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ESTABLISHMENT OF ONE-STOP SHOP AT MUNICIPALITY

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TABLE OF CONTENT

TABLE OF CONTENT	i
EXECUTIVE SUMMARY	i
SECTION I: CURRENT STATE ANALYSIS (“AS-IS” ANALYSIS).....	1
SECTION II: “TO-BE” STATE”- MOVING TO THE NEW SYSTEM.....	5
SHORT-TERM OBJECTIVES	5
1. RE-ENGINEERING OF INTERNAL PROCESSES	7
2. DUAL DECREES AND/OR MOUS	9
3. INFORMATION FLOW (PAPERWORK AND INFORMATION SYSTEMS).....	9
4. STREAMLINING CONSTRUCTION PERMITTING PROCEDURES AND SEASONAL DISTRIBUTION OF WORKLOAD	9
LONG-TERM OBJECTIVES	10
1. AUCTION	10
2. AUTHORIZED OPERATORS	11
3. HUMAN RESOURCES	12
4. INFRASTRUCTURE	12
5. PUBLIC RELATIONS AND BRANDING OF UBM.....	12
SECTION III: ADDITIONAL CHANGES AND RECOMMENDATIONS.....	15
SECTION IV: INFORMATION SYSTEMS	17

EXECUTIVE SUMMARY

Ulaanbaatar Municipality (UBM) has set a goal of achieving streamlined, transparent and customer-oriented construction permitting procedure, among other services, via its one-stop shop (OSS) service centers in Ulaanbaatar.

This report sets out the Blueprint for the new construction procedure at UBM which will create and lead the strategy and regulatory environment for construction permitting. It will oversee and regulate the performance of public and private sector service providers to achieve the required OSS permitting system.

The Blueprint described in this report follows a two-week assignment which involved discussions with key stakeholders as well as a benchmarking exercise with relevant construction system of Georgia. It sets out transitional phases describing initiatives which will need to be taken to realize the goal.

The UBM and its executive agencies will be responsible for delivering the “true” OSS system, which lies greatly on intensive “out-of-box” thinking. A number of “unpopular” decisions will need to be made to break through the complicated and highly bureaucratic system. This is a challenging ambition and the leadership of the Governor of the Capital City and Mayor of Ulaanbaatar and the top management team will be critical to overall success in a complex and rapidly changing environment.

Implementation will require numbers of changes not only within UBM, agencies such as Master Planning Agency and/or Property Relations Agency, but also outside municipality, resulting in a sensitive “change” process, causing possible resistance within the entire course.

Leadership is identified as one of the key drivers of implementing smooth, transparent and customer-oriented OSS construction permitting in Mongolia. Currently, the selected leadership is demonstrating absolute expertise, capacity and willingness to manage the change well. Though, time and resources may be wasted if strong delivery assurance is not in place. Even the most superior initiatives can be easily misunderstood and consequently “misconducted” if no sufficient, timely and constant communication among key managers and the rest of the payroll exists. The true value will rely greatly on united and collaborative team with collective actions, working jointly on a new process.

Some of the solutions may not work from the very first try, but it is a matter of taking risks and constant improvements as no reform progresses completely according to a plan. As a result, “change” requires continual reassessment of its impact and the institutions' willingness and ability to adopt the next wave of transformation.

SECTION I: CURRENT STATE ANALYSIS (“AS-IS” ANALYSIS)

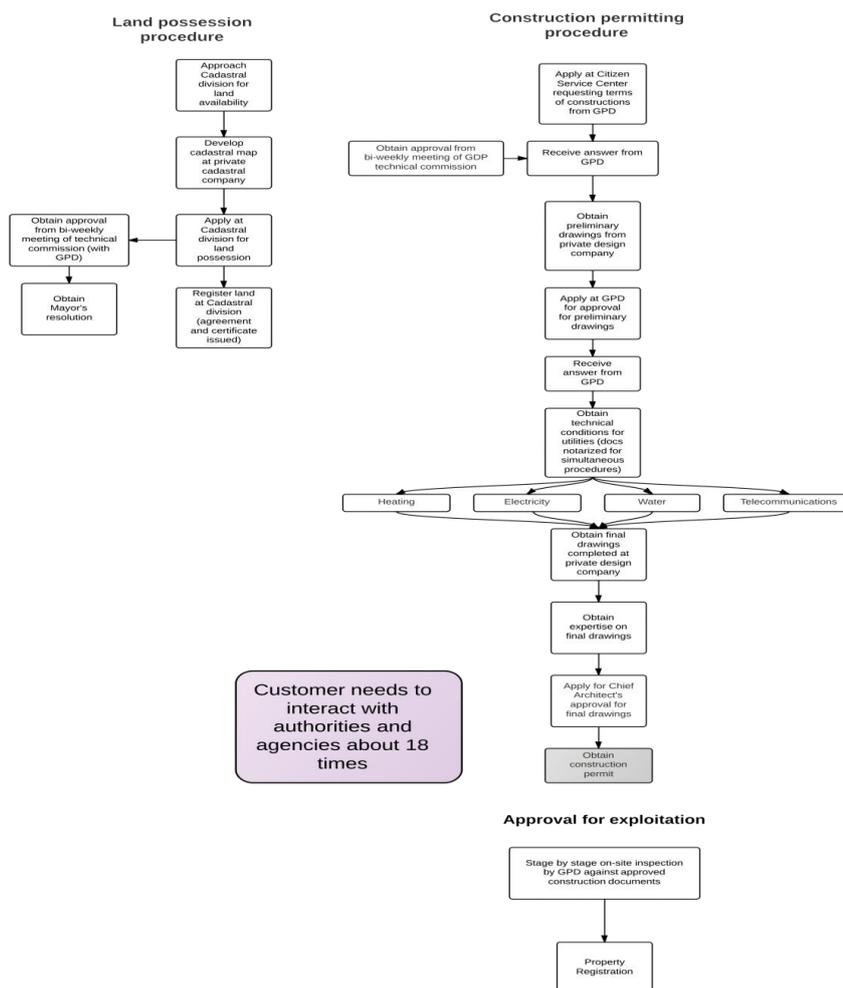
Understanding of the current situation in UBM is essential in order to make choices around what it is possible and necessary to address the need of implementing OSS Construction Permitting in Mongolia. This section covers areas of assessment with regard to the current legislation and procedures and provides overall snapshot of construction permitting in Mongolia.

Even though, Citizen Service Center at the Capital level was established to provide OSS services for UBM, yet actual review has shown that acting system does not represent OSS principles. Functions of the Citizen Service Center are limited to receiving, registering and re-directing applications and/or complaints to the responsible body within Municipality. It is customers’ responsibility to contact various departments of Municipality and other counterparts.

Assessment of an effective construction permitting procedure at the UBM has revealed system as highly bureaucratic and complicated. The current procedure involves the following steps:

- at least 7 institutions participate
- about 18 interactions of citizens with various authorities
- about 200 days to obtain a construction permit

Blueprint of the current procedure for construction permitting in UBM:



ORGANIZATIONAL STRUCTURE AND STAKEHOLDER ANALYSIS

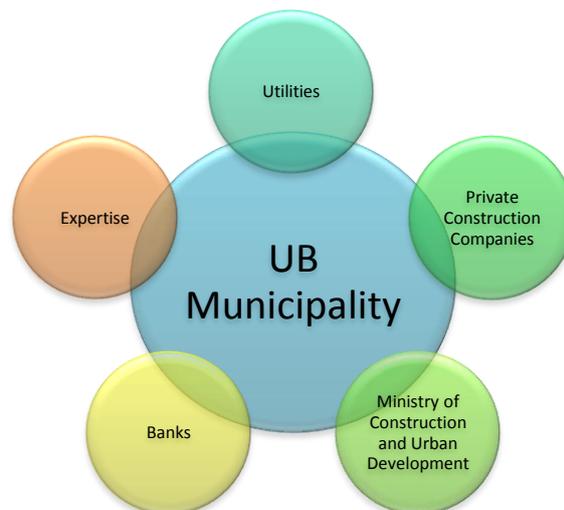
This section describes the current organizational structure for construction permitting involving the UBM, its agencies, and other stakeholders. Understanding the current organizational structure and the stakeholder environment in construction permitting in Mongolia is an important first step in identifying opportunities for the effective creation of the new, smooth, and transparent process. In particular, and as presented here, an initial appreciation of the following is required:

- An identification of the stakeholders involved in the existing procedures; and
- Their attitude towards the reform and level of their interest and power to influence the reform

The stakeholder environment for construction permitting and its involved agencies shows no organizations or individuals that are directly resistant to reform. However, a few key stakeholders will need to be reassured about the benefits of reform to ensure that their support is fostered or maintained.

This section provides analysis of how stakeholder management and implementation process can be approached to ensure that there is as much support as possible for the implementation of new initiatives and reforms. As the UBM continues to engage with the various agencies and stakeholders, it is important to understand how these interactions will affect each participant. Currently, a multiple set of organizations and agencies are involved in the construction permitting process besides the citizen themselves. Key stakeholders likely to be impacted by the proposed reform include:

- Customers;
- Capital level Citizen Service Center;
- Property Relations Agency (land office);
- Mayor's Office;
- Master Planning Agency;
- Utilities;
- Private Design Companies;
- Expertise;
- Banks;



Citizen Service Centers

The capital-level Citizen Service Center launched operations in December 2012 to deliver municipal services to citizens in a simple and transparent manner. The center is piloting construction permitting as well as other municipal level services to citizens. However the review of processes at the center demonstrates the followings:

- The Citizen Service Center does not provide OSS services to customers on construction permitting;
- It does not reflect the essence of an OSS principle, which lies in engaging itself in close cooperation and regular communications with stakeholders of a process, in a way that eliminates customers' intervention with other representatives of UBM;

- Today, its basic function is limited to accepting and registering complaints from citizens and registering applications for construction permitting before passing it to the Master Planning Agency.

Property Relations Agency

In the scope of construction permitting, the Cadastral Division of the Property Relations Agency, is responsible for identifying availability of a land plot, re-examination of coordinates measured by private cadastral companies (if required), approval of coordinates, drafting land lease or ownership agreements between customers and the Property Relations Agency and issuing certificates of land ownership. The review of operations inside the Cadastral division reveals that:

- Staff is assigned by districts, consequently workload is not evenly distributed;
- Only one employee is responsible for registering land ownership certificates;
- In a number of cases, coordinates taken by private cadastral companies need to be re-examined by the cadastral division due to incorrect data;
- Cadastral map for Ulaanbaatar city is not complete and comprehensive.

Master Planning Agency

The Master Planning Agency, through its Construction and Urban Planning Division, is a key player in construction permitting process as it issues terms of constructions in the beginning of the process, approves drawings and final designs, and issues construction permits.

A successful implementation of OSS at the UBM is largely relied on intensive development and cooperation from the Master Planning Agency specially its Construction and Urban Planning Division, as the main provider of this service.

The Master Plan of Ulaanbaatar city at this stage seems incomplete which undermines the possibility of implementing simplified services.

Utilities companies

According to the existing construction permitting procedure, utility companies (heating, water, electricity, and telecommunications) are responsible for issuing technical conditions to customers. It is the customer's responsibility to approach these four utility companies individually to receive technical conditions (i.e. documents issued by utilities companies confirming whether or not there is available capacity at the proposed site to connect new buildings and construction to the central networks) which further need to be submitted back to the UBM. It takes 24 days on average to obtain required information and is one of the major bottlenecks for achieving OSS system in construction permitting.

A section below shows a suggested organizational design and process flow among participating bodies, including utilities companies, which will enable UBM combine construction services according to the OSS principle.

SECTION II: “TO-BE” STATE”- MOVING TO THE NEW SYSTEM

Moving towards a new structure based on OSS principles will require the direct involvement of the executive management at all level within the municipality. First, demonstrated political will at the highest level is required so middle management is clear on the expected results and can move quickly to facilitate implementation of proposed changes. Additionally, it is important that information on reform can flow rapidly from top management to middle management and from one department to another in order to obtain the necessary buy-in at all levels.

Undertaking reforms in large-scale systems is a risky exercise. Apart from the inherent risks associated with any changes, the UBM must maintain a viable and quality service to users during the changes. Lessons from around the world show that risks can be managed through strong leadership, careful preparation, implementation, and a phased transition to the new structure. It is essential to maintain some elements of the current system in the phased approach. Failures to do so may burden the capabilities of the new structure before they are fully developed and operational. For instance, UBM would need to allow for citizens to continue visiting its back office during a transition phase while the OSS environment is being fully tested.

With these rationales in mind, BPI recommendations are grouped into two categories: a) short-term measures to be implemented immediately and b) long-term measures requiring substantial time, resources, and efforts from the UBM.

SHORT-TERM OBJECTIVES

In this section we present a series of short-term measure that the UBM can take immediately to improve service delivery in general, and construction permitting, in particular, through an OSS environment. As changes comes into implementation, it is important to keep a focus on early benefits – or “quick wins” – in order to demonstrate to citizens why the new way of doing business is prefer to the old system. The recommendations included in this sections, can be implemented immediately and do not require any financial investments and/or IT solutions to demonstrate key benefits to customers and citizens.

Moving towards a new Organizational Structure

Through small organizational changes in the construction permitting process the UBM has the potential to operate through under OSS principles and to significantly increase efficiency and transparency in construction permitting. Exhibit 1 shows how various functions and municipal departments and other agencies and authorities could work together to achieve UBM’s goal of implementing OSS service in construction permitting. As explained in the previous section, it is essential that each participant (including utilities companies and municipal agencies) streamline and integrate their services even before moving to a new organizational structure.

There are two specific recommendations to improve efficiency in construction permitting and ensure UBM can effectively use an OSS environment for such process. The first recommendation has to do with the way citizens request and obtain technical conditions for construction projects. Under the proposed scenario, which is consistent with the new draft construction law being proposed by the Ministry of Construction and Urban Development (MCUD), the process would be as follows:

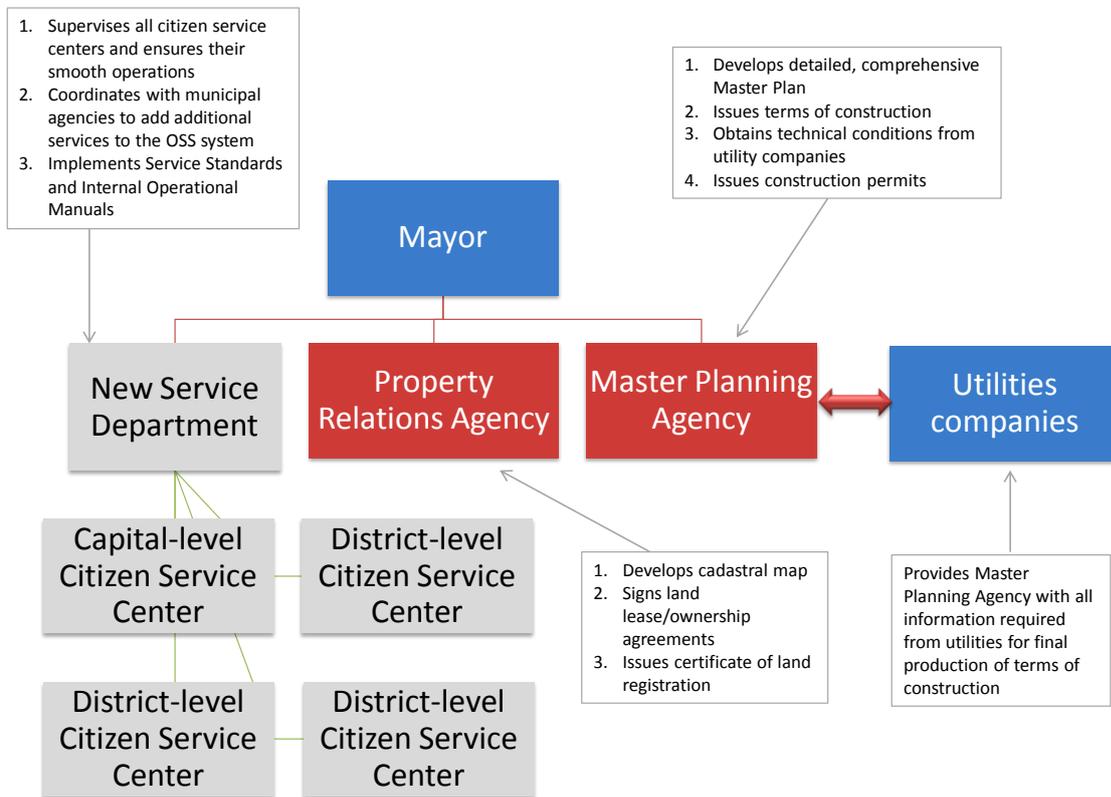
1. Citizens submit an application for construction permitting, including all required documents, to UBM through the Citizen Service Center.

2. The Center re-directs the application to UBM Master Planning Agency in-charge of providing technical conditions.
3. The UBM Master Planning Agency, request technical conditions from utilities (water, heating, electricity and telecommunications) on behalf of the citizen.
4. Utilities provide technical conditions to UBM Master Planning Agency, who in turns finalize and provide terms of construction to the citizen.

A detailed graph/procedure on application processing for construction permitting is attached to this document.

The second major change proposed has to do with the need to bring the capital, district and sub-district level service centers into one, integrated body that responds to a single supervisory Service Department. The new Service Department would be responsible for implementing and exercising quality service standards, which is vital for realizing the state-of-art service delivery at the UBM. See Exhibit 1 below.

Exhibit 1. Suggested organizational structure for construction permitting service delivery under OSS principle



The above suggested structure takes advantage of current key capabilities of the municipality and is based on basic design principles that include:

- Close integration with partner authorities to achieve consistent policies and smooth procedures;
- An efficient structure of roles and functions with minimum bureaucratic burdens;
- Clear governance – providing checks-and-balances capabilities, eliminating duplication of functions, and defining boundaries and clear decision-making arrangements.

1. RE-ENGINEERING OF INTERNAL PROCESSES

Before making any organizational changes, the first and the “must” step in order to improve the construction permitting process is the streamlining or re-engineering of all internal or back-office procedures. Each municipal agency and department needs to streamline their procedures. In order to ensure an effective participation of the various departments and agencies into the OSS Service Centers, each agency and department needs to streamline current procedures to eliminate unnecessary steps and increase efficiency. This immediate streamlining will (i) provide immediate efficiency gains that can be felt by citizens and (ii) greatly help the automation of procedures, a step that will be discussed in details under the Long-term Objectives. Below we present the recommended re-engineered functions and/or procedures for each stakeholder in the construction permitting process.

Citizen Service Centers

The core purpose of an OSS lies in designating only one point of contact for customers while making sure the OSS functions as a hub between stakeholders and customers. Doors to the back office of the municipal agencies should be closed for citizens. Any direct interaction between a customer and an official located in the back-office could be a potential source for illegal negotiations and/or violations of established procedures. Hence, closing the “back-door” and re-directing all customers to the service centers or “front-door” will (i) provide additional space to the technical officers to conduct their job without any pressure from a particular customer who know they are working on his/her case and (ii) improve transparency of the construction permitting process.

All Citizen Service Centers (capital, district and sub-district OSS) can be integrated into one structure to ensure consistent standards and quality of public services to citizens. Each service center whether at the city, district or sub-district level should offer similar service packages to citizens, which should be delivered with a standardized system and quality level. Under the new structure, as mentioned above, all Citizen Service Centers could report to a new municipal department exclusively dedicated to ensure that services to citizens are provided in an effective and efficient manner. This department would also be in-charge of coordinating activities with other municipal department to increasingly continue to bring additional services to the OSS environment.

Managing risks: It is preferable to centralize high-risk decision-making procedures at the UBM (headquarter) and leave only low-risk decision-making procedures at district and sub-district levels, to achieve more transparency and standardization of procedures.

Cadastral Division, Property Relations Agency

The following restructuring and changes are advised for implementation in the Cadastral division to incorporate land issues to construction permitting:

1. Assigning staff to deal with a specific district causes unbalanced workload among employees, as well as unevenly distributed queues of customers. Any employee should provide service to customers regardless of the location of a district. All employees responsible, for cadastral mapping and other related issues, should be consistently re-trained in sight-reading of cadastral maps of all districts in Ulaanbaatar. Training staff to response to inquiries regardless of district location will ensure that workload is more evenly distributed among cadastral staff and reduce the waiting time of customers.
2. Re-trained staff of the Cadastral division should be located at the Citizen Service Centers in order eliminate the visit by customers to the back office of the Cadastral division.

3. The current practice that only one employee is responsible for registering land certificates should be eliminated. There are separate prerequisite steps prior to the issuance of the land certificates, including the approval from board meetings of the Property Management Agency, followed by the Mayor's resolution and signing of land ownership agreements. Accordingly, the registration of land certificates is a low-risk process, as long as the prerequisite steps are distributed among different bodies to ensure internal check and balance. Distributing the registration responsibility among various employees will eliminate the current practice of being dependent only on one employee and should reduce bottlenecks during peak seasons.
4. Cadastral mapping with coordinates for a requested land plot, developed by private cadastral companies, are often incorrect and require re-examination by the Cadastral division. An alternative to solution could be to incorporate the function of establishing coordinates into the Cadastral division. Nevertheless, this decision can be made only after carefully analyzing the percentage of on-site re-examinations by the Cadastral division to avoid overcapacity of the division. Alternately, the Cadastral division could provide regular training sections to private cadastral companies on establishing land plot coordination as a way to improve local capacity, if needed.

Construction and Urban Planning division, Master Planning Agency

The Master Planning Agency, through its Construction and Urban Planning division, plays a key role in delivering streamlined OSS services for construction permitting. Any successful changes implemented in the agency and division will directly affect the entire process of construction permitting. At the same time, any misleading and inefficient steps and reluctance to changes may result in failure of the pilot program to introduce OSS in construction permitting.

It is essential that Master Planning Agency continues developing the Master Plan and regularly communicating internal processes in construction permitting to UBM top management and stakeholders. As explained under the proposed organization structure, the Master Planning Agency should play a role of an intermediary between citizens and utilities companies. Additionally, it should be one of the main internal clients of the OSS in order to reduce the interactions between the municipal agencies and citizens.

Per the new draft law on construction, proposed by the MCUD, a municipal body in charge of construction and urban development (e.g. Master Planning Agency) will provide terms of constructions in the first stage of construction permitting. Therefore, it is recommended that the Master Planning Agency also requests and obtains technical conditions from utilities companies, which will bring in the following results:

- Reduce the number of required interactions by citizens through the elimination of individual citizen visits to the four utility companies;
- Reduce the days required for obtain construction permit by 30 days

Communications among municipal departments, agencies and authorities can be established immediately through a manual process, before installing any IT systems at the institutions. Inter-agencies courier services can be introduced for sharing data (paper-based) among agencies.

2. DUAL DECREES AND/OR MOUS

Various approaches can ensure the collaboration and communications between agencies inside and outside the UBM to streamline construction permitting. Some restructuring and streamlining may require legislative changes at Parliament level and some may require dual decrees and signing memorandum of understanding between involved agencies. Most of the above recommendations can be resolved through the Mayor's decisions or resolutions by heads of involved UBM agencies. Obtaining technical conditions from utilities companies need negotiations and discussions with each of the utilities companies and at the end of the decisions, MOUs can be signed between the UBM and each of the utilities companies.

3. INFORMATION FLOW (PAPERWORK AND INFORMATION SYSTEMS)

A common mistake that policy-makers made is to think that putting IT systems in place would solve all problems. Hence, they tend to delay simplification of processes until *automation* happens. However, IT systems should not be a precondition to deliver efficient and quality service to the public. It is a tool to share information fast and efficiently. Best international practices point to the need to first streamline and simplified processes and only then introduce new IT systems that can mirror the improved manual processes. The main reason to proceed this way is to avoid automating cumbersome and inefficient procedures.

To that effect, we recommend to immediately initiate a process to streamline the construction permitting processes, ensuring that information flows expediently among stakeholders exchanging documents (paperwork) through regular means of communication. Practical solutions such as the establishment of an inter-agency courier services can be adopted while a appropriate automation solution is established.

4. STREAMLINING CONSTRUCTION PERMITTING PROCEDURES AND SEASONAL DISTRIBUTION OF WORKLOAD

The new construction law, expected to be submitted to Parliament by the MCUD in April 2013, introduces three-stage permitting process. Each stage will be subject to a separate/independent administrative proceeding. The permit seeker may request initiation of administrative proceeding of the following stage only after completion of administrative proceeding of the previous stage and issuance of positive administrative legal act. Deadlines of noted administrative proceedings of stages and a brief description of each administrative procedure are given below:

Stage I: Approval of terms of construction (15 - 30 days)

During Stage I a citizen requests and obtains terms of constructions from UBM for a particular construction project (approval of terms of land lot utilization for the construction purposes). Specific steps involved in Stage I approval includes:

- The applicant submits a **Stage I** application with all the required documents through the UBM Citizen Service Center.
- The Center re-directs the application after verification to the Construction and Urban Planning division of Master Planning Agency.
- The Construction and Urban Planning division reviews technical conditions for the proposed construction project; acting on behalf of the citizen the division requests and obtains technical conditions from the utility companies; and based on the technical review provides **Stage I** approval with terms of construction.
- The Citizen Service Center delivers **Stage I** approval with Terms of Constructions to citizen.

Step II: Approval of architectural design (no more than 20 days)

This step involves an actual review and approval of architectural design, structural and/or technological scheme. According to the draft construction law, **Stage II** should be finalized within 20 days after receiving an application at the UBM Citizen Service Center. Specific steps include:

- Citizen submits a **Stage II** application through the UBM Citizen Service Center.
- Stage II application shall be accompanied with construction project designs prepared by private design firms.
- Citizen Service Center re-directs **Stage II** application to the Construction and Urban Planning division of Master Planning Agency.
- Agency review drawings and designs and provide **Stage II** approval.
- The Citizen Service Center delivers **Stage I** approval with approved Architectural Design.

Step III: Issuance of construction permit (not more than 10 days)

Specific steps for this stage include:

- Citizen submits a **Stage III** application through the UBM Citizen Service Center.
- Citizen Service Center re-directs **Stage III** application to the Construction and Urban Planning division of Master Planning Agency; the agency review application and provides Construction Permit.
- The Citizen Service Center delivers **Stage III** approval with Construction Permit.

Processing construction permits at the UBM is currently a seasonal practice that follows the seasonality of construction industry in Mongolia. Most applications are filed in the beginning of April, which results in overloaded processes at the UBM in spring and summer. The three-stage approval process will allow for a better distribution of the workload within the UBM throughout the year. For instance, applicants can take advantage of the winter time to request and obtain **Stage I** approval. Then the applicant can submit the approval request for **Stage II** and **Stage III** during the spring and summer time. The proposed three-stage approval process does not require any immediate upgrade of current IT systems before it can be made operational.

Streamlined procedures under the three-stage approval process will significantly reduce the time required to obtain a construction permit in Mongolia from 208 days, as stated in the *2013 Doing Business Report*, to some 65 days. Additionally, citizen interactions with municipal and other public sector officials would be significantly reduced, allowing for a more transparent and efficient construction permitting process.

LONG-TERM OBJECTIVES

While implementing the short-term actions, the UBM should consider and prepare for the implementation of the long-term objectives, as they require a substantial amount of financial investment and IT solutions.

1. AUCTION

As the UBM moves on towards simplification and transparency of public services, we recommend that the UBM consider introducing e-auction for land possession and ownership.

E-auction is an electronic tool for citizens to participate in land auctions through internet when detailed and comprehensive data about land plots is available online through, for example,

UBM website. Through an E-auction portal, citizens willing to obtain land could find all relevant information including availability, type, price, and size of a land plot, as well as zoning information and most importantly terms of construction provided by the Master Planning Agency and technical conditions of utilities companies. By providing this package of information online, customers can skip the **Stage I** of the permitting procedure and proceed directly to the **Stage II**, further reducing the time required to obtain a construction permit by 30 days.

In order to introduce the E-auction, the UBM would need to implement the following set of activities:

- Cadastral maps should be complete and comprehensive:
 - State/municipal territories should be accurately planned and verified including terms of construction for each land plot.
 - Preliminary technical conditions from utilities companies should be provided (providing maximum technical capacity for each land plot).
- Publicity of cadastral maps:
 - Cadastral maps should be public, including information about land ownership.

Based on these two important factors, the UBM can develop its electronic e-auction system.

2. AUTHORIZED OPERATORS

Authorized operators are private sector firms who are authorized by the UBM to receive and share specific data on behalf of the UBM, as part of the construction permitting process. Authorized operations can include the sharing of data between UBM agencies, such as the Property Relations Agency and Master Planning Agency and private design companies.

The establishment of an authorized operators program can further decrease the number of dealings required from customers with the UBM official from 14 to 2; which will result in great savings of time and cost for customers. If the UBM is committed to provide greatly simplified services to customers, the following activities are recommended:

- The Master plan of Ulaanbaatar should be completed in full details, including information about zones, streets, buildings/constructions, etc.
- Additionally, the Master plan needs to also provide comprehensive information on land plots including: whether the land plots have existing permits or established ownership in place; whether there is a pending permit application at UBM involving the specific land plots, and any other relevant information that a permit seeker might require.
- Publicity of the Master plan is ensured either on paper or online;
- E-application should be implemented;
- Inter-agency agreements or MOUs signed to streamline their procedures and communications;
- Inter-agency communications, IT or manual, are in place.

Successful implementation of the above innovations (e-auction and authorized operators) strongly relied on active, constant, and timely communications among agencies within the UBM. Decisions and plans should be constantly communicated among involved parties, as uncoordinated changes may jeopardize the entire project.

3. HUMAN RESOURCES

Delivery of transparent and efficient services requires a number of transformations within institutions, including “sensitive” changes in human resources. Most institutions experience some degree of resistance from their own employees during a process of change. In order to minimize resistance and to foster a culture of continued improvement within the organization it is important for top management to promptly communicate decisions and to allow for open and productive participation of middle management in the process. Whenever possible, management should win-over employees that otherwise might resist the change. Nonetheless, management should be prepared to act promptly in case that personnel change is required to ensure the successful implementation of the improved processes.

Investing in the “right people” is crucial to ensure successful implementation of reforms and change. New, creative, and cooperative leaders should be asked to step up to support “unpopular” and “sensitive” decisions. Those who truly believe in the success of a change and care for improvements should be allowed to play a more active role in the organization. Innovators and reformers must be supported and recognized through promotion, public recognition, and awards. At the same time, accountability and responsibility of each employee should be reinforced including sanction or removal of people standing in the way of changes and reforms.

To effectively deliver quality and consistent services at OSS, considerable attentions should be given to hiring and recruiting service personnel. It is crucial to develop and retain customer-oriented employees and provide appropriate training to ensure high quality performance in service delivery. Intensive trainings on existing construction legislations, procedures, and their amendments, as well as customer service skills, should be provided on regular basis. Key employees should be exposed to international best practices so that the UBM should be analyzed and benchmarked against them.

4. INFRASTRUCTURE

As the UBM continues to increase the number and types of public services delivered through their OSSs, it will eventually face the necessity of expanding service providing centers and facilities. The planning of infrastructure should correspond with internal service processes and therefore, it is highly recommended to map the entire internal service process, first. Facilities for OSS should provide smooth and easy service flows, which may become impossible due to uncoordinated decisions between the design of internal processes and actual physical layout of a facility. The physical infrastructure of an OSS facility needs to be built taking into account: the number and type of services to be delivery, (ii) the number of employees required for each service; and (iii) the average delivery time for each service.

These are some of the basic issues that need to be addressed before planning any layout and design of OSS facilities. A failure to plan ahead may result in complications at service delivery after spending significant amount of funding to build new facilities. It is recommended to use a standardized internal design for the contextual architectural part of all OSS service centers, including district and sub-district levels. A standardized design would support the development of a “Brand” for high quality municipal service delivery.

5. PUBLIC RELATIONS AND BRANDING OF UBM

Georgian reform experiences have proved that the ability to communicate effectively and efficiently with target audience is critical to success. Innovations and improvements should be timely communicated to the general public. It is essential that the UBM positions itself as a customer oriented institution. This will assist the organization in earning public trust,

understanding and acceptance, for new initiatives and reforms. Implementing synergy among various promotional tools will help the UBM establish and maintain a positive image. It is also important to implement a branding strategy to allow citizens recall and recognize the UBM at all levels, including capital, district, and sub-district. Brand elements such as logo, color, graphics, should be developed and used consistently to boost the brand recognition of the municipality.

SECTION III: ADDITIONAL CHANGES AND RECOMMENDATIONS

Additional short-term recommendations include:

- Locating a bank branch/teller inside citizen service centers for customers' convenience.
- Installing dual computer screens at help desks (one for customer service personnel and other for a customer) is part of transparency of procedures and services and will immediately improve customers' confidence in the UBM's services.
- Introduce digital signatures at OSS so that it accepts electronic applications and documents and eliminates an unnecessary step of scanning paper applications and documents. This action will assist the UBM to smoothly move to electronic systems when they are fully developed.

SECTION IV: INFORMATION SYSTEMS

A separate section describes how information systems should be visualized, built and installed at the UBM with special attentions to organizational design and process re-engineering. It explains how to establish the business value of information system and how to ensure that new systems are linked to the UBM's processes and information requirements.

Overview of IT Systems in Ulaanbaatar Municipality

The following section is designed to briefly review and analyze information technologies in the process of construction permit issuance and the ongoing processes in the IT structures in Ulaanbaatar municipality. The analysis is based on the interviews and meetings during the short-term assignment from 19 February to 4 March 2013. During this period, the project team of two experts met the representatives of various departments and agencies of Ulaanbaatar municipality and analyzed the existing situation, challenges, and gaps to establish one-stop shop under the Ulaanbaatar municipality.

The analysis is a basic description of the current situation which is followed by recommendations. For more detailed and comprehensive analysis it is advisable to conduct a full cycle assessment of the current system and requirements of new business processes. The analysis is divided into the following 5 major topics:

1. IT structures and employees
2. Programs and applications
3. Data exchange and publicity
4. Banking service
5. Hotline services and customer service consultative team

1. IT Structures and Employees

Major issues/observations in Ulaanbaatar municipality

As a result of meetings and interview the following key observations has been made:

- The IT departments are located in the central City Hall building (Metropolitan Department of Information Technology) as well as in all district units. The sub-units are supporting employees through Help Desk and are developing relatively "small" application software.
- IT sub-units are under the jurisdiction of their district administration and are not liable in any form to each other that could cause inefficiencies and challenges due to the lack of coordination and common approach.
- District and other departments are identifying the need of new application software and sending the request for new products (includes applications and software) to procurement department which carries out the purchase – a decentralized approach.
- The Land Office service and Master Planning Department also have independent IT units which ensure the proper operation of the database at their disposal and system development.

Gaps/Recommendations

There have been several improvements in Ulaanbaatar Municipality service delivery during the recent periods. Municipal services are developing and improving rapidly and following this development, IT department creates customer-oriented products. However, as a result of the analysis, the following gaps and recommendations have been identified:

- IT departments are operating independently from each other and do not have a common strategy and there is a lack of coordination. As a result, the service availability for citizens at Capital level Citizen Service Center, District Service Center and Sub District Service Center is unequally distributed. In addition, it creates the environment for having duplicated activities in developing applications and software.
- It is recommended that all the IT structures shall be controlled by a single unit, e.g. Metropolitan Department of Information Technology, and all the data managed in a centralized way. Furthermore, the IT strategy should be determined by a single agency which will monitor the entire system. As experience has shown, the inconsistent development of IT departments in the long-term will hinder the development and improvement of the entire municipal services. It is desirable to determine IT standards at the beginning that will facilitate the cooperation between various agencies in the future, including problems with integration, technological inconsistencies and others.
- It is recommended that the request for all types of applications and software from various departments and municipalities be sent to Metropolitan Department of Information Technology for review and in case of positive decisions to forward the approved requests to the procurement department. Such coordinated actions will simplify the management of IT infrastructure and decrease the risk of non-coordinated tasks and challenges of data exchange.
- For security and sustainable development of the system, it is also strongly recommended to address the issue of employees' access to various programs in a centralized way.

2. Programs and Applications

A. "UB1200" System www.ub1200.mn

"UB1200" system was created at the request of the municipality in 2012. This product was purchased from a private company, which ensured the development and its implementation in the municipality.

The major functions of the system include registration of citizens' applications and then forward these letters to relevant officers in charge of respective issues and applications (not automatically).

The system users are Capital level Citizen Service Center, District Service Center, Sub District Service Center and those citizens with access to internet. Through the system, the municipality employees (Front officer) register the applications of citizens.

General Procedure for Registration of Application

Existing procedures in the service center/major observations

- A citizen brings a hand-written letter to the Citizen Service Center and submits it to a Front officer (a line regulator adjusts and manages the queue).
- The Front officer reads the applications and according to the content of the applications registers the application in the relevant application form. (In the system, the applications are divided into 5 main categories, including issuance of construction permits).
- The front officer, in order to register the application, reads the citizen's hand-written application and after this, he/she enters the summary of the application in the electronic format and registers it.
- Each application form has the maximum review period, so that the citizen is aware when to expect the response/feedback/decision.
- After the registration has been completed, the citizen receives SMS on the mobile phone, including the registration number.
- The average registration period by a Front officer is approximately 10-15 minutes.
- The Front officer forwards the electronically registered application to the Back office and saves the paper version of the application together with other attached documents (if any).

Online registration of application (current situation)

- Citizens also have the possibility to register the applications online through the "UB1200" system.
- In order to register the application, a citizen should register on the website www.ub1200.mn
- After the initial registration in the system (designating the user name and password), the initial password is sent to the indicated email address which the user can use to activate its account.
- After the activation, a citizen (user) can register all the applications that may be registered in the service center (except the applications for construction permits).
- All the lists of applications registered by a user are available on the personal page (registration date, application type, provider agency and other).

Process after the application registration

- The application registered by a registrar is sent to the back office where the application undergoes the additional document verification and after this it is sent to the relevant agency where it shall be reviewed and replied to.
- The agency shall send the reply to a citizen until the end of the application deadline (this responsibility does not apply to all types of letters).
- If citizens have User and Password, they can find the reply to their applications online on their personal page and those who do not have user shall apply to the service Center to get the reply.

B. “UB1234” system www.ub1234.mn

This system is an information portal for municipal agencies. The portal is the home for the names of contextually grouped applications and the lists of documents required for registration. The portal also has the section FAQ and other necessary public information. It is updated by various agencies (municipal departments, districts), who are allowed to post required information under their competence without any permission from the Metropolitan Department of Information Technology agency.

Major Findings and Recommendations

Registration of applications

- Application forms for each agency shall be prepared at every customer service center. The application forms shall be placed in a noticeable place where customers have access and fill them (applications forms may be grouped according to paper color on service counters and desks). The application forms shall have the name of the municipality, (the name of agency, list of necessary documents for registration, date, fee in case of paid application, and other required information).
- It is desirable that the registered applications, in addition to having the municipality name and other required attributes, be affixed with the protective code (barcode), which will minimize the possibility of fraud.
- It is also recommended to allow the third party to check online the legitimacy of application through the application registration system UB1200.
- It is desirable that application forms have the applicant’s signature and in case the applicant requests a hard copy of registered application should be provided.
 - Note: the unification of registration forms would enable to strictly determine the rights, responsibilities and the competence for each agency. Also, there will be no need to involve the Back Office of the service Center after the registration, as according to the application form “Smart forms” it will be clear which agency should review the form. In the event that according to the content of the application more than one agency shall be involved in the process, the transfer of the application to the relevant agency shall be provided by the interim agency. (In order to minimize the number of such letters, the preliminary consultations with citizens shall be carried out (hotline, customer service consultants etc). After the consultation, the citizen’s request shall be established, separated and the relevant application form should be indicated.
- After registering the forms, it is recommended to scan the front pages only but the attached documents should be classified.
- While registering the forms in the system, it is recommended to indicate the number of attached documents and their types.
- In order to conduct complete and convenient customer service, it is advisable to place the dual monitor in the service Center through which citizens will control the text typed by the registrar.
- After the registration, it is also required to affix the citizens’ signature to the prepared application. This can be done either with electronic special signature device or on hard paper.

- It is also desirable to merge UB1234 and UB1200 and form a unified system where users will be able to obtain various types information such as news, legislative changes as well as registering applications with user name and password credentials. The system should link the application title to the website UB1234 and the application form UB1200 to the system.

C. Land Office application

This program plays a critical role in the process of issuing construction permits. The program is based on Geographic Information Systems (GIS) database. Currently the Land office and nine district offices consult citizens using this system. The system is developed on a single database based on which Land office and nine district offices operate in the single system.

System Functionality

- Through this system, Land Office serves citizens so that they can visually locate the desired land to purchase, identify the status of the land (sold or free), approximate size of the land plot, other details.
- Within this system the land may be registered in the database after applicants receive the certificate for land use.

Recommendation

- The Land office should make all the data related to land status such as leased, in the process of leasing, forbidden to be leased (if any), free lands.
- The publicity principle may be protected through interactive maps where citizens will receive all of the above mentioned information.
- In case of searching for free land, applicants should be able to draw the outline of the free land online, download and print the map which will have the land area selected and outlined by the applicant.
- The land disposal should also take place online where the municipality will prepare the lots (selected by the citizens as well as the lots initiated by the municipality).
- The prepared lots shall include all the variants for construction development of the land area (I stage - the terms of construction permits).

3. Data Exchange and Publicity

Current situation

- At present, the inter-agency electronic data exchange is represented at the minimum level. With regards to publicity the departments have their web pages. The websites mainly include the textual information, the departments' contact details, the lists of applications, news, legislative news, FAQs and so on.
- Registering application in the system ub1200.mn is also based on the unified system through which the data are exchanged only between applicants and service providers. Citizens can register applications online through this system, except the construction permit¹.

¹ See the description of system ub1200.

- Districts have the system, which provides the registration or re-registration of citizens according to the addresses or birth registration.
- If a citizen wishes to change the registration place, they should first apply to the district where they are currently recorded, request the document (this document will confirm their current registration place) and only after this apply to the district according to new place of residence.
- District of a new place of residence, based on the above- mentioned document shall register the citizen on the new place of residence.

Recommendations

- All services provided by the municipality should be located at a single location for the convenience of the citizens.
- It is recommended to organize a single powerful server room where all the municipal services and applications will be placed, create a single local network and a single security concept. It is also desirable to create DR (disaster recovery).
- Land related data, GIS cadastral data, master plan, land plots leased by municipality, land plots for which construction permits are issued and applied for, should be available for public access.
- It is also desirable to improve and develop the existing ub1200.mn system in order to improve the internal document flow where it may be possible to forward the electronically registered applications to other agencies.
- The registration and re-registration of citizens according to the places of residence should be simplified. The nine districts should operate on a single database, which will eliminate the necessity to grant additional documents.

4. Banking Services

Current situation

Currently, the municipal services are provided either free of charge or paid. The payment for paid services is processed by commercial banks.

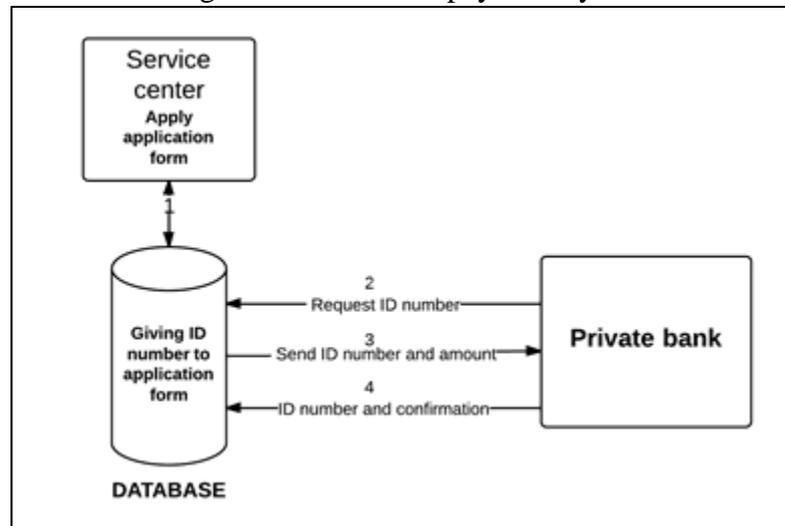
With regards to the process of paid services, first, an applicant registers a paid application in the service center; the center staff verbally gives the applicant the information about the application fee; and the applicant pays the fee at a bank. A bank officer gives the payment confirmation to the applicant who submits it to the service center operator and the operator files it with other documents, without scanning it for soft files.

Recommendations

- In order to simplify procedures, a unique ID number should be provided to each application (paid or free) after the registration. In this case applications can be used as invoices, as well.
- After the registration, an applicant should be given the printed version of application which will show the request text, other required attributes and the unique ID number of the application.

- The cooperation agreement should be signed between banks in the service center and municipality and the system for data exchange should be created. Through the system it should be possible to exchange the following information between banks and municipality: application ID number, appropriate fee, date, applicant details, among others.

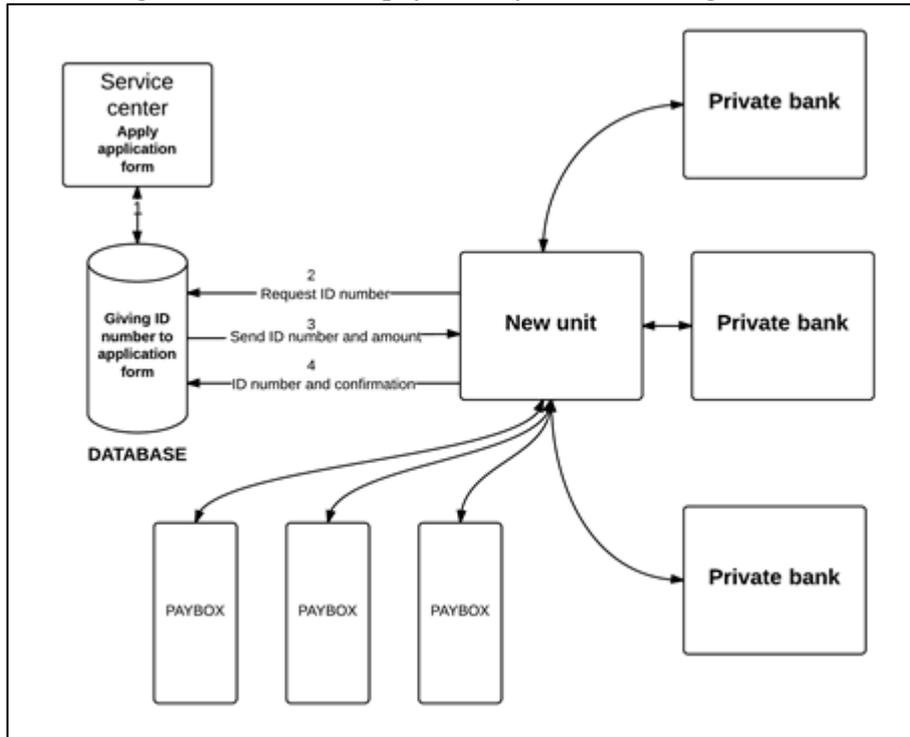
Diagram 1. Process of payment system



As described in the above diagram, the information on successful payments will return to the database and the registered application can get notifications when the payment is processed.

- If the number of banks in the above-mentioned system significantly increases, there may be some challenges related to the data uniformity. Therefore, the municipality should either require a unified form from banks or may create intermediate unit which transfers all the information and consolidate the data. The above-mentioned unit also secures the municipality to have separate services with all new banks. The formation of such unit should be provided by private companies and the draft proposed processes are provided in diagram #2 below.
- The banking services should also be conducted through the PayBox installed in the service centers. In case of using the PayBox, resources to keep personnel, including bank officers, will be low and bank services will be easier if service centers have small space. In this scenario, an applicant only enters the application ID number and pays the fee and the PayBox sends back payment information.

Diagram 2. Process of payment system including new unit



5. Hotline and Customer service consultants

Current situation

Currently the municipality hotline is provided by the private mobile operator service company “MobiCom” with two municipal employees to answer all calls. The operators consult citizens on various municipal services and also register applications through the system UB1200. An applicant notifies about a request and the operators registers the received information in the system. The average number of hotline telephone calls is 100 per day.

Recommendations

The hotline currently is operating well however, due to the system changes planned in the municipality, the demand for service from citizens may increase significantly. Accordingly, the municipality may need to train and add more operators to meet the citizens demand and a proactive approach could benefit the entire process. Regular trainings will be necessary to provide operators with information about ongoing changes in the municipality. A space needs to be created for customer consultation at the service centers to enable citizens to receive complete information about existing services.