I. Introduction and Context

Country Context

The Democratic Republic of Sao Tome and Principe (STP) is one of the smallest economies in Africa located in the Gulf of Guinea, off the north western coast of Gabon. It consists of two archipelagos of just over 1,000 square kilometers around the two main islands of Sao Tome and Principe. STP is divided in six districts plus the autonomous region of Principe. Its economy is based on services and primary sector, with an almost inexistent industrial sector. The main economic activities are tourism, retail, transport, communication and construction. Its main export product is cocoa, while imported goods account for the bulk of consumer goods, including the oil needed to generate power in the country.

According to the most recent household survey (2010), 61.7 percent of Sao Tome and Principe's approximately 190,000 residents are poor (based on the national poverty line). In that year, the poverty rate was 33.9 percent when using the $1.90 per day poverty line. Poverty was concentrated in the districts of Caue, Lembá, Lobata and the island of Principe. GDP per capita is estimated at about US$1,600 (WDI, 2013). STP is a lower-middle income country vulnerable to shocks due to a narrow export base, climate change, and environmental degradation. The robust GDP growth of 5.7 percent in the past decade has not translated into high levels of poverty reduction.

STP embodies many of Africa's development challenges and opportunities. The country has to spur growth from a small economic base, maintain macroeconomic stability and ensure that the majority of the population, including the poorest and the most vulnerable, benefit from growth. The second National Poverty Reduction Strategy PRSP II (2012-2016) targets a 10 percent reduction in poverty headcount over this period and universal access to basic social services, assuming a GDP growth rate of 6 percent. Similarly, the government program (2015-2018) aims at promoting economic growth as the main engine for poverty reduction. It stresses the importance of economic growth and
highlight policies needed to ensure that economic growth is inclusive.

Yet, STP currently lacks some of the basic data and statistics required to inform economic policy and monitor progress toward poverty reduction. Up-to-date data are lacking, particularly on poverty, inequality, socio-economic indicators and agriculture. Only two poverty surveys have been conducted in the last 25 years (in 2000 and 2010), and the latest poverty and inequality measures are six years old. A related issue is that of data comparability. Consumption data from the 2000 and 2010 Household Budget Surveys are not comparable, so we cannot tell with confidence whether there was progress over time. High quality and comparable consumption surveys, conducted at regular intervals are the building blocks for measuring poverty and inequality in a country. There is a clear need to invest in strengthening STP's National Statistical Institute (INE) to fill data gaps and improve data quality.

The implementation of the next household (living conditions) survey will play a key role in monitoring the government's anti-poverty agenda, and is a key component of the current National Strategy for the Development of Statistics (NSDS). The data generated by the household survey will provide not only an update to national poverty numbers, but also key indicators for a number of sectors, including but not limited to social protection and labor, education, energy, water and sanitation, health, agriculture, and fishing. Moreover it will provide information on household incomes, whether earned from agriculture, livestock rearing, fisheries, wage employment or self-employment in the formal and informal sector.

STP National Statistical Institute is now preparing a new household survey, which will allow for monitoring progress towards the World Bank Group (WBG)'s Twin Goals of reducing poverty and boosting shared prosperity. Funding for the survey has been secured from the World Bank pilot program to improve the production, availability and utility of household survey data with Trust Fund for Statistical Capacity Building (TFSCB), funding. New household survey data would also enable the Bank's engagement with the government to be guided by more recent evidence.

**Sectoral and Institutional Context**

The National Statistical Institute (INE) is the national statistics bureau for Sao Tome and Principe, established in 1998 by Law 5/98 of the National Statistics System. To date, INE has collected two national household level surveys: Household Budget Surveys in 2000 and 2010 as noted above. These surveys cover household consumption and a number of other important socio-economic characteristics. The surveys were co-funded by the Government of STP and its partners including UNDP for HBS 2010, with AFRISTAT also providing technical assistance. In addition, INE has conducted a number of other surveys including MICS surveys in 2000, 2006 and 2014; QUIBB in 2005; Demographic and Health Surveys in 2008; and Food Security and Vulnerability Survey in 2007. INE also conducted a population census in 2012.

The National Strategy for the Development of Statistics, NSDS (2009-2018) lays out a target to prepare and conduct two Household Budget Surveys; one in 2009-2010 and another in 2015-2016. While the 2009-2010 survey was realized, the 2015-2016 HBS has not been conducted because of lack of funding. Upon request from the Government of STP, the World Bank has accessed funding for a new survey in STP.

In parallel, there is also a separate project to improve statistical capacity among the eight member
states (Benin, Guinea Bissau, Burkina Faso, Cote d'Ivoire, Mali, Niger, Senegal and Togo) of the West African Economic and Monetary Union (WAEMU). The objectives of this collaboration are to general comparable GDP estimates, harmonize price indices, and unify reporting of financial and budgetary statistics. These activities will be achieved by collecting high quality, comparable data on key social indicators, the informal sector, and agriculture; the design and adoption of a modernized set of welfare survey tools; the adoption of Computer Assisted Personal Interviewing (CAPI) and geo-tagging for data collection; the revision and updating of methods to derive consumption aggregates, poverty lines and comparable poverty trends; expanding the coverage of the CPI to rural areas; updating the supply and use tables necessary for national accounts; as well as capacity building in data archiving and disseminating micro-data through the Accelerated Data Program and the National Data Archive (NADA). While not a member of WAEMU, STP has many similarities to WAEMU countries, including in terms of budget and capacity constraints, the range of agro-ecological zones, and traditional agriculture and pastoralist practices. This project will try to leverage the ongoing activities of the WAEMU commission to provide technical assistance to INE by exploring the possibility of STP having observer status in the WAEMU activities, if possible.

Although INE has recorded some progress in statistical capacity in recent years, progress in the overall statistical capacity in STP has been on a negative trend since 2014. The World Bank's Statistical Capacity Indicator (SCI) is monitored for over 140 developing countries. STP performed better than the average for either sub-Saharan Africa (SSA) or Lower Middle Income countries in 2013. However, in 2015, STP lagged behind average Lower Middle Income country though still fared better than the average country in SSA. The SCI is based on a diagnostic framework developed with a view to assessing the capacity of national statistical systems using metadata information generally available for most countries, and monitoring progress in statistical capacity building over time. The framework has three dimensions: statistical methodology; source data; and periodicity and timeliness. STP's lack of improvement in the SCI is due in part to: the lack of regular surveys to monitor poverty incidence and other key socio-economic indicators; an outdated National Accounts base year; and the inability to report on basic social statistics, such as school enrollment rates, with accuracy.

To prepare and execute the new multi-topic household survey successfully, the Government of STP has also requested technical assistance from the World Bank on a number of activities including training on key aspects of a household survey such as survey/questionnaire design, sampling, data collection, data analysis and report writing, poverty analysis and measurement, and training of trainers for field work. INE also requested support to move from paper questionnaires to electronic surveys using Computer Assisted Personal Interviews (CAPI). Such technical assistance would not only be useful for successful implementation of the new household survey, but would also allow statistical capacity building of INE to conduct high quality surveys in the future.

Relationship to CAS/CPS/CPF
The proposed project contributes to the World Bank's Country Partnership Strategy (CPS) for STP for the period FY14-FY18 and is aligned with STP's PRSP-II. The strategy has two pillars of engagement: (1) supporting macroeconomic stability and national competitiveness; and (2) reducing vulnerability and strengthening human capacity. Specifically, the proposed project contributes to the achievement of one of the outcomes of the second pillar of the strategy, which is to strengthen the country's statistical system. In addition, the proposed TA is related to the current CPS in that it will support collection of data that would improve understanding of vulnerability in STP, which could
lead to exploring ways to reduce poverty and vulnerability.

II. Project Development Objective(s)

Proposed Development Objective(s)
The overall development objective of this project is to support the Government of STP in improving the availability and quality of poverty and other socio-economic data to inform policy monitoring and planning through the implementation of a new consumption-based household survey in 2017, and associated capacity building activities.

Key Results
The main result of this project is the successful implementation of the 2017 household survey. This includes: (1) The development of a survey methodology that closes the data gaps on key socio-economic indicators. (2) Building the capacity of INE in preparing and implementing a household survey. (3) Targeting the modernization of the data capture system, with a shift to a decentralized CAPI system with real-time quality controls. (4) Supporting INE in the cleaning and proper archiving of the dataset, including sampling weights and attrition corrections to generate representative estimates. Coupled with World Bank technical assistance, this includes the construction of comparable consumption aggregates and poverty lines, and the timely production of a statistical abstract. (5) Focus on data dissemination, including the release of the anonymized microdata within 12 months of the completion of fieldwork.

III. Preliminary Description

Concept Description
The project includes the following activities, all of which will be conducted by INE as part of the survey implementation.

Questionnaire Revision - Analysis of the 2010 HBS showed some short-comings in the survey design. For example, the consumption module was not comparable to the previous survey (2000) - a 15-day recall method was used in 2000 and a 15-day diary method used in 2010 to collect information on household food consumption. The list of food items was by far larger in 2010 compared to 2000. These issues will be addressed by moving to the best practice methodology (especially those developed as part of the WAEMU project). For example, for the 2017 survey, information on food consumption will be collected using a 7-day recall method rather than 15-day diary as was done in 2010. As this will represent a substantial departure from the previous HBS methodology, either a bridge survey of a small nationally representative sample, survey-to-survey imputation, or other similar econometric technique will be necessary to have a comparable national poverty series, while the 2017 survey will become the benchmark going forward.

Also, a community questionnaire will be prepared and implemented in 2017 in addition to the household questionnaire. This questionnaire will include questions that are common to households in the same community (for example, infrastructure, village/town characteristics, and access to services). Further, a Food Price questionnaire will be prepared and implemented at the community level. Data on the prices and weights of food items will allow to update INE's Conversion Factor database for better quality calculations of food consumption and CPI. Currently price data has been collected on a limited list of food items in Sao Tome, but the new survey is aimed at covering the entire country.

The 2017 questionnaires will be adapted primarily from the WAEMU questionnaires. The
questionnaires will be piloted and adjusted accordingly. Draft questionnaires will be shared with
major government stakeholders for review and feedback prior to finalizing the instruments.
Supplementary topics that have been proposed include time use and short agriculture and fisheries
modules. Training manuals for enumerators and supervisors will also be prepared.

Sample Selection - Sample design will be similar to HBS 2010, but the sampling frames for the new
survey will be the 2012 census data. It was agreed to maintain a sample size of approximately 4,000
households that would allow for representative estimates at the national level, as well as at the
regional (four regions) and district (seven districts) levels. The actual households to be surveyed will
be randomly selected using data from a listing exercise of selected (randomly) enumeration areas.

Weight Calculations - The weights will be calculated using the probabilities generated by the sample
design, cluster-level non-response, and post-stratification using the current estimated population
totals based on the 2012 census.

Fieldwork - Fieldwork will be conducted over approximately a 2-month period. This is a shorter
period than the previous HBS, which collected data in about 3 months, using large numbers of
enumerators and supervisors because households were visited several times, particularly to complete
the 15-day diary. The proposed fieldwork calendar and smaller field team size will allow for high
standards in hiring and training of enumerators and supervisors. Subject to finalization of survey
preparations, the start date planned for the survey is February 2017.

Data Capture - Questionnaire administration and data capture will be done simultaneously using
Computer Assisted Personal Interviewing (CAPI), for example, Survey Solutions software. CAPI
questionnaire administration integrates data checking into the interview process, allowing outlier
values to be confirmed while the interviewer is still within the household. This reduces the amount
of cleaning that will be done and speeds the pace at which results can be made available. In other
words, CAPI technology can significantly reduce the time lag between data collection and data
analysis, dramatically improve data quality, reduce survey costs, and facilitates integration of
household survey data with GPS coordinates. However, the process of moving INE to this new
technology, and ensuring sustainability at the level of INE requires significant capacity building.
The Bank will support INE through identifying experts to: (a) give CAPI training to INE staff; (b)
work with the IT staff from INE on setting up the survey system infrastructure; (c) help in the design
and testing of the CAPI household survey instruments - including real-time consistency checks,
supervisor and enumerator supervision, and new ways to deal with measures and standards; (d)
supervise pilot surveys; (e) give CAPI training of enumerators and supervisors: and (f) provide
general software support and customization for the needs of STP.

Production of a Statistical Abstract - The project, along with the companion World Bank technical
assistance project, will ensure the timely production of updated poverty numbers, and tables of
major correlates of poverty.

Dissemination - In addition to printed copies of the statistical abstract, the data will be properly
archived and anonymized datasets will be released publicly within 12 months of the completion of
data collection through the INE website or other appropriate data sharing platform.

Capacity building of INE - This is an integral part of the project and cuts across all stages of the
survey, from survey design, through implementation (data collection), to data analysis and
IV. Safeguard Policies that Might Apply

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V. Financing (in USD Million)

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Total Project Cost: 0.6
Total Bank Financing: 0
Financing Gap: 0

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