

INTEGRATED SAFEGUARDS DATA SHEET

IDENTIFICATION / CONCEPT STAGE

Report No.: ISDSC12781

Date ISDS Prepared/Updated: 27-Mar-2015

I. BASIC INFORMATION

A. Basic Project Data

Country:	Mongolia	Project ID:	P155305
Project Name:	Capacity Building for MNAO through Establishing a Continuing Professional Development Strategy and Program		
Team Leader(s):	Regis Thomas Cunningham, Badamchimeg Dondog		
Estimated Date of Approval:	16-Mar-2015		
Managing Unit:	GGODR	Lending Instrument:	Lending Instrument
Sector(s):	General public administration sector (100%)		
Theme(s):	Public expenditure, financial management and procurement (20%), Other accountability/anti-corruption (20%), Other public sector governance (60%)		
Financing (in USD Million)			
Total Project Cost:	0.38	Total Bank Financing:	0
Financing Gap:	0		
Financing Source			Amount
Borrower			0
Supreme Audit Institutions Capacity Development Fund			0.38
Environment Category:	C - Not Required		

B. Project Development Objective(s)

The main objective of the proposed project is to strengthen MNAO's capacity, primarily in financial audit and audit firm contracting and oversight, through development and implementation of a comprehensive and systematic continuing professional development strategy together with a time-bound action plan that is needs-driven, tailored and sustainable. To achieve this objective, the current capacity strengths and gaps in financial audit and related areas will be independently assessed by a peer SAI. In parallel to this assessment, MNAO personnel will be surveyed and participate in focus groups to identify their requests for and perceptions of their professional development needs and alternative means to achieve these objectives. The results of the financial audit peer review and the knowledge and learning needs assessment to be carried out under this proposed project, as well as the 2010 performance audit peer review, will feed into development of a CPD strategy for the institution that will then be developed into a 3-year knowledge and learning program. Furthermore, as part of the project, tailored training materials will be developed and actual training will be delivered to MNAO staff as per the CPD strategy and the knowledge and learning program. While the specific

content and depth of topics to be covered under the CPD program are largely to be identified and tailored as per the assessments to be carried out, an early indication of capacity gaps reveals such areas as MNAO staff's knowledge and understanding of the relevant standards, i.e. IPSAS and the newly translated ISSAIs, quality control, contracting and quality assurance of private audit firm engagements, and audit of the consolidated financial statements of the Government.

C. Project Description

The proposed project will assist MNAO in establishing and implementing a comprehensive and systematic CPD strategy and program. For this purpose, two assessments will be carried out largely in parallel to identify learning needs early in the project:

- Independent, external peer review using SAI PMF to identify what MNAO may not yet know or perceive as its training needs (what MNAO doesn't know it doesn't know).
- A knowledge and learning expert guided assessment of mostly internal perceptions of training needs and demand for training.

These two complimentary assessment tools will provide inputs into the design and development of a formal CPD program that includes both (a) hard skills in technical topics such as accrual based IPSAS and ISSAI application and (b) soft skills such as leadership and teamwork. These inputs are targeted to be completed within the first 6-9 months of the Project.

MNAO desires to develop a well thought through systematic CPD program that provides necessary knowledge and learning opportunities to each auditor at the appropriate time in his or her MNAO professional career using the most appropriate means of learning and technology (classroom, on-the-job, self-study, distance learning, etc.) and takes into consideration the wide geographic dispersion of MNAO auditors. Moreover, learning will be tracked and monitored for each MNAO auditor, whether he or she is based in a remote part of Mongolia or at MNAO headquarters, to ensure an effective, efficient, and economic systematic application of the CPD program.

The CPD Program will also address the important corporate transitional issues faced by MNAO in regards to: (a) bringing the recently incorporated decentralized regional auditors up to a consistently high level of knowledge and skills with MNAO headquarter's auditors, and (b) applying the recently translated ISSAIs that are now in printing. The design and development of the CPD program is targeted to be completed within the first 15-18 months of the Project.

Development of training materials, strengthening of trainer skills, training and other knowledge and learning activities will be mostly concentrated in the final 18-21 months of the project. Obtaining and adapting ISSAI and other clearly-needed training materials will begin early in the project and training in such subjects could begin even before the CPD strategy and program are formally finalized and approved.

Details on the activities proposed for implementation at MNAO with support from the SAI Capacity Development Fund can be grouped in the following five main activities to be implemented over the course of three years (with the approximate budgets identified):

Activity 1: Conduct a peer review of MNAO's financial audit activities by an experienced SAI using the INTOSAI's SAI PMF methodology as deemed appropriate (USD 70,000, SAI personnel and travel cost). A peer review has never been performed on MNAO's financial audit capabilities. MNAO critically needs, and its management supports, a peer review concentrating on its financial audit capacity and related domains. The peer review would provide an objective, third-party

assessment of its strengths, weaknesses and priority improvement needs. These priority areas for improvement would then be incorporated in the organization's CPD strategy and the relevant knowledge and learning program.

Activity 2: In parallel to the SAI peer review, a comprehensive MNAO knowledge and learning needs assessment will be carried out covering the entire organization, including its local branch office staff (USD 40,000, local consultants). The knowledge and learning needs assessment will be carried out to identify capacity gaps from within the organization. This assessment will cover all MNAO staff, both at the central and local branch offices and utilize various surveying methods such as enquiry, questionnaire, focus group discussions, individual interviews etc.

Activity 3: A comprehensive, needs-driven and sustainable continuing professional development strategy together with a detailed action plan for three years will be developed based on the peer reviews conducted at MNAO and the knowledge and learning needs assessment (USD 40,000, international consultant + local consultant).

Activity 4: Development of customized training materials tailored to MNAO's capacity building needs described in the CPD strategy and knowledge and learning program and delivery of the actual training to MNAO personnel during most of the three-year period of the CPD program (USD 210,000, international and local consultants, local and regional training, including some but minimal travel costs). While the specific content and depth of topics to be covered under the training program are largely to be identified and tailored as per the assessments to be carried out, an early indication of capacity gaps reveals such areas as MNAO staff's knowledge and understanding of the relevant standards, i.e. IPSAS and ISSAIs (IPSAS implementation guidance and training is being developed and delivered by MOF; ISSAI training materials will be translated into the Mongolian language and adapted for the Mongolia context), quality control, contracting and management of private audit firm engagements, and auditing of the consolidated financial statements of the Government. At the end of project period, training coverage of over 90 percent of the total auditing staff, or approximately 350 auditors, is expected. Training delivery is expected to include innovative modalities such as online/virtual training using a newly established VPN connection available throughout MNAO offices. To minimize project costs, MNAO will seek to utilize, translate and customize for the local context as necessary, existing ISSAI and other training materials that may be available from IDI or other SAIs.

Activity 5: Technical assistance to establish an efficient and fully transparent and documented procurement process for contracting private audit firms (USD 20,000, international consultant + local consultant/interpreter). As part of the project, the current MNAO practice of engaging private audit firms to conduct the annual financial audits of budget entities and state-owned enterprises on behalf of MNAO will be analyzed to improve documentation and transparency. Such efforts will be timely and beneficial as, in addition to budget entities, IFI-funded projects are starting to engage in a similar practice where MNAO carries out auditor selection for the projects but by following the IFIs' own procurement procedures. This proposed project will aim at strengthening and streamlining MNAO's private audit firm selection processes carried out for budget entities and IFI-funded projects. For these audits conducted by private audit firms MNAO will apply its quality control and quality assurance framework, which may need improvement if identified as priority areas of capacity development as per the continuing professional development strategy and the relevant training program.

D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

E. Borrower's Institutional Capacity for Safeguard Policies

F. Environmental and Social Safeguards Specialists on the Team

II. SAFEGUARD POLICIES THAT MIGHT APPLY

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

III. SAFEGUARD PREPARATION PLAN

Appraisal stage ISDS required?: No

IV. APPROVALS

Team Leader(s):	Name: Regis Thomas Cunningham, Badamchimeg Dondog	
Approved By:		
Safeguards Advisor:	Name: Peter Leonard (SA)	Date: 24-Jun-2015
Practice Manager/Manager:	Name: Roberto Tarallo (PMGR)	Date: 13-Jul-2015

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.