

**PERFORMANCE AND ACCOUNTABILITY REPORT – 2010
COMMUNICATIONS REGULATORY COMMISSION OF
MONGOLIA**

- Principle to follow same tariff over different geological locations for domestic internetwork connections starting from 01st January, 2010 and Principle for income distribution of internetwork connection between telecommunication service providers were approved and updated by the Resolution of CRC Meeting. Different tariffs over communications between calling services within and out of cities were changed to same tariff starting from 1st February, 2010 and Chairman and CEO of ITPTA, Chairman and CEO of CRC and directors of Information and Communication Network LLC, Mobicom LLC, Skytel LLC, Unitel LLC, G-Mobile LLC and Telecom Mongolia LLC all signed on the contract. As result, all the calling services which had a huge difference on payment due to geographic location is changed to a similar level no matter the difference on calling services of being province to province, or city to city. Internet service tariff too is changed to a similar level despite the different geological locations, which was a significant step to eliminate information and data distribution differences between urban and rural areas. As a result of this action, calling service tariff of mobile phone users over inter-connection communication between different cities was decreased 1.7-2.1 times in average, as of first 9 months of 2010. The cost of landline communication users to make a call to different city user is also decreased 1.6-2 times in average, at the same time.
- City to city channel lease tariff of Information and Communication Network SOE for internet service is regulated and approved by Resolution 01 of CRC Meeting held in January, 2010. The approval of this tariff resulted 15.0 percent discount in average on monthly fixed fee of internet service to customers and possibility to improve internet connection speed to the customers.
- “Communications regulation – 2010” Forum organized annually by CRC for relevant government organizations and license holders was held under a topic “Innovation in Business Environment – Efficient Regulation” on 11-12 May, 2010. The Commission let license holder individuals and service providers involved in the Forum, which had more than 250 representatives in total from both UB city and rural areas. The Forum had 3 sessions, for Internet, TV and Post, all of which assessed the achievements and discussed problems as well as made recommendations for innovation of business environment and efficient regulation. A plan was also developed in line with the recommendation and relevant actions were taken.
- Under implementation of “Innovation in Business Environment – 2010” announced by the Government of Mongolia and the Decree No. 60 of the Prime Minister of Mongolia of the year 2010 to develop laws, regulations, procedures and other acts which coordinate license for business operations and its implementation, cooperated with the working group of the Government and made a proposal to deduct 42 licenses in total, which were used to be issued, to 21 in order to make CRC operations and services for service

providers of the sector open, transparent, fast and easy with bureaucracy. The proposal was presented to the Government meeting and the resolution was made.

- CRC continued the Event “Year of Internet”, which was announced in 2009 through the country, over 2010 and developed the Project “To Deliver Internet Service to Rural Soums” under cooperation with the World Bank with the purpose of covering number of local customers and make them familiar with internet service and eliminate the difference on service cost between service in urban and rural areas. Contractors to become internet service providers in 34 Soum centers of Tuv, Bulgan, Dundgobi, Umnugobi, Khuvsgul, Uvs, Uvurkhangai and Zavkhan Provinces of Mongolia were selected and the internet service started being introduced.
- A seminar titled “Implementation and result of Communication Development Program in Rural Areas”, which was implemented by CRC and the World Bank starting from 2008, - Universal Access Program Final Workshop” was held on 28th October, 2010. The projects implemented under this program, such as Sub-Project to establish mobile communication network in every soums and deliver the service, Sub-Project to establish herders’ network and introduce telecommunication network service, Sub-Project to launch internet service etc. as well as problems faced to introduce public communication services, results achieved and further objectives were discussed at the seminar, which covered more than 150 guests and representatives including representatives of CRC, ITPTA, World Bank and local representatives etc. This rural communication project implemented in Mongolia by the World Bank is the model action among the projects implemented in other countries of the world. The operation of the implementer of this project, CRC, is highly appreciated.
- Introduction of the 3rd generation of mobile network, the 3G technology and service, in Mongolia resulted improvement in mobile communication sector and opened the possibilities for customers to use the modern mobile technology services including broadband and wireless internet connections etc. Mobile communication service operator companies implemented the technical transition and innovation to introduce 3G technology and increased the coverage in 2010 successfully, resulting introduction of such service in more than 20 cities, province centers and major settled areas including UB, Darkhan and Erdenet cities.
- Started transmitting multi-channel TV broadcasting through digital technology via satellite, opening technical opportunity for rural citizens and herders to see all TV channels of Mongolia with high quality.
- Project to improve monitoring of national radio frequency was implemented completely. National radio frequency monitoring structure with the fixed, mobile and portable equipment for modern radio frequency monitoring and measure was established as the first time in Mongolia. As result, the possibility to monitor whole frequency bands, which are under use in Mongolia, is provided.
- National Program and action plan draft for “Transferring radio and TV broadcasting network of Mongolia to digital technology” were initiated by CRC and discussed at the CRC Meeting. The proposal was submitted to both ITPTA and the Cabinet Secretariat of the Government. The National Program was approved by the Resolution 275 of the Government, dated on 27th October, 2010. According to the Program, Mongolia is able to transfer TV and radio broadcasting to digital technology completely and implement the radio and TV regulatory actions starting from 31 July, 2014. Working group to organize

implementation of the National Program was established by Resolution No. 211 of the Chairman and CEO of the CRC of the year 2010. Comprehensive plan for this transition is also developed and being implemented.

- “Procedure to do discussion” was discussed and approved by CRC meeting. Transferred to a principle to discuss regulatory procedure with public and service operators, to make the organization’s operations transparent and to receive proposals and reflect it to the draft of any regulatory document and procedure after discussion.
- Developed proposals in order to improve regulation of TV and radio broadcasting in Mongolia based on relevant studies before it’s discussed at the Government Meeting, dated on 27th October, 2010, which issued the Resolution No. 276 “to approve TV and radio regulatory direction”. Drafts of TV regulation and general procedure of radio regulation were developed with the purpose of implementing the resolution and the Commission held 2 discussions among with the license holders in December, 2010.
- In order to plan the objectives, projects and programs, actions and regulatory operations of the sector to be implemented in 2010, organize implementation of those actions, advertise the activities and provide professional and methodological advices, CRC organized open discussions, trainings and seminars with more than 20 topics, such as the Forum named “Communication regulation – 2010”, “Digital TV experience – Development trend”, “Distribution and utilization of radio frequency band for emergency operations”, “Implementation and result of communication program for rural area”, “Broadband network strategy of Mongolia and research results”, “Self-regulation mechanism of media, Ethic principles”, “Implementation of Postal technology standard, custom clearance”, “Amendment to the Procedure of Radio Frequency Utilization Service Payment”, Training and Seminar titled “Development trend of Mongolian FM radios”, “Procedure of online content service in communication network”, “Procedure of mobile content service”, “Temporary procedure of web site service” and “General procedure of radio and TV regulation” etc., all of which were significant event to advertise the activities to the license holders and citizens, to get them involved, to cooperate with them, to get relevant advices and proposals for regulatory operations, as well as to arrange the activities.
- More than 60 conclusions and proposals, such as improving regulation in information and communication technology, radio, TV and postal sector, to resolve critical issues, to approve relevant procedures of the regulation, to make amendment, to implement projects and programs, to develop terms and requirements, to extend, issue or terminate license etc. were discussed over 10 regular and 3 special meetings of CRC in 2010, where 48 resolutions and 16 memorandums in total were made. Implementation plan for resolutions and decisions of CRC meetings was developed and implemented.

JUSTICE, INFORMATION AND ADMINISTRATION DEPARTMENT

COMMUNICATIONS REGULATORY COMMISSION 30th DECEMBER, 2010