



POSITION PAPER

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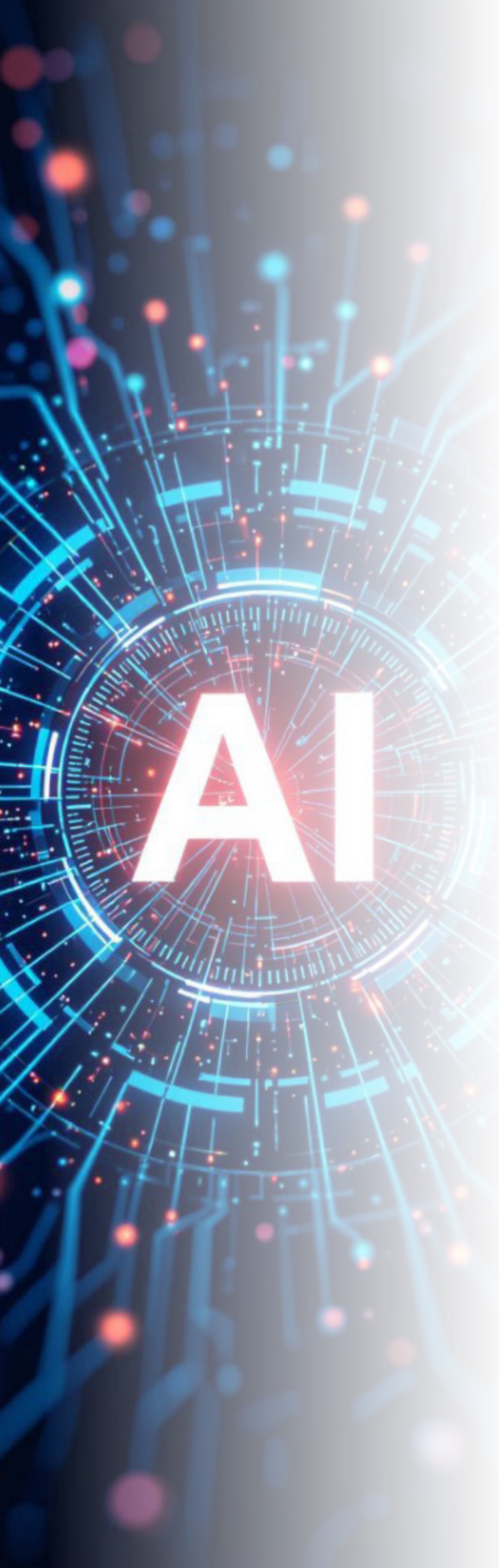
THE AMERICAN CHAMBER OF
COMMERCE IN MONGOLIA /AMCHAM/

MONGOLIA'S AI DEVELOPMENT LANDSCAPE

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A large, stylized graphic on the left side of the page. It features a circular, futuristic design with glowing blue and red lines radiating from a central point. In the center of this circular graphic, the letters 'AI' are prominently displayed in a large, white, sans-serif font. The background of the entire page is a dark blue gradient with scattered glowing red and blue dots, resembling a digital or network theme.

EXECUTIVE SUMMARY

Mongolia has reached a critical macroeconomic inflection point. As the nation seeks to diversify its economy away from an overreliance on the extractive sector, where mining currently accounts for 95.4 percent of export revenue, artificial intelligence (AI) has emerged as the primary engine driving this essential transition. Mongolia attained a very high status in the UN E-Government Development Index (EGDI) for 2024, positioning itself among the top five landlocked nations.

However, a significant gap persists between administrative digitization and true AI readiness. While digital infrastructure represents a national strength, the technology sector remains a distinct weakness due to the scarcity of AI-focused startups and limited access to risk capital.

AmCham Mongolia strongly urges the government to transition from policy formulation to effective execution by enforcing the Law on Supporting Information Technology Production (ITP Law) with the accompanying procedures, and centralizing data protection authorities into a single independent institution.

National Strategy and Governance: The Mongolian government has officially designated 2026 the Year of Artificial Intelligence and Big Data. The primary goal is to position Mongolia among the top 10 Asian nations for AI readiness by 2030. The National AI Professional Council will oversee the governance and implementation of 66 specific measures for 13 distinct methodologies. Key initiatives include the establishment of a national GPU cluster center, the integration of AI into primary education via Google Gemini Academy, and the provision of targeted tax incentives for AI startups.

Infrastructure and Resource Readiness: The 2025 UNDP AI Landscape Assessment places Mongolia in the “Systematic” stage with an overall readiness score of 3.0 out of 5.0.

Human Capital & Cybersecurity: A unique gender dividend exists; wherein Mongolian women score 10.9 percent higher than men in digital competencies. In terms of cybersecurity, Mongolia faced 1.6 million cyberattacks in 2024. The expanding attack surface necessitates the urgent creation of a national cybersecurity academy.

BEST PRACTICES:

- **Mining:** The Oyu Tolgoi (OT) Smart Plant System uses machine learning and data from over 8,300 sensors across the open pit, underground, and concentrator to automate early-warning notifications. In 2025, it prevented unexpected shutdowns, valued at approximately 30 million USD, with an additional 800 sensors currently being deployed to improve reliability. Concurrently, **Andorean** utilizes point cloud technology to create high-resolution 3D digital twins and 2D maps of mine sites, allowing companies to simulate extraction scenarios, monitor terrain changes, and manage vehicles and fleets, effectively reducing costs by up to 30 percent.
- **Banking, Fintech, and Telecom:** Trade and Development Bank JSC (TDB) launched the TDB Skill Lab as a fundamental pillar of its digital strategy, effectively demonstrating how private sector institutions can successfully integrate AI into their corporate DNA. **LendMN** achieved 100 percent automated credit decisioning in just three minutes via its Looms platform. Unet Financial Group subsidiary **Unet Innovations** has developed its proprietary IntelliSense ecosystem, an autonomous AI and data intelligence platform designed to operate with zero human intervention. **ONDO** is transforming Mongolia's telecom market by leveraging its in-house BOSS platform and AI-driven capabilities to deliver lower costs, faster innovation, and a superior data-driven customer experience. **Unitel Group** redefined its corporate identity from a legacy provider to a comprehensive digital tech company (techco), a transition marked by the nationwide establishment of 5G mobile sites in Ulaanbaatar and in all 21 provincial centers last year.

AMCHAM NOTE:

AmCham identifies a scenario of “high potential, low execution” as the primary risk facing the development of AI in Mongolia.

- **Immediate Action:** Enforce Article 14.1.1 of the ITP Law to allocate 40 percent of IT production contributions to support virtual zone entities.
- **Funding:** Direct five percent of the government's Special Fund toward critical AI infrastructure.
- **Procurement:** Enforce Article 5.1.2 of the ITP Law, mandating that the state procure IT products from the private sector rather than producing them in-house.
- **Governance:** Centralize data protection oversight under an independent authority to bolster investor confidence.
- **Cloud and AI readiness:** Mongolia's AI strategy should be supported by risk-based data governance that enables secure hybrid cloud adoption, particularly for regulated sectors such as banking. Access to global cloud AI platforms, cloud GPUs, and enterprise AI tools should complement—not replace—the national GPU cluster, allowing Mongolia to combine sovereignty, security, and competitiveness.



ЦАХИМААР НЭН ТЭРГҮҮНД ҮНДЭСНИЙ ХӨДӨЛГӨН

1. THE DIGITAL FIRST POLICY

Mongolia is actively navigating a pivotal macroeconomic transition, harnessing the power of AI and digital transformation to diversify an economy that has been historically dependent on the extractive industry. Positioned strategically between major geopolitical powers, the nation is assertively pursuing economic independence by evolving from its traditional nomadic heritage into a sophisticated, data-driven “Digital Nation”. This profound shift represents a fundamental re-engineering of the social contract, prioritizing seamless technological integration across all administrative levels through the Digital First mandate, which was formally adopted via Cabinet Resolution No. 108 in September 2025.

The ongoing restructuring of the global economy, catalyzed by AI, places Mongolia at a unique inflection point. The nation aims to use digital transformation to reduce reliance on the extractive sector, which currently accounts for 26 percent of GDP, 74 percent of foreign direct investment (FDI), and an overwhelming 95.4 percent of export revenue. As a landlocked developing country (LLDC), digitalization serves as a vital “virtual third neighbor” policy, allowing Mongolia to bypass physical trade barriers and mitigate geopolitical and commodity market volatility.

AI’s emergence as a general-purpose technology significantly raises the stakes for this transition. The UNDP cautions against the “Next Great Divergence”, a scenario where the benefits of AI overwhelmingly cluster in nations possessing advanced infrastructure and high-capacity institutions, leaving latecomers severely disadvantaged. Mongolia’s strategic efforts are meticulously designed to ensure the nation lands

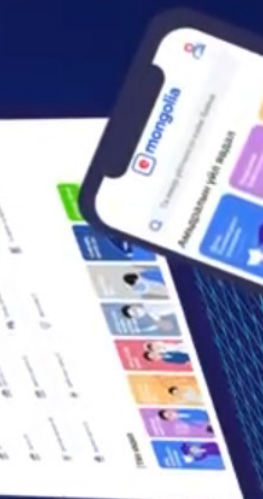
on the advantageous side of this divergence. By investing in its digital public infrastructure (DPI) and establishing clear ethical and operational guardrails, Mongolia is actively attempting to utilize AI as an engine for convergence, narrowing the developmental disparities that have historically impacted its rural and remote communities.

The official adoption of the Digital First policy recommendation on September 24, 2025, marks a decisive paradigm shift in Mongolia’s governance philosophy. Previously, digital transformation was perceived as a beneficial supplement to existing bureaucratic processes; it is now established as the primary and mandatory method of operational execution. Resolution No. 108 mandates that the state prioritize digital-first services for all citizens and legal entities, fundamentally transforming policy formulation and delivery mechanisms.

Promotion and Awareness: Introducing the Digital First recommendations to all echelons of government, encompassing local administrative bodies and state-owned enterprises.

Annual Reporting: Presenting a consolidated progress report on policy implementation to the cabinet during the fourth quarter of every year.

Broad Compliance: While the resolution is a strict directive for executive agencies and province governors, it concurrently acts as a formal recommendation for the judiciary, the prosecutor’s office, and other independent, Parliament-appointed state organizations.



The primary operational instrument for this mandate is the [E-Mongolia platform](#). Launched in 2020, the platform offers 1,269 different services from 89 institutions and has achieved 2.06 million active users, representing 89 percent of the adult population. E-Mongolia 5.0 features five significant innovations: the DAN 2.0 Smart Identification and Authentication System, an AI-driven citizen support chatbot, a digital wallet, new service offerings, and a unified portal for all government agency websites. Furthermore, services such as e-Apostille certification, vehicle registration transfers, and vehicle license plate reservations are now entirely digitized. New functionalities also enable users to request replacement documents, marriage certificates, and children's passports via the mobile application.

Through partnerships with the State Treasury, QPay, and SocialPay, users can now make payments for government services through a single payment interface. Payments for utilities, including housing, electricity, and heating, can also be processed digitally. With the help of an AI-based intelligent assistant and chatbot, users can directly access 60 services and monitor the status of their applications and complaints. The DAN 2.0 system allows users to log in without the need for SMS by utilizing facial recognition AI, international phone numbers, and third-party authentication applications such as Google Authenticator and Microsoft Authenticator. An F-Register service tailored for foreign citizens is also available on the [E-Mongolia Foreigner Portal](#).

MACROECONOMIC IMPACT:

The financial ramifications of the E-Mongolia platform and broader digital transformation initiatives are substantial. The government calculates that since its inception, a total of 107 million services have been provided digitally, resulting in cost savings of 2.18 trillion MNT (approximately 560 million USD), clearly illustrating the concrete advantages of digital transformation.

DIRECT COST REDUCTIONS:

- **Administrative Expenditures:** Approximately 78 billion MNT has been saved in direct administrative expenditures, primarily through drastic reductions in paper procurement, printing, and postal services. The implementation of the Inter-ministerial DocX Platform aims to save 1.2 billion MNT annually by eliminating physical document exchanges between ministries.
- **Indirect Savings for Individuals and Businesses:** Most of the savings are derived from the elimination of indirect costs. Historically, accessing government services necessitated multiple physical visits, incurring transportation costs and significant lost productivity. Under the digital model, most services can be accessed in two to five minutes, saving Mongolians an estimated 3,581 hours annually. Approximately 80 percent of citizens utilize the platform, resulting in estimated savings of 27 million USD in indirect costs.
- **Corruption Mitigation and Transparency:** By removing direct human interaction from service delivery points, the digital architecture drastically minimizes opportunities for red tape and unauthorized administrative fees, thereby enhancing public trust and resource allocation efficiency.
- **Accessibility:** The platform is designed for inclusivity, incorporating specific features to increase accessibility for individuals with disabilities. It also serves the Mongolian diaspora, granting remote access to over 800 services and reinforcing the critical link between expatriates and the state.

INTERNATIONAL BENCHMARKING AND REGIONAL LEADERSHIP:

Mongolia's rapid digital evolution has garnered notable recognition across global indices. The nation ascended 28 places to rank 46th out of 193 countries on the [E-Government Development Index](#) (EGDI). This leap into the very high EGDI category marks Mongolia's inaugural inclusion in this elite tier. This success is fundamentally driven by high scores in the Telecommunication Infrastructure Index (TII) and the Online Service Index (OSI). It is necessary to note that the commitment to connecting all 325 soums to an expansive 48,000 km fiber optic network provides the backbone for these rankings.



2. NATIONAL AI STRATEGY AND GOVERNANCE

The Mongolian government's official declaration of 2026 as the Year of Artificial Intelligence and Big Data signals a resolute policy pivot toward advanced, data-driven integration. This approach focuses on two operational arenas: AI models designed for export (specifically in mining, fintech, and environmental sectors) and domestic public infrastructure (with an emphasis on healthcare, education, and agriculture). The year will feature a series of legislative submissions to Parliament, encompassing acts on AI, data, e-commerce, startup support, space, and drone technology. Simultaneously, the 6th National Digital Skills Campaign in Ulaanbaatar aims to ensure the broader population acquires the digital literacy required to navigate an AI-driven society. The explicit objective is to position Mongolia among the top 10 leading countries in Asia regarding AI readiness and technological competitiveness.

To oversee this monumental shift, the government established the National AI Professional Council, a governing body composed of public and private sector representatives. The strategy's development actively utilizes the Framework and Foresight methodology from the University of Houston, relying on open feedback from scientists and private enterprise to anticipate future integration scenarios. City authorities in Ulaanbaatar have allocated significant investment to transition local administrative operations to AI-based systems. A highly visible manifestation of this is the deployment of Dahua Technology-enabled intelligent transport systems (ITS), which employ AI-driven video surveillance and big data analytics for real-time traffic monitoring and automated fine issuance.

Financial modeling suggests that automating mechanical, routine administrative tasks could reduce state audit costs by 20 percent annually. Consequently, the government initiated a controversial policy to reduce the civil service workforce by nine percent, a move that sparked debate regarding the disproportionate targeting of rank-and-file employees rather than middle management.

To address the readiness gap, the Government of Mongolia formulated the National Strategy for Big Data and Artificial Intelligence, which is being implemented in two stages from 2026 to 2030.

- **Legal and Ethical Environment:** Developing AI ethics guidelines and human rights-based legislation. This includes a major revision of the Law on Cybersecurity and introducing new laws on data protection and AI ethics.

- **Data Infrastructure:** Establishing a national-level GPU cluster center and strengthening the government-integrated database to provide the computing power and data lakes necessary for AI training.

- **Human Resource Development:** Preparing a new generation of data scientists and AI engineers, incorporating AI courses into primary education, and training educators via Google Gemini Academy.

- **Innovation and Startup Support:** Creating an investor-friendly environment for AI startups, providing tax incentives, and establishing incubation centers to nurture local tech talent.

Mongolia's assets in the AI race are its political will and digital infrastructure. The government has shown the ability to mobilize resources for large-scale digital projects, evidenced by the reach of E-Mongolia. Institutional ambition is high, with the ministries of Health, Education, and Roads and Transport actively seeking AI solutions to optimize operations. A unique advantage is the digital literacy of the female population. Women's digital skills in several target groups were found to be four to nine percent higher than men's in areas like content creation and information analysis. This gender dividend presents a significant opportunity to lead the development of an inclusive AI workforce.

However, the following barriers must be overcome to achieve the national strategy's goals:

- **Qualified Manpower Shortage:** There is a severe shortage of highly skilled professionals capable of building and maintaining complex AI systems. Currently, only about 5,000 specialists in software development and consulting exist nationwide.
- **Funding and Investment:** Funding for research and development remains insufficient. Between 2017 and 2025, Mongolia attracted just 14 million USD in startup investment, which is insufficient for funding a major AI foundation model.
- **Hardware and Computing Power:** While basic internet connectivity is high, the high-performance computing (HPC) power needed for AI training is missing. Establishing a national GPU cluster center is a critical step.
- **The Urban-Rural Divide:** While 82 percent of households in Ulaanbaatar have fixed broadband, only 23 percent in rural areas have similar access, threatening to leave rural communities—particularly nomadic herders—out of the AI-driven progress.
- **Legal Uncertainty:** The absence of a governing legal framework for AI makes international investors cautious. Resolving this through planned 2026 legislation and implementing the ITP Law with the accompanying procedures are a priority for AmCham and private sector stakeholders.
- **Cloud and Data Governance Gap:** The planned AI and Data legislation should introduce a risk-based data classification framework, distinguishing highly sensitive personal or regulated data from lower-risk workloads. This would allow financial institutions to keep sensitive data under appropriate domestic controls while using secure cloud services for development, analytics, AI experimentation, cybersecurity, and non-sensitive workloads.
- **Cybersecurity Capacity and the Digital Attack Surface:** As Mongolia moves its essential services to digital platforms, its attack surface for cyber threats significantly increases. The 2025 Cybersecurity Capacity Assessment notes that the success of the Digital Nation and E-Mongolia initiatives is fundamentally dependent on the security of their underlying infrastructure.

Parliament adopted the Cybersecurity Law and the Law on Personal Data Protection on December 17, 2021, creating a new governance framework and establishing three centers to coordinate cyber threat responses:

- **General Intelligence Agency National Center:** Protects critical information infrastructure.
- **Ministry of Digital Development, Innovation, and Communications Public Center:** Coordinates cybersecurity for citizens and private businesses.
- **Armed Forces Center:** Defends military digital assets.

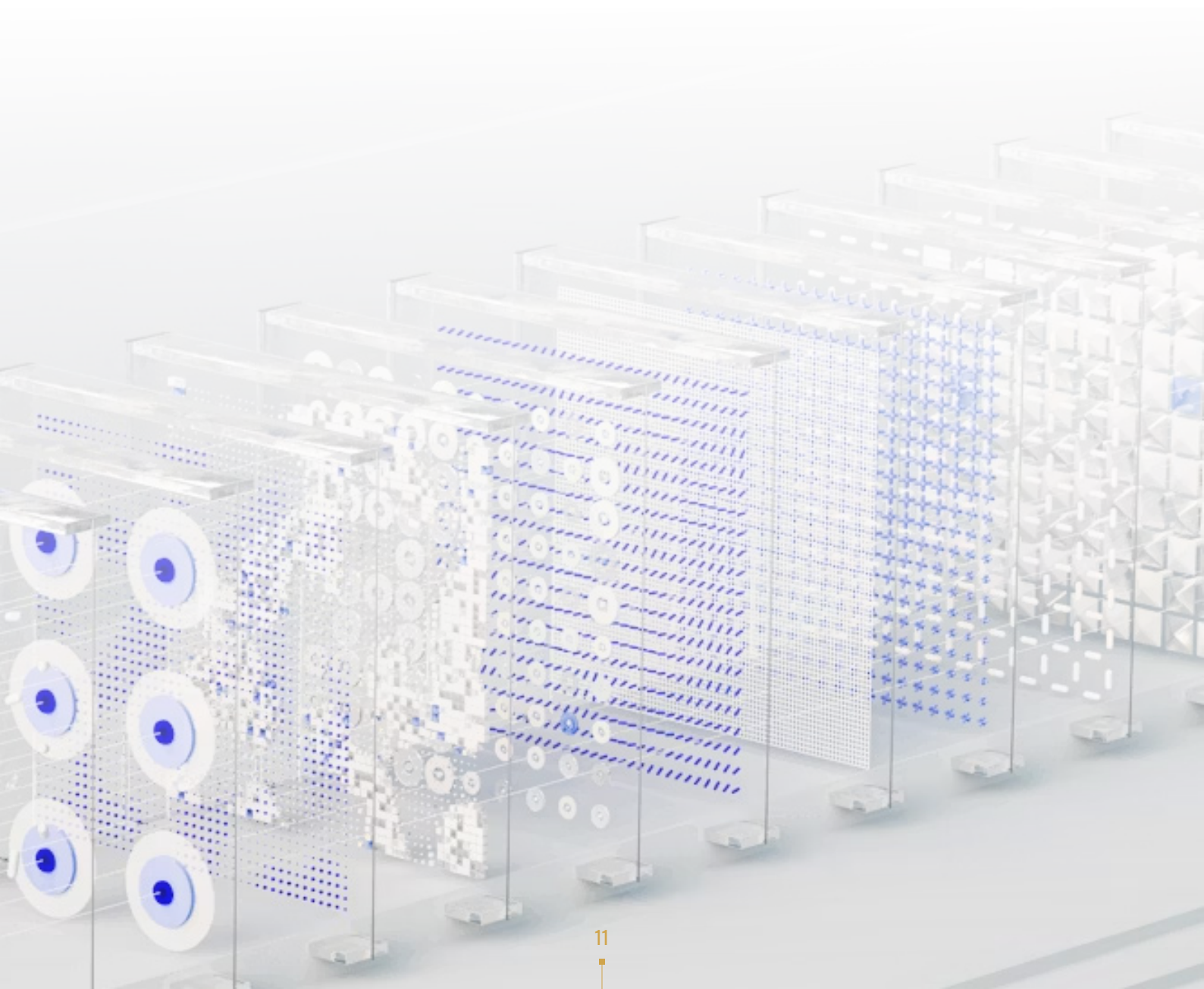
Despite the robust legal framework, enforcement remains a major challenge. A UN Special Rapporteur noted in February 2026 that data protection oversight is fragmented across several state authorities and lacks a dedicated, independent authority with strong enforceability. Sanctions are perceived as lenient, and public awareness of data rights remains low. The Digital First policy seeks to mandate nationwide digital literacy programs and introduce human rights-based evaluations for AI systems. Until a centralized data protection authority is established, the risk of data misuse or breach remains a significant concern for technological sovereignty. The framework for data protection ought to acknowledge privacy-preserving techniques like encryption, tokenization, anonymization, and synthetic data. These instruments enable regulated organizations to utilize protected or non-identifiable datasets for approved cloud-based analytics, testing, AI model development, and cybersecurity use cases, without imposing excessive limitations on all data-related operations to domestic infrastructure.

- **The Blue Sky Dialogue:** Unlocking Mongolia's Digital Opportunity, held in September 2025, assessed the nation's innovation potential, with input from leaders in government, business, and academia. The dialogue concluded that while Mongolia has a formative startup ecosystem, with fewer than 200 active startups, targeted action could grow this to over 600 within five years. Reaching the global average for innovation hubs (0.7 percent of GDP in ecosystem value) would contribute approximately 110 million USD to the economy and generate up to 25,000 highly-qualified jobs. This requires activating approximately 4,000 entrepreneurial teams by 2030, with targeted programming for students, professionals, and researchers to grow the founder base.
- **Sector Specialization:** Key strategic insight is a necessity for Mongolia to specialize in industries where it has an existing globally competitive advantage. By leveraging data from its extractive industry, Mongolia can develop exportable AI solutions for autonomous operations, predictive maintenance, and sustainable extraction. This pivot from a resource exporter to a technology exporter is the primary mechanism for long-term economic resilience.

Mongolia's digital transformation journey is characterized by institutional ambition and the recognition of geopolitical and economic constraints. The Digital First mandate is a bold strategic play to overcome the limitations of geography and tradition. Savings of 1.7 trillion MNT and the jump in the UN E-Government Index indicate the dividends of digitization are real and measurable. Nonetheless, achieving the status of a top 10 Asian nation in AI by 2030 presents numerous challenges. The shortage of qualified labor, the urban-rural divide, and evolving cyber threats mean Mongolia must remain vigilant. Success will ultimately be measured by the degree to which these technologies empower citizens, from tech developers in Ulaanbaatar to herders in the remote steppe.

AMCHAM NOTE:

Mongolia offers a unique environment, where the hunger for innovation matches a strategic need for international best practices. Mongolia's digital rails are laid; the challenge is to ensure they lead to a more inclusive, prosperous, and secure future.





3.

AI BEST PRACTICES AND INDUSTRY IMPLEMENTATION

MINING:

Industry giants like Oyu Tolgoi are utilizing robotics, vast data lakes, and advanced analytics to create smarter and safer extraction operations. Domestic tech firms like Andorean are pioneering AI-powered digital twin platforms tailored for the mining sector. The mining sector serves as Mongolia's flagship specialization for digital transformation.

Oyu Tolgoi: Operational since 2025, OT's Smart Plant System uses machine learning and data from over 8,300 sensors across the open pit, underground, and concentrator to automate early-warning detections. In 2025, it prevented unexpected shutdowns, valued at approximately USD 30 million, with an additional 800 sensors currently being deployed to further improve reliability.

In automation and robotics, OT's Drill and Blast Team uses drones for blast clearance inspections, saving 15 minutes per blast while removing personnel from high-risk environments. The site also operates more than 130 autonomous haul trucks and 40 autonomous drills, all remotely controlled from a centralized console. In 2026, OT became the first mining company in Mongolia certified under CAR-102 to operate heavy drones weighing 25 kg and above and to conduct night flights, enabling the safe and rapid delivery of essential equipment to hard-to-access, high-risk areas of the mine.

Further strengthening asset integrity, OT deploys advanced robotic inspection tools, such as the RMS2 300 Crawler, for ultrasonic mapping to inspect critical storage tanks for corrosion and wear. What previously required several days, large crews, and extensive scaffolding is now completed in approximately 12 hours, significantly improving safety and inspection efficiency. Emphasizing sustainability, OT's closed-loop water systems recycle approximately 80 to 85 percent of process water, a critical achievement in the arid Gobi.

Andorean LLC: This local innovator utilizes point cloud technology to create high-resolution 3D digital twins and 2D maps of mine sites, allowing companies to simulate extraction scenarios, monitor terrain changes, and manage vehicles and fleets, effectively reducing costs by up to 30 percent.

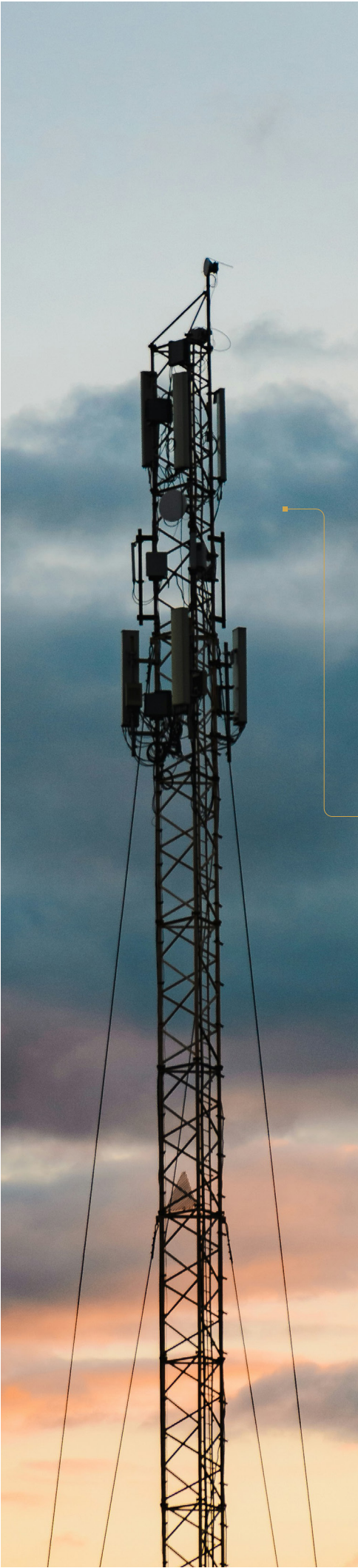
BANKING AND FINANCE:

Trade and Development Bank JSC: Pioneering a transformative shift in internal upskilling, TDB launched the TDB Skill Lab as a fundamental pillar of its digital strategy, effectively demonstrating how private sector institutions can successfully integrate AI into their corporate DNA. By mandating a minimum of one hour of monthly training for all employees to master AI fundamentals and advanced professional modules, the bank operationalized a philosophy viewing AI as an augmentation of human talent rather than a replacement; this strategy has yielded substantial efficiency gains, including a [reported](#) 40 percent increase in coding speed and overall productivity among its software developers. To scale such gains across the banking sector, regulators need to provide clear approval pathways for hybrid cloud, commercial LLM platforms, and enterprise AI tools that meet security, auditability, and customer-data protection requirements. This would allow banks to apply AI more effectively in areas such as productivity, fraud detection, customer service, document processing, and decision support.

LendMN: By aggressively leveraging AI to bypass the structural bottlenecks inherent in legacy banking, the Mongolian fintech leader LendMN revolutionized micro-financing through its Looms platform, achieving 100 percent automated credit decisioning in a mere three minutes. Powered by an alternative credit scoring system that analyzes non-traditional data to evaluate the creditworthiness of grassroots entrepreneurs, this technological leap has facilitated the disbursement of over 41 million USD in business loans, emphasizing informal micro, small, and medium-sized enterprises via the Flexi Business Loan program. This digital evolution yielded a remarkable 76 percent CAGR in the loan portfolio—reaching 338 billion MNT by Q1 2026—while fostering social inclusivity and financial stability, demonstrated by the fact that 70 percent of beneficiaries are women-owned businesses. AI-driven precision successfully reduced non-performing loans by an average of 15 percent.

Unet Innovations: As a pioneer in advancing fully automated operations, Unet Innovations has developed its proprietary IntelliSense ecosystem, an autonomous AI and data intelligence platform designed to operate with zero human intervention. Specializing in macroeconomic, financial, and market data, IntelliSense deploys automated agents to collect and process data, generate analytical reports, build forecasting models, monitor and interpret news, and produce social media insights within seconds. By compressing workflows that would traditionally require hours of work from a team of experienced economists and analysts into a matter of minutes, the platform significantly enhances productivity and analytical speed. For instance, its AI-powered newsletter subsystem can generate key market insights within three minutes, compared to the two hours typically required by a human analyst. With forward-looking economic forecasts covering more than 400 indicators and reported accuracy levels of 90 to 99 percent, IntelliSense represents a new generation of AI and data-driven economic intelligence, combining automation, analytical depth, and innovation.





TELECOMMUNICATIONS:

The convergence of the telecommunications and aerospace sectors is currently redefining Mongolia's technological frontier.

ONDO LLC: ONDO is transforming Mongolia's telecom market as a Clean Network, ORAN-native operator, built from the ground up without legacy constraints. The company leverages its in-house BOSS platform and AI-driven capabilities to deliver lower costs, faster innovation, and a superior data-driven customer experience. With a 4G/5G-only greenfield network, ONDO achieves high efficiency, scalability, and long-term strategic flexibility as a next-generation digital connectivity provider.

Unitel Group: The journey [from telco to techco](#). Unitel redefined its corporate identity from a legacy provider to a comprehensive digital techco, a transition marked by the nationwide establishment of 5G mobile sites in Ulaanbaatar and all 21 provincial centers last year, as well as the integration of the AUTIN automation platform, which revolutionized operational efficiency by shortening internal ticket creation processes by 60 times and reducing the mean time to repair by 30 percent. Earlier this year, Unitel Group officially joined the [Dell Technologies](#) partner network at the Dell Technologies World 2026 event held in Las Vegas. This occasion underscores Unitel's designation as a strategic partner and emphasizes its contribution to the advancement of technologies for localizing AI solutions, cloud services, and corporate data in Mongolia.

4.

INFRASTRUCTURE AND RESOURCE READINESS

To quantify readiness, the United Nations Development Programme (UNDP) Chief Digital Office conducted an Artificial Intelligence Landscape Assessment (AILA). Mongolia is in the “Systematic” stage of global AI readiness, with an aggregate baseline score of 3.0.

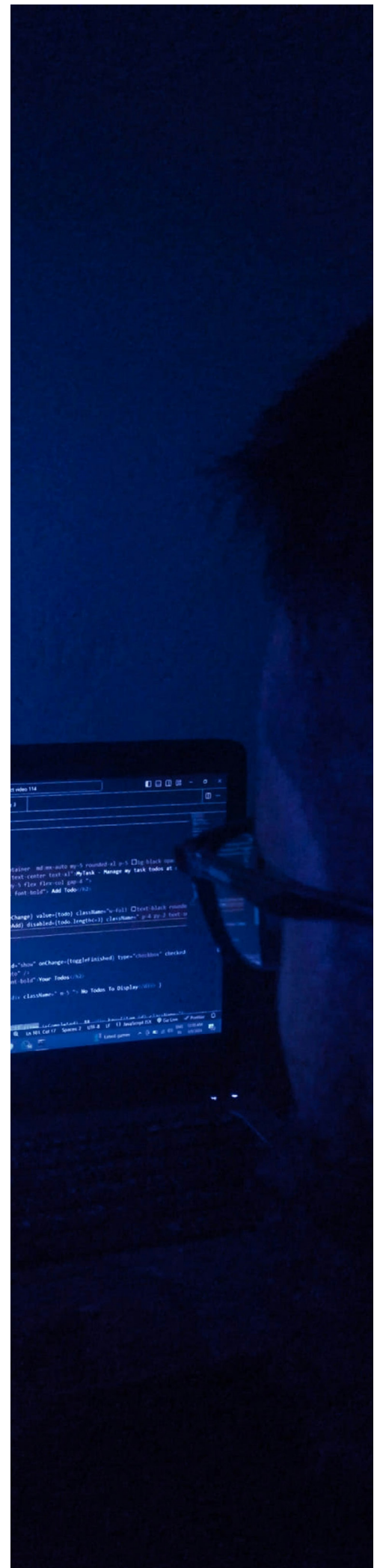
AI Readiness Gap: Despite undeniable strengths in e-governance, Mongolia’s comprehensive AI readiness exhibits substantial room for improvement. According to the 2024 Government AI Readiness Index by Oxford Insights, Mongolia ranked 98th globally out of 188 countries. While this represents an 11-place jump from the prior year, it highlights a critical disparity between successful administrative digitization and the complex technical requirements of a competitive AI ecosystem.

Furthermore, Mongolia scored 0.48 on the IMF’s AI Preparedness Index (API), indicating structural vulnerabilities despite a strong digital infrastructure baseline sub-score of 0.55. The nation faces acute challenges regarding fundamental computing resources, specifically energy shortages, advanced equipment and chip scarcity, and a lack of HPC facilities. To resolve this, the government is pursuing public-private partnerships to establish a national GPU cluster center and attract FDI into the domestic AI infrastructure market.

The national GPU cluster represents a significant sovereign infrastructure initiative; however, it ought to be integrated within a more comprehensive AI infrastructure framework. Domestic GPU capacity is ideally suited for sovereign, sensitive, or high-utilization workloads. In contrast, cloud GPUs and global AI platforms play a crucial role in accommodating variable demand, facilitating experimentation, enabling rapid deployment, and providing access to cutting-edge AI capabilities.

AI-ready Workforce: While an overall shortage of advanced STEM professionals exists, Mongolia possesses a unique demographic advantage. [Mongolian women score 10.9 percent higher than men](#) across key digital competencies, including a four to nine percent advantage in communication, information analysis, and content creation. However, systemic challenges remain. An AILA survey indicates that only 20 percent of respondents have a personal computer at home, and 70 percent lack reliable high-speed internet access.

Mongolia ought to partner with international ICT development centers that cater to local banks and regional clients, offering advanced training, career pathways based on market needs, and familiarity with international technology standards. This initiative would enhance the quality of local services, develop capabilities in cloud and AI implementation, and assist in mitigating the brain drain in the ICT sector.





Cybersecurity and Data Governance: As digitization progresses, Mongolia's attack surface has expanded exponentially. In 2024, the nation faced an unprecedented [1.6 million cyberattacks](#) and incidents, with a staggering [70 percent](#) reportedly directed at the government and affiliated agencies. A comprehensive 2025 cybersecurity maturity assessment by the Global Cyber Security Capacity Centre at the University of Oxford, in partnership with Japan International Cooperation Agency, evaluated Mongolia across five dimensions and highlighted critical systemic weaknesses. Regarding data governance, the state information exchange system, [KHUR](#), successfully facilitates data sharing, connecting 286 systems from 145 government organizations and 431 systems from 370 private entities as of 2024. However, these datasets are not yet fully AI-ready, requiring significant cleaning and structuring to effectively train AI models.

Regulatory guidance ought to acknowledge that prominent cloud platforms can offer robust data protection measures, such as encryption, tokenization, monitoring, access management, and globally acknowledged security certifications. In the context of banking, these measures should be evaluated using risk-based supervisory standards instead of imposing blanket restrictions on the utilization of cloud services.

Innovation: Mongolia's startup ecosystem is in the activation phase, presently hosting fewer than 200 active technology startups. Startup Genome's ecosystem scenario modeling projects that Mongolia has the structural potential to cultivate approximately 600 active startups within five years. The government utilizes the National Information Technology Park incubator to support this growth. Startups engaged with the incubator operate heavily in content development (58 percent), social marketing (23 percent), and application development (10 percent), with an overwhelming 75 percent focused on business-to-consumer markets.

5. POLITICAL WILL AND ECOSYSTEM LEADERSHIP

During the initial meeting of the National Council for the Development of Information Technology Industry and Advanced Technology on April 21, 2026, Prime Minister N. Uchral and Minister of Digital Development, Innovation, and Communications Ch. Nomin convened with representatives from the IT sector to exchange strategic insights. During his tenure as Minister of Digital Development and Communications, Prime Minister N. Uchral presented the ITP bill, which Parliament approved in June 2024, to lay the groundwork for state support. The newly formed council will act as the primary mechanism for the ITP Law's implementation, according to a government press release.

Minimizing direct government involvement while enhancing private sector opportunities yields profound socio-economic advantages. Mongolia currently holds 13,526 registered software systems and licenses, distributed among 4,119 state and locally owned entities. However, 73 percent of systems development and maintenance is conducted by the government, with the private sector managing only 27 percent. Over the last decade, 104 billion MNT from the state budget and 226.7 million USD in foreign loans and assistance were allocated for systems development and infrastructure capacity enhancement.



- Addressing this, Prime Minister N. Uchral [highlighted](#):

The IT sector will shift from government dominance to private sector leadership. We will eliminate barriers through the Let's Liberate initiative. The government will solely establish the regulatory framework; it will serve as a regulator rather than a developer. A resolution has been enacted stating that the government will not engage in systems development. No development budget will be allocated for the upcoming year. We will adhere to global best practices.

He remarked that fostering free competition will enhance quality, speed, and innovation. Consequently, the Mongolian government will concentrate on the following policy directions:

- **No government-built apps:** The government will refrain from creating applications or systems for every service. Instead, it will transition to a model utilizing open APIs, unified standards, and robust data exchange infrastructure.
- **Security and standards:** Government databases, APIs, and digital infrastructure will be accessible, secure, and standardized to facilitate private sector implementation.
- **Domestic procurement:** Government procurement and contracts will strictly bolster the national IT industry.
- **Multi-channel services:** Opening various service channels will empower private companies to develop more accessible, efficient solutions in a competitive landscape.
- **Eliminating monopolies:** The government will avoid competing where the private sector can achieve greater outcomes.
- **Removing legal barriers:** The state will initiate non-tax support financing, establish legal frameworks for digital contracts, formalize documentation, and address outstanding issues within government institutions.

Private sector representatives suggested prioritizing the implementation of the ITP Law, broadening the sector's scope, clarifying virtual zone registration eligibility, and considering reductions or exemptions for social insurance contributions within the sector. Minister Ch. Nomin confirmed that proposed initiatives will be executed in a structured, effective manner, emphasizing assistance for businesses expanding into international markets.

AmCham member companies recommend that the transition from government-developed systems to private-sector-driven delivery should extend to the adoption of cloud and AI technologies. Regulated organizations ought to have the freedom to acquire top-tier cloud and AI services based on well-defined standards, instead of being restricted to infrastructure models that could hinder innovation, security, or functionality.

6.

AMCHAM FOR REGULATORY READINESS

Mongolia's AI ecosystem is at an early stage, supported by growing policy prioritization and a solid digital government foundation. While the country demonstrates strong intent to integrate AI into its economic modernization agenda, implementation gaps and structural constraints continue to limit progress.

As rightly stated by one of Mongolia's young entrepreneurs, Khurelbaatar Bat-Orshikh,

"Tech startups do not generate revenue on day one. A typical software product requires months of development before it is ready to sell... If startups could [reclaim social security contributions](#) during the pre-revenue phase, or receive an exemption tied to the ITP Law, it would give founders a real runway. It would make the difference between reaching the market and shutting down before you get there. The law already exists. The clause is already written. This is an implementation problem, not a policy design problem."

As explained in this Position Paper, Mongolia has enacted the ITP Law, which includes incentives for software and digital innovation, virtual zone registration, social insurance reimbursements, and the allocation of special fund resources. Despite clear legislative intent, implementation remains stalled due to inter-ministerial coordination gaps, insufficient funding allocation, and incomplete regulatory frameworks. This non-implementation limits AI and digital industry growth, reduces investor confidence, and slows sectoral innovation.

High potential, low execution: Mongolia possesses a strong policy framework, a solid digital government foundation, and beneficial international partnerships.

Key gaps: Momentum is hindered by delays in legal implementation, limited fund allocation, narrow legal scopes, and weak governance.

Critical actions: The state must enforce ITP Law provisions, expand the scope to the full AI sector, centralize oversight, and aggressively improve private sector participation.



For sectors that are regulated, AMCHAM advises the government to:

- Establish clear guidelines for the use of cloud and AI in regulated industries.
- Implement a risk-based approach to data classification rather than a one-size-fits-all data localization policy.
- Acknowledge compliant hybrid cloud models as legitimate regulatory options.
- Define how encryption, tokenization, anonymization, and synthetic data can be used to support secure cloud and AI integration.
- Provide approval pathways for enterprise AI tools and commercial LLM platforms.
- Ensure that centralized data protection oversight offers consistent guidance for cloud and AI implementation.
- Maintain a technology-neutral stance on AI regulation, focusing on outcomes and practical execution.

AMCHAM NOTE:

Mongolia's AI industry holds considerable long-term promise, yet it faces immediate risks in execution. Competing in AI requires the country to adopt a comprehensive strategy: building national AI infrastructure, guaranteeing secure access to global cloud services, enforcing privacy-preserving data controls, embracing risk-based governance, and establishing clear regulations to encourage private sector adoption. AmCham strongly advises the government to focus on execution, ensure accountability, and involve the private sector to achieve the law's goals and unlock the country's AI potential. To transform into a viable and competitive AI hub, the government of Mongolia must transition from merely formulating policies to implementing them effectively, fostering a transparent, predictable, and private sector-friendly atmosphere.