

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

Report No.: 91125

Project Name	The Kyrgyz Republic - Implementation of the National Strategy for Development of Statistics (KG STAT)
Region	EUROPE AND CENTRAL ASIA
Country	KYRGYZ REPUBLIC
Sector	PREM (100%)
Project ID	P144874
Lending Instrument	GRANT
Borrower(s)	GOVERNMENT OF THE KYRGYZ REPUBLIC
Implementing Agency	National Statistical Committee of the Kyrgyz Republic 720033, Bishkek, Frunze St., 374, The Kyrgyz Republic Tel: 996 312 626084, 625626 Fax: 996 312 660138 E-mail: icd@stat.kg
Environmental Screening Category	[C]
Date PID Prepared	September 19, 2014
Estimated Date of Appraisal	September 22, 2014
Estimated Date of Approval	September 30, 2014
Decision	Combined appraisal/negotiations completed, proceed with approval

I. COUNTRY AND SECTOR BACKGROUND

A. Country Context

Kyrgyz Republic is a landlocked country with a population of 5.5 million and a gross national income of US\$880 per capita (Atlas method, 2011). While Kyrgyz economy and society are the most liberal and open in Central Asia, the country has experienced significant political and social instability. Events of March 2005 and April 2010 led to changes of political system and economic policy. Political instability and weak governance remain major challenges. Following aggressive attempts to improve the business climate – Kyrgyzstan is now ranked 70 out of 185 countries in the World Bank (WB) Doing Business 2013, the country still in the bottom third of all countries on most internationally recognized governance and transparency indicators. Education, health and social protection indicators and outcomes are stagnating or even deteriorating in some cases.

The new government has adopted and approved the National strategy of sustainable development of the Kyrgyz Republic for period of 2013-2017. One of the objectives of the strategy is to develop a sustainable political system and a dynamic economy. Realization of the strategy will require a well-functioning statistical system that can provide relevant and reliable statistical information on a timely manner. There is a need for better official statistics to assist the government and civil society to make informed decisions and monitor progress.

B. Sectoral and Institutional Context

The Kyrgyz Republic's national statistical system (NSS) is one of the most important information systems of the country alongside the collection of fiscal and administrative data at the ministerial level. In 1991, the Kyrgyz Republic inherited an official statistical system which was a "regional" segment of the Soviet Union's state statistical system. The country transformed it into a complete and fully independent national statistical system of a sovereign state. The Kyrgyz Republic's NSS has also successfully passed the process of transition from a system oriented towards the needs of a centrally planned economy, based on the "Material Product System" (MPS) standards to "the System of National Accounts". By 2011, the Kyrgyz Republic's NSS has fully completed the transition to a model of official statistics implementing international methodological standards. From the methodological perspective, all the main areas of official statistics are fully harmonized with international standards of the United Nations, some of them in the version adopted by the EU.

At the same time during recent years, the Kyrgyz Republic's official statistics faces new challenges. These challenges are the consequence of the influence of internal and external factors including those of a social, economic and technological nature. They were broadly identified in the National Strategy for the Development of Statistics (NSDS) for period of 2013-2017. They include: (i) weak capacity within the National Statistical Committee (NSC), and statistics producing ministries and agencies (MAs); (ii) limited technical ability; (iii) limited financial resources; (iv) poor statistical coordination within the NSS; and (v) outdated policy for dissemination of produced statistics .

To address these challenges, the National Statistical Committee and MAs need to strengthen their ability to produce timely and reliable statistics, and have to build public trust in official statistics. In particular, the NSC will need to establish itself as the leading producer, and provider of reliable, timely and quality statistics. There is also a need to enhance NSC's capability to carry out its mission as the principal collector, aggregator and disseminator of statistics and the coordinator of the NSS. To achieve this, NSC has to strengthen its capacity by designing a data access and dissemination mechanism for the NSS that will enable: (i) policy makers to use these reliable statistics for evidence-based decision making; (ii) the Government of the Kyrgyz Republic and also the public to monitor targets set by the Government including the reform program and indicators of socio-economic development and poverty reduction; and (iii) development partners get data for monitoring performance indicators and targets (such as the MDGs), and the IDA 15-16 Results Measurement System.

C. Relationship to CPS

The project is designed to support the implementation of the long-term National Strategy for Development of Statistics (NSDS) for 2013-2017 and together with other development partners' efforts aimed at upgrading the quality and reliability of official statistics in general. According to the CPS, "this is important not only in terms of enhancing public accountability and transparency, but also to upgrade the basis for improved policy formulation and for monitoring reform implementation. The demand for better and ready available official statistics from all users on different levels has to be supported through the capacity building of the National Statistical Committee (NSC) and other agencies producing and disseminating statistical information." The CPS is looking at the statistics as a part of the overall agenda for governance.

The ready availability of high quality statistical information will strengthen evidence-based policy making and public oversight of the government actions, strategies and targets. The project financed by ECASTAT TF will provide the key relevant indicators for formulating, updating, monitoring and evaluating the strategies and targets of the country's social and economic development towards medium term and long term vision. Thus, indicators and the data for monitoring performance will be improved by strengthening the national statistical system

D. Operation Objectives

The project development objective is to further improve the capacity of statistical system of Kyrgyzstan to produce and disseminate reliable and timely statistics that are in line with international standards and will be responsive to user needs.

II. RATIONALE FOR BANK INVOLVEMENT

The rationale behind the Bank's involvement lies in its expertise in this area and experience in implementing similar projects. While the NSC is very active in attracting the donor support (both financial and technical assistance) for improving the quality and innovation of statistical work, donor assistance does not always have a comprehensive approach to modernization of the statistical system of the country. International agencies are interested in improving sectoral statistics as these data are also needed for monitoring of programs and projects in specific areas. Donor activities are not necessarily guided by the National Strategy for Development of Statistics and in most cases are of supplemental nature. It is expected that GG STAT project, among other things, will serve as a platform for coordination of donor activities and exploit the comparative advantage of each international agency involved in improving the national statistical system.

III. TENTATIVE FINANCING

The project will be fully funded by the ECASTAT: Program to Support Statistical Capacity Building in Eastern Europe and CIS Countries (ECA STAT TF) US\$2,500,000 in funding.

Financing Source	Amount(US\$M)
BORROWER/RECIPIENT	0.00
ECA STAT TF	2,500,000
Total	2,500,000

IV. PROJECT DESCRIPTION

21. The KGSTAT project will support the implementation of the NSDS. The World Bank cooperates closely with the projects funded by other donors in order to build synergy and prevent any duplication in activities to be funded. The World Bank project will build on ongoing technical assistance to the statistical sector in Kyrgyz Republic, currently being provided by

development partners through various channels - mostly through separate, parallel processes - on a bilateral basis. The partnership mechanism will be set under the umbrella of the NSDS with a formal structure to be chaired by the Chairman of the NSC and co-chaired by a donor representative (on behalf of all development partners). Key donors who have expressed their commitment to support the implementation of the NSDS include: UNECE, Statistics Norway, DFID, PARIS21, and the World Bank. Other donors could potentially become future financiers to support the implementation of the NSDS.

The project components are designed to support the implementation of the four key pillars of the NSDS.

Component 1 - Improving organization of statistics. This component will support a range of activities, including: (i) Strengthening legal and regulatory foundation of the state statistical system; (ii) improving coordination and cooperation among relevant government agencies and donors in production and dissemination of statistics; (iii) improving the dialog between data users and producers.

Component 2 - Strengthening technological capacity, ICT technologies, upgrading and expanding statistical infrastructure. This component will support the following activities: (i) introduction of advanced data processing systems; (ii) upgrading data storages and setting up the system for information security; and (iii) modernizing of computer and printing facilities.

Component 3 - Modernizing production and dissemination of statistical data. This component will support (i) implementation of the SNA-2008; (ii) Improving methodology, organizational arrangement and tools for collection, analysis and usage of different types of statistics such as those critical to the poverty estimates and system of national accounts, gender statistics, consumer price index, or a specific sector (e.g., agriculture, trade, etc.), and ecological statistics. (iii) Transition to electronic data collection system in all statistical domains; (iv) strengthening organizational capacity of the national statistical system; (v) improving unified system of classification and coding; (vi) strengthening statistical registers; (vii) providing methodological support to statistical censuses and surveys; (viii) improving management of the quality of statistical data and data dissemination and further aligning production of statistical indicators with the need of the National Strategy of Sustainable Development; and (ix) enhancing use of administrative data for statistical purposes. The Bank financed portion will focus on the statistical products identified by the NSC and the Bank.

Component 4 - Strengthening statistical intellectual and human capacity. This component will support an assessment of human resource needs, set a system of staff rotation, implementation of continuous education and retraining of the staff (especially staff in regions) and effective collaboration with institutions of higher education.

Component 5– Project management. This component will support incremental operational cost of project implementation.

V. INSTITUTIONAL AND IMPLEMENTATION ARRANGEMENTS

The KGSTAT Project covers a period of four years and its implementation will require the establishment of a number of structures to ensure success:

(i) The Advisory Council will be established to provide oversight and guidance for the implementation of the NSDS. It will include members from NSC, key MAs and development partners. The Advisory Council will provide strategic direction for, and prioritization of, the implementation of KG STAT Project. It will be chaired by the Chairman of the NSC.

(ii) The Thematic Working Groups with members from the statistics units of the relevant MAs will be established to provide technical advice and expertise on issues related to implementation of the NSDS (execution of specific activities or different pillars of the NSDS). These Groups will report to the Chairman of the NSC. Development partners with a particular interest in statistics and contributing to the implementation of the NSDS will be members of these working groups. A list of contributing development partners will be developed during the project preparation phase and updated regularly.

(iii) The NSC is the main executing agency of the KGSTAT Project and overall NSDS and is responsible for its development and management. The PMG of the KGSTAT will be set up to coordinate, oversee and support the overall implementation of the project. The PMG reports to the Project Director appointed by the Chairman of the NSC, and provide the support to the Advisory Council and TWG. The PMG will coordinate KGSTAT Project activities, manage reporting and auditing activities and ensure compliance with the procurement, disbursement and financial management policies and procedures. The functions of this office will include expenditure management and monitoring and evaluation of the entire statistical system.

VI. RISKS AND RISK MITIGATION

Given the country socio-political context, implementation agency limited experience with direct implementation of donor-funded projects and based on the experience of the related projects the risk for this project is rated as substantial. Special attention will be given to strengthening NSC procurement and FM capacity, including hiring designated procurement and FM consultant to support and train the NSC staff in the WB procurement and FM procedures.

VII. POVERTY AND SOCIAL IMPACTS AND ENVIRONMENT ASPECTS

It is expected that the improved national statistical system will lead to improved social services delivery to the population, in particular to the poor in such areas as health, education and social protection. Proposed activities will also support government's efforts on gender equality in Kyrgyz Republic. Data collection activities, particularly household surveys will provide the much needed gender disaggregated data, which are essential to document the status of gender gap and track progress on gender. The project will help improving the statistical capacity of relevant line ministries and other agencies in both statistical issues and evidence-based decision making in the determining government policies and expenditures.

VIII. SAFEGUARD POLICIES

49. The project focuses on institutional reforms and capacity building of the national statistical system within the broad context of the governance system reform. The project does not have any direct environmental impact, or include any civil works. The project is therefore rated as 'C'. Any minor refurbishments of office space required for the installation of equipment that are foreseen under the project will be executed in accordance with the World Bank safeguard policies and all bidding documents will make reference to the Bank's prevailing environmental standards and safety regulations.

Safeguard Policies Triggered by the Project	Yes	No
<u>Environmental Assessment</u> (OP/BP 4.01)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Natural Habitats (OP/BP 4.04)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pest Management (OP 4.09)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Indigenous Peoples (OP/BP 4.10)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Physical Cultural Resources (OP/BP 4.11)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Involuntary Resettlement (OP/BP 4.12)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Forests (OP/BP 4.36)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Safety of Dams (OP/BP 4.37)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects on International Waterways (OP/BP 7.50)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects in Disputed Areas (OP/BP 7.60)*	<input type="checkbox"/>	<input checked="" type="checkbox"/>

IX. CONTACT POINT

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X. FOR MORE INFORMATION CONTACT:

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* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas

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