

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

Report No.: AB4134

Project Name	MONSTAT: Strengthening the National Statistical System of Mongolia
Region	EAST ASIA AND PACIFIC
Sector	General public administration sector (80%); Central government administration (20%)
Project ID	P113160
Borrower(s)	MONGOLIA
Implementing Agency	National Statistical Office
Environment Category	<input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
Date PID Prepared	September 4, 2008
Estimated Date of Appraisal Authorization	December 8, 2008
Estimated Date of Board Approval	March 30, 2009

1. Key development issues and rationale for Bank involvement

Before 1990, the Mongolian statistical system was organized in a manner typical of command economies, with main reliance on compulsory submission of administrative reports by enterprises. In 1990, the Central Statistical Office was reorganized as the National Statistical Office (NSO), just at the time when Mongolia had begun to shift to parliamentary government and a market economy.

Since then the national statistical system in general and the NSO in particular have made significant improvements with the help of various donors and development agencies, however the national statistical system as a whole still needs improvements in general, and in certain areas where the project's involvement could make a significant difference. Recently, the NSO has received a small grant from the Bank (TFSCB) to prepare the National Strategy for the Development of Statistics (NSDS) along with a financing strategy for the implementation of it. The NSDS was completed and discussed at the stakeholders' consultation workshop in October 2007. Following the workshop the NSO submitted the NSDS to the Statistical Council, which had a hearing about the NSDS. Based on the outcome of this hearing the NSO and Minister of Finance have sent an official letter to the Bank requesting assistance for the implementation of the NSDS.

The proposed project to implement the NSDS is in line in with the major pillars of the current CAS and has been included in it as part of supporting the government to implement "second generation" reforms where the Bank can assist the Government in strengthening the national statistical system to produce reliable, timely and quality data for monitoring of key poverty and development indicators. The outputs of this project will help sustaining achievements of the CAS pillars in the mid to long term.

The rationale behind the Bank's involvement and its leadership in this project can be explained by two main reasons. First, the Bank has a mandate to lead in statistical capacity activities particularly in IDA countries. During the IDA 14 replenishment negotiations, deputies requested

that IDA should play a leadership role in the global partnership for statistical capacity-building. This was reinforced during the IDA 15 negotiations. IDA15 Report clearly states that statistical capacity building will be given prominence during IDA15, especially in by mainstreaming a comprehensive discussion on country statistical systems in CASs and following up with relevant instruments, in line with partner country priorities and in collaboration with other donors.

The second reason for Bank's leadership is that the Bank has a substantial experience in assisting countries in statistical capacity improvement activities along with the necessary means to support such projects. This gives the Bank a comparative advantage. Further, the Bank has knowledge of and significant experience in the Mongolian statistical system hence can play a leading role to strengthen donor efforts in improving statistical capacity in Mongolia.

The Government has demonstrated its readiness to work on the project by updating the NSDS in December 2007 in order to implement it. This is an indicator that the Government is committed to improving the national statistical system.

2. Proposed objective(s)

The major strategic objective of the proposed project is to improve the efficiency and effectiveness of the national statistical system by upgrading the conceptual, methodological and analytical skills to meet the basic requirements for monitoring the macroeconomic situation, the MDG indicators, and the other national development objectives. This objective will be achieved by (a) improving policy, regulatory, and institutional framework, (b) strengthening the statistical infrastructure, (c) upgrading statistical operations (improving individual subject matter programs and methodologies as well as the existing data outputs), and (d) investments in physical infrastructure and equipment.

3. Preliminary description

This project will be an IDA Specific Investment Credit in the amount of \$2 million for a period of five years, under the umbrella of the STATCAP Adaptable Program Loan/credit/grant (APL) to improve statistical capacity through a system-wide approach using the NSDS as the basis for investments. The cornerstone of a STATCAP project is the development of a comprehensive and integrated national action plan for statistical capacity building, often linked to NSDS, which is prepared through consultation with both data providers and data users.

Mongolia has met all requirements of STATCAP and the project components are designed to support the implementation of the NSDS, and will be implemented in a coherent, consistent and well-sequenced manner.

The credit will finance procurement of IT equipment and software, training, consulting services and capacity building activities that were identified by the NSDS as the priority areas in improving the national statistical system. These activities are grouped under four major components:

Improving policy, regulatory, and institutional framework and the organizational structure of the statistical system:

This component will support the improvement of the institutional capacity to carry out the formulation, coordination, and implementation of appropriate statistical policies and programs that will address to the needs of Mongolia. It will involve supporting the review and

improvement of institutional framework; improving the relationship between data users and producers; improving the data dissemination function and procedures; and strengthening human resource capacity. This component will also support the review and improvement of organizational structure of the national statistical system.

Strengthening the statistical infrastructure:

Even after significant improvements since 1991, NSO and the other agencies of the statistical system still need to build up and update skills in many respects to meet new requirements of market economies. For each new area the statistical system needs to acquire necessary skills in statistical classifications, sampling, seasonal adjustment, and data quality. Therefore, this component will support providing consulting services, training and capacity building activities in reviewing, revising and streamlining main statistical tools as well as improvement of the basic elements of the statistical infrastructure.

Upgrading statistical operations (improving individual subject matter programs and methodologies as well as the existing data outputs)

This component will address the adaptation of internationally accepted standards and methodologies in data collection, compilation, and validation by NSO and other relevant agencies. This component will also support a thorough review and inspection of existing data outputs. It is essential to re-examine the coverage and content of data outputs and the corresponding data inputs in each subject matter area. This will be done by identifying and eliminating any indicators that seem inappropriate for a market economy and no longer needed, or that are not published. This will not only release NSO resources for other activities but also reduce respondent burden.

Physical Infrastructure and Equipment:

Enhanced IT infrastructure and equipment are essential to implement the reform envisaged in this Project. This component will support NSO's strategic goal of improving efficiency and effectiveness in data collection, analysis, and dissemination processes through the use of information technology. To achieve this goal a detailed IT plan will be prepared, which includes such key elements as functional requirements, technology architecture, and system maintenance and support plan. It will also encompass a diagnostic review of IT solutions and IT competences in all data producing agencies including the NSO (central and regional offices), statistical units in line ministries and statistical units in Customs and Tax Offices.

The estimated total cost of the project is around US \$6.6 million excluding possible taxes. A government contribution of 10-15 percent of total cost is included in this amount. However, the final cost and the amount of Government's contribution will be determined during the pre-appraisal and appraisal. The amount of the donor contributions either as parallel financing or co-financing has yet to be determined.

NSO will be the main implementing agency of the project and will be responsible for its overall management and implementation. To effectively carry out the implementation and daily project administrative work, there will be a project coordination team (PCT). Specifically, this unit will coordinate project activities, manage reporting and auditing activities and ensure compliance with the procurement, disbursement and financial management policies and procedures of IDA. All other aspects of the project would be implemented by relevant NSO staff with the assistance of local and international consultants.

Given that the project is aimed at improving the entire national statistical system, it is necessary to ensure appropriate level of commitment and support of various government agencies and ministries. To do so a Project Steering Committee (PSC) will be established by the Government. The PSC will include high level representatives from relevant ministries and agencies and data users. The PSC will meet twice a year and will make sure that the project will be carried out efficiently and effectively. It will also ensure that the project will be addressing the problems of all agencies of the national statistical system that were included in the project.

4. Safeguard policies that might apply

[Guideline: Refer to section 5 of the PCN. Which safeguard policies might apply to the project and in what ways? What actions might be needed during project preparation to assess safeguard issues and prepare to mitigate them?]

5. Tentative financing

Source:	(\$m.)
BORROWER/RECIPIENT	.7
International Development Association (IDA)	2
Korean Trust Fund	1.46
Japan Policy and Human Resources Development Fund	1
Total	5.16

6. Contact point

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