Development of the Second State
Statistical System Project (STASYS 2)

Supervision Mission

April 26 – May 7, 2010

AIDE MEMOIRE

A. Introduction

1. The World Bank mission led by Misha V. Belkindas (DECDG, TTL), including O. Shabalina (DECDG, co-TTL), S. Pahlavooni (CITPO), A. Eremenko (ECCU1), G. Kuznetsova (ECSPS, Sr. financial management specialist), A. Balakov (ECSC2, PAS) was in Moscow to conduct the supervision mission for implementation of the Second State Statistical System Development Project (STASYS 2). The mission focused on the project implementation issues for the period from November 2009 to present time.

2. The mission had meetings with the management of the Federal Service for State Statistics (Rosstat) and discussions with Ministry of Economic Development (MED). Mission worked closely with PIU - Bureau of Economic Analysis (BEA) on project issues. In the course of supervision mission the Ministry of Finance (MOF) issued a letter to Rosstat with comments and questions regarding the estimated budget for year 2010, revised procurement plan and procedural issues of ICC meetings.

3. Discussions were held with Mr. Surinov (Head of Rosstat), V. Zabelin (D-ty Head of Rosstat in charge of IT policy), Kevesh (D-ty Head of Rosstat), I. Masakova (D-ty Head of Rosstat), P. Dolgopolov (Head of the Consolidated Statistics Department). As usually a detailed discussion of project activities took place between the World Bank team and Mr. S. Lavrov (BEA Executive Director) and BEA STASYS 2 team: I. Kolosnitsyn (Project Director) G. Stroganova, T. Fedorovskaya, S. Kimos, V. Stroganov as well as with Rosstat staff member in charge of STASYS 2 implementation Mrs. T. Burlakova.

4. The mission also took the opportunity to work closely with senior management of CIS Statistical Committee on two Grant Agreements for International Comparison Program and Training program in statistics for CIS countries.

B. Project overview and main issues

5. As mentioned earlier the cooperation between Rosstat and respective departments of MOF, MED, and BEA has become better coordinated. At the same time there is still room for improvement in making the process of obtaining approval/clearance more effective. To some extent it could be achieved through providing from the very beginning comprehensive and accurate information for any changes and revisions made, including in project budget and procurement plan. It will also result in shortening the time of correspondence circulation between the MOF, MED and Rosstat.

6. The personnel and organizational changes has been finalized in Rosstat and in the departments of MOF and MED responsible for cooperation with IBRD. The mission hopes that the constructive dialog and productive cooperation between the project participants and the Bank team will remain current which is considered satisfactory.

7. Project progress by components still demonstrates the actual delays against the planned schedule in the Procurement Plan (PP). The timeframe stipulated in the PP reflects the “recommended” time periods. The average actual terms constantly appeared to be longer. The reasons are: protracted preparation and finalization of terms of references (TORs) aimed to reach the appropriate quality level; systemic extension of deadlines for submission of EOI twice and even three times to obtain the decent number of candidates; complexity of tasks presented in a way
difficult to understand by the potential consultants.

C. Implementation of Project Components

8. A description of new TORs preparation, phases of procurement process, execution of the assignments and completion of project activities is given in Appendix I. Overall it demonstrated some progress achieved during the second year of implementation, namely: the number of contracts signed increased from 9 to 25 (11 of which have been completed); the amount of project funds committed increased from roughly $1.3 million to $3.3 million; the amount of packages under different stages of selection process increased from around $3.4 million to $10.9 million; and the number of TORs under elaboration - from 6 to 14.

9. Several new packages have been introduced into procurement plan by Rosstat and MED at the ICC meeting in March 2010. Package B.7.2. (IP telephony) has been canceled by the decision of the ICC with understanding that this assignment will not be financed by project funds any more.

10. Due to restructuring of the respective departments in the MED the earlier prepared TOR “Development of Methodological recommendations for updating Rosstat's information resources on foreign investment into the Russian Economy” will be revised for different tasks linked with statistics. The work is underway.

11. Activities under Component D have been the most dynamic among all others. Given the intensified preparation for all Russia November 2010 Population Census the pace of training activities reached before will be significantly reduced till the end of 2010. It was recommended to attribute the entire scope of IT training (D.3.1) to the Working Group for Component B to achieve better coordination within Rosstat departments.

D. Project monitoring and evaluation

12. STASYS 2 project is still considered to be at a risk due to its low disbursement. The picture of project actual and forecast disbursement including by components is presented in the table in Appendix II. Project monitoring indicators as of March 2010 are given in Appendix III.

13. Ministry of Economic Development has expressed repeatedly its concern over low disbursement rate of the Project funds by sending a letter №3317-OC/Д25 to Rosstat in regard to cancellation of (…) B.7.2 which comprised 40% of planned project disbursement in 2010. At the same time the MED acknowledged enormous Rosstat efforts to determine the new tasks to draw these already allocated funds within the current calendar year. Rosstat has prepared the new package on (…) B.7.5. It is being approved by the MED at the moment. Implementation of the above package supposedly might improve the project disbursement in 2010.

14. Detailed discussions were held with Mr. Zabelin, D-ty Head of Rosstat who is now leading the activities related to IT development of entire statistical system. He strategized the IT development in the following areas linked to project implementation: establishing of a single data warehouse to unite the federal and regional levels (at present there are 400 separate data bases); developing of formalized metadata; integrating into outside information and data systems such as international, including UN and Eurostat; improving of Rosstat central and regional portals aiming to make the interactions with users more efficient. This approach requires purchasing of consultants’ services rather than acquisition of goods. It will also streamline the activities and speed up the coordinated preparation of TORs under Component B together with the implementation of the contract signed with a system integrator. The new team member to strengthen IT support for projects implementation Mrs. S. Pahlavooni joined the mission, participated in all meetings and worked closely with respective BEA colleagues (Appendix IV).

15. The financial management system in BEA including accounting, internal controls and reporting remains satisfactory to the Bank. Quarterly FMRs are submitted on time and are acceptable to the Bank; the latest FMRs reviewed are for the first quarter 2010. The 2009 audit contract was signed in April 2010; the reports are expected to be submitted by a due date of June
At the same time, financial management supervision showed that there is a need for better monitoring of the consultants’ payments on BEA’s side. Payments must be made in strict accordance with contract’s provisions. Both project/component managers and procurement and finance staff need to make sure that required approval for payment in the minutes of the Working Groups does not contradict those stipulated in the consultants’ contracts. Consequently, it is recommended to uniform the approval requirements and payment conditions under similar consultants’ assignments to streamline the process and avoid any discrepancies.

16. After considering current situation and discussing it with the interested parties the mission jointly with project participants has suggested the following steps to proceed with Project implementation:

i. The BEA will draft the selection criteria and conditions for RFP and further umbrella contract for agent services for logistic for education and will bring it to Bank attention for further elaboration;

ii. The Bank will provide its recommendations based on this draft appropriate already existed better practices in other countries and will help to tailor the documentation needed;

iii. In order to allow the BEA to provide travel arrangements in case of emergency (purchase the tickets and etc) it is necessary to introduce changes into the Operation Manual;

iv. Given the protracted procedure and time consuming way to obtain the written approval of the revised Procurement Plan on the borrower side, there was a suggestion made by the Bank Procurement Accredited Specialist to submit the PP to the Bank after its approval at the ICC meeting and to use it as a document to guide the implementation of the project while awaiting for MOF and MED separate written clearances;

v. Rosstat agreed to have the Mid-term review (MTR) of Project implementation tentatively in October 2010. Rosstat will decide on how to conduct the MTR shortly;

vi. Bank will consider the options of procuring the IT systems based on the Red book requirements, but with inclusion of evaluation of the intellectual part of the TORs based on the consultant services score basis.

17. The World Bank Country Director in Moscow was briefed by the mission on fulfillment of its tasks and on the issues discussed by the Borrower in the context of delays in project implementation.

E. Next steps

18. The Bank mission agreed with the GOR counterparts on the following actions:

The Government of the Russian Federation and the BEA:

- Rosstat and BEA will launch preparation of STASYS 2 Mid-term review by August 2010.

The World Bank:

- will schedule next mission for September-October 2010.

19. The mission is grateful for the cooperation and wishes to thank the management of Rosstat, MED, and BEA for their close and constructive collaboration.