telecommunications
Authority (ITPTA) is responsible for the design and implementation of the government’s ICT policy. GoM 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 to support the ITPTA.

Over the last decade the GoM 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 experienced tremendous growth, with an average compounded annual growth rate in mobile teledensity of 30.6 percent over the last six years. The use of ICT has been a remarkable success, driving economies of scale and increasing efficiencies across the country. With 25,909 kilometers of fiber optic backbone and access networks being extended nation-wide, over 200,000 Internet connected points are on the map of Mongolia bringing ICT closer to its people. There were 3.5 million mobile subscribers as of June 2013 with a mobile penetration of 117 percent translating into significant reduction of mobile tariffs. Internet users have increased from under 200,000 in 2010 to over 657,000 in 2012 reaching the 21.8 percent of Mongolia’s total population. Today over 30 percent of Mongolian citizens use smartphone and tablet devices.

The GoM has enacted schemes to help foster open data, open government and eGovernment initiatives. The enactment of freedom of information and e-signature laws, the establishment of a national data center and cyber-security frameworks are initial but significant steps in that direction. The National Data Center (NDC), established in 2009, has implemented several projects, including document registration and online e-Archiving system. The GoM 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 came into effect in 2011. In 2012, the GoM completed the implementation of an electronic identification infrastructure and issued cards to over 2.3 million eligible citizens. The GoM has started to use this infrastructure for the delivery of services to citizens using service kiosks and intends to make more electronic services available. The NDC exists to provide state-of-the-art facilities for secure storage of and access to government data. The Government intends to design and implement 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.

Making government-held data freely available as open data can help fuel this transformation effort. Currently, there are a number of data sets available in digital form though they vary in terms of quality and openness. While core government data is being made available via the websites of the National Statistics Office (NSO) and Budget office (Iltod), these data are not technically or legally open. The majority of data is not in machine-readable format. Project success will largely rest on the ability to upgrade the data management abilities of agencies while supporting them with targeted technical assistance to help them address the major challenges in effectively managing their open data.

In recent years, the NSO has upgraded its methodologies and processes to produce higher quality data, in part with the support of the IDA-funded MONSTAT (Strengthening the National Statistical
System of Mongolia) Project. The NSO launched www.1212.mn website and 1212 hotline to answer inquiries; and recently NSO opened access to micro data of the census on its 1212 website.

The Mongolian people have rising expectations of public service and the government is making efforts to improve citizen engagement and governance. The National University of Mongolia conducted a survey in 2011 to evaluate the quality and effectiveness of the General Authority for State Registration services. The results thereof indicate 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. Absence of feedback mechanisms on service delivery is one of the key constraints to improve the quality. Introducing a robust data feedback mechanism could potentially help the Government to improve service delivery and further facilitate decision making processes to a more evidence-based approach by increasing citizen’s participation. GoM 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. Operations of such platforms are tools to become more demand-driven in implementing an open government initiative and identifying high-value data and priority areas of citizen-demand.

The Government’s reform program anchored in the office of the Chief of Cabinet Secretariat and President’s “citizen-centered” public service policy reform ultimately aim to improve citizen and business satisfaction with service delivery. 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 now needs to build institutional capacity to consolidate reforms, lead efforts for greater government efficiency, transparency, and accountability, and deliver on its 2021 ICT vision, e-Government Master Plan and Open Government Partnership commitments.

II. Proposed Development Objectives
The development objective of the project is to use information and communication technologies to improve accessibility, transparency, and efficiency of public service in Mongolia.

III. Project Description
Component Name
Component 1: Enhance civic engagement and citizen feedback mechanisms
Comments (optional)
Will enhance civic engagement and citizen feedback mechanisms through ICT.

Component Name
Component 2: Enabling Foundations for SMART Government
Comments (optional)
Will establish the SMART government ICT foundations to enable public agencies to set in place service delivery, benefit from economies of scale on ICT infrastructure, and expedite service delivery.
Component 3: Enabling Open Data

**Comments (optional)**

Will develop a vibrant open data ecosystem defined by a sustainable pipeline of high-quality data, continuous engagement with user communities and demand-driven, innovative co-creation.

**Component Name**

Component 4: Project Implementation Support

**Comments (optional)**

Will establish the Project Implementation Unit.

### IV. Financing (in USD Million)

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- **For Loans/Credits/Others**
  - BORROWER/RECIPIENT: 0.60
  - International Development Association (IDA): 19.40
  - Total: 20.00

### V. Implementation

The Cabinet Secretariat (CS) will be responsible for the project including coordination of the overall implementation of the project; as well as results monitoring and communicating with the Bank on all fiduciary aspects. The CS will be responsible for the project including coordination of the overall implementation of the project; as well as results monitoring and communicating with the Bank on all fiduciary aspects.

The key beneficiary agencies of the project will be ITPTA, NSO, and the General Administration for State Registration. ITPTA and the NSO are Bank clients and have highly motivated and knowledgeable staff. All agencies will report to the CS on project related issues. The CS, with support from its PIU, will maintain the project accounts, request and receive disbursements, conduct procurement through the CPA (acting as a procurement agent), sign contracts, make payments, carry out financial management and reporting activities. The beneficiary agencies will provide technical inputs to the PIU for technical specifications and terms of reference, participate in evaluating bids and proposals for their activities, and assume responsibility for day-to-day supervision of suppliers and consultants.

A Project Steering Committee (PSC) will be established and have a terms of reference. The PSC will be headed by the Cabinet Secretary, and comprising the Heads of the Beneficiary Agencies, and representatives from the Ministry of Finance and the Ministry of Economic Development. The PSC will provide strategic guidance to the project and will meet quarterly (at least) to facilitate coordination among agencies, provide overall policy guidance, and review progress reports.

The PIU reporting to the Chief Technology Officer of the Cabinet Secretary will support all agencies with project implementation. The Project Director will lead the PIU, staffed with the following consultants: financial management specialist, a procurement/implementation specialist that will assist with procurement and maintain links with the CPA and a communications/M&E
specialist. The project will be designed to allow the various participating agencies to record and share their learning with each other and other government agencies during the implementation process. The PIU will facilitate this knowledge sharing and learning program.

The PIU will be responsible for project implementation, including overall project management, financial management, monitoring, evaluation, and reporting. Procurement for the project will be carried out by the CPA although the PIU will remain responsible for working with the beneficiary agencies to develop all technical inputs such as the terms of reference and technical specifications. In addition the PIU will hire a procurement/implementation specialist that will coordinate with and provide assistance to CPA. As and when needed, specific technical working groups will be set up to deal with specific tasks related either to the development of terms of reference/technical specifications or elicitation and verification of user requirements related to the development of the IT systems. Representatives of each of the beneficiary agencies will sit on the evaluation committees for their particular procurements/selections.

VI. Safeguard Policies (including public consultation)

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Comments (optional)

VII. Contact point

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