

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: PIDA6682

Project Name	E-Health Project (P131290)
Region	EAST ASIA AND PACIFIC
Country	Mongolia
Sector(s)	Health (100%)
Theme(s)	Health system performance (80%), Managing for development results (20%)
Lending Instrument	Investment Project Financing
Project ID	P131290
Borrower(s)	Mongolia
Implementing Agency	Ministry of Health
Environmental Category	C-Not Required
Date PID Prepared/Updated	01-May-2014
Date PID Approved/Disclosed	26-Nov-2013, 20-Dec-2013, 05-Mar-2014, 01-May-2014
Estimated Date of Appraisal Completion	23-Dec-2013
Estimated Date of Board Approval	06-Jun-2014
Decision	

I. Project Context

Country Context

1. Mongolia, which transformed itself into multi-party democracy with a vibrant market economy over the past twenty years 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 (MDGs) have already been met.

2. The vast natural resources offer a unique opportunity – and challenge – for Mongolia to turn this wealth into a source of sustainable and inclusive growth. Although the Gini index has remained around 0.38 since 2005, concerns have emerged that inequalities are rising not just in terms of incomes and consumption, but also in terms of equality of opportunity to public services. There is evidence of large disparities across socioeconomic groups and geographic regions in many of the MDG 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.

3. The country has adopted a series of reforms to manage public resources in a more

sustainable, transparent and decentralized way. 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 2008-2009 crisis, the Government of Mongolia (GoM) adopted a Fiscal Stability Framework. Starting from 2013, the annual budget is set based on long-term price projections; mining revenues in excess of those structural revenues accumulate into a Stabilization Fund that could be drawn down in times of lower commodity prices. GoM also introduced the Integrated Budget Law (IBL) in 2013 to set rules for budget planning and decentralization. If well implemented, the law is expected to strengthen accountability and improve the distribution of public spending by better matching population needs with resources.

4. Good quality information generated by integrated information systems would provide the enabling environment for achieving greater accountability and sustainability in investment and spending. As the IBL is implemented, resources will increasingly be managed at the sub-national level. Strengthening management information (i.e. data) systems at the sub-national levels and the integration of information across those levels would be key to ensuring a more equitable and efficient allocation of resources across the country. Absent good quality data, 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 quality gains that such resource allocation methods can potentially generate. In short, good quality, integrated information systems are important enablers for achieving improvements in public service delivery.

5. The GoM recognizes the potential of information and communication technology (ICT) for improving public service delivery and has already made significant investments in this area. 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. Internet users have increased from under 200,000 in 2010 to over 657,000 in 2012 reaching 21.8 percent of Mongolia's total population. Under the national e-Government program, GoM is enhancing the legal environment to develop e-government, improving information technology (IT) infrastructure, developing the e-content of the government, providing public services to citizens online, 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.

Sectoral and institutional Context

6. Historically, achievements in the health sector have been good relative to Mongolia's income level. These achievements reflect a history of government commitment to health, effective communicable disease control and an extensive delivery infrastructure to provide health services to the highly dispersed, and largely rural population. Mongolia is also notable for having avoided initial, sharp increases in out-of-pocket payments and inequalities in health care use following the collapse of the communist regime in the early 1990s.

7. Now, at the cusp of its resource-led transformation into a middle-income country, Mongolia faces a myriad of health system challenges. Adult mortality rates are on the rise, driven by the

growth of non-communicable diseases (NCDs). Cardiovascular diseases, cancer and diabetes account for 43 percent of total morbidity and 60 percent of mortality at present, and estimated to reach 60 percent and 73 percent respectively by 2020. Globally, NCDs are a major driver of health care costs for both government and households (World Bank, 2010). Health insurance coverage is declining, both in terms of enrollment rates and financial protection. This is reflected in large socio-economic differentials in health care use, particularly in the use of secondary and tertiary hospitals.

8. MOH formulated the e-Health Strategy (2010-2014) in 2009, recognizing the critical role that e-Health solutions can play in addressing Mongolia's specific health system challenges, and in keeping with the broader e-government strategy. The GoM's recent policies and strategies in the health sector reflect the need for a more integrated system of financing and delivery. The e-Health Strategy is entirely in line with this broader health policy goal. One of the strategy's guiding principles is to "harmonize the health systems' actions" with the objective of "improving the quality and availability of health services". By putting in place this national strategy, and affirming it via Ministerial order 490 (2009), the GoM created the basis by which the detailed discussions are now being held about how best to implement that policy.

9. To date, the implementation of the e-Health Strategy has been rapid, but quite fragmented. Hospital #1 (Central Hospital) has had a computerized Hospital Information System (HIS) in place for approximately eight years, which has consistently been expanded and added to over time. HIS also exist in most other tertiary hospitals, as well as approximately half of all secondary (aimag general) hospitals. In 2012, the GoM agreed to a US\$18 million e-Health Project by the Government of China (2012-2015), which would finance computers and servers, and develop a new HIS for all public hospitals (soum, aimag and tertiary hospitals). There is a centralized health statistics information system (H-Info), which collects morbidity and mortality data, utilization statistics and some quality indicators. It allows for comparison of statistics among facilities, and across aimags and regions. The health information system for Social Health Insurance (H-Info) is well organized and provides adequate support to the provider review and related financial management processes. Although set up to facilitate electronic information exchange between the health insurance agency and providers, it does not do so in practice. In addition, there have been numerous telemedicine projects financed by the Governments of Luxembourg and Belgium, and the ADB over the past decade or so.

II. Proposed Development Objectives

To improve integration and utilization of health information and e-health solutions for better health service delivery in selected pilot sites.

III. Project Description

Component Name

1) e-Health Foundational Activities

Comments (optional)

Component Name

2) Clinical Data Collection, Access and Sharing

Comments (optional)

Component Name

3) National Health Information Center

Comments (optional)**Component Name**

4) Institutional Strengthening and Capacity Building

Comments (optional)**Component Name**

5) Project Management

Comments (optional)**IV. Financing (in USD Million)**

Total Project Cost:	23.75	Total Bank Financing:	19.50
Financing Gap:	0.01		
For Loans/Credits/Others			Amount
BORROWER/RECIPIENT			4.24
International Development Association (IDA)			19.50
Total			23.74

V. Implementation

10. The Ministry of Health (MoH) will implement the World Bank e-Health Project over a five year-year period starting in 2014.

11. Policy and overall coordination. A Project Steering Committee, chaired by the Minister/Vice Minister MoH would be established for oversight and to provide strategic policy advice and guidance to the project, as well as to the Ministry of Health. The deputy chair of the Steering Committee will be the Director of the Department of Monitoring and Evaluation under the Ministry of Health, which has been charged with the management and coordination of all e-Health related initiatives. S/he will also act as the Project Director for this project. The Steering Committee would also include: the Director of the Department of Strategic Policy and Planning of MoH; the Director of National Center for Health Development; representatives from ITPTA and the National Data Centre (NDC); representatives from the IT Council, who oversee all major Government IT developments; the Prime Minister's IT Advisor; a representative from SSIGO; health care provider representatives, particularly from the pilot sites; and other major stakeholders involved in e-Health/e-Government including representatives from the central public administration organizations in charge of economic development and of finance.

12. Implementation. An e-Health Project Implementation Unit (PIU) would be established at the Department of Monitoring and Evaluation at MOH. This unit would be answerable to the Project Director and be responsible for project implementation, including overall project management, financial management, monitoring, evaluation and reporting.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01		x
Natural Habitats OP/BP 4.04		x
Forests OP/BP 4.36		x
Pest Management OP 4.09		x
Physical Cultural Resources OP/BP 4.11		x
Indigenous Peoples OP/BP 4.10	x	
Involuntary Resettlement OP/BP 4.12		x
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50		x
Projects in Disputed Areas OP/BP 7.60		x

Comments (optional)**VII. Contact point****World Bank**

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