I. Introduction and Context

Country Context

South Sudan gained its independence from Sudan in July 2011 after a national referendum ended over 50 years of civil war that left the country with very poor infrastructure and very high levels of poverty among its people. It became the newest member of the World Bank Group (the Bank) on April 2012. Its total population was 8.3 million in 2008 with most people (83 percent) living in rural areas and depending on basic subsistence agriculture. The country has experienced appreciable improvements in human development indicators, since the signing of the Comprehensive Peace Agreement (CPA) in 2005. Although reliable poverty data for the pre-CPA period are not available, analysts believe that the national poverty level of 51 percent recorded in 2009 is significantly lower than pre-CPA rate. The number of students enrolled in primary school has doubled from 0.7 million in 2005 to 1.4 million in 2009; and the rate of under-5 mortality has fallen from 135 per 1000 live births in 2006 to 105 per 1000 live births in 2010. Data from statistical surveys undertaken by the National Bureau of Statistics also show that normal livelihood activities — chiefly subsistence
agriculture and raising of livestock — have increased. Service delivery has also been expanded, due to the efforts of development partners, non-governmental organizations, and the government.

The country's macroeconomic performance has been mixed. South Sudan recorded average annual real GDP growth rates of about 4.2 percent during 2009-2010. However, problems experienced in the oil sector have affected the last two years of the country's economic performance. Available data shows that the real growth rate declined to 1.9 percent in 2011 and is expected to fall further in 2012. The country's economic performance is heavily dependent on oil production – accounting for 60 percent of the country's GDP and 98 percent of the total government revenue. Oil production was adversely affected by disagreements between the government of Sudan and South Sudan that eventually culminated in the country's shutdown of oil production in January 2012. South Sudan ceased oil production after it failed to reach an agreement with Sudan on oil transit fees from South Sudan's oil fields through the pipelines in Sudan's territory. Sudan retaliated by closing the border to official trade between the two countries resulting in higher prices and shortages of essential commodities. These events led to an accelerated depreciation of the exchange rate, shortages of essential commodities, which, in turn, led to high consumer price inflation – the consumer prices index rose by 35 percent during the last 12 months through January 2013. With facilitation from the African Union High Level Panel and the UN, Sudan and South Sudan reached breakthrough agreements on the above mentioned issues in September 2012. If these agreements are implemented, they will lead to a gradual resumption of oil production and South Sudan's economic performance will pick up again.

Demand for quality and timely statistics has grown rapidly since the signing of the CPA. The main force driving this demand is the Government's efforts to address the economic growth and development issues facing South Sudan. These issues are contained in the South Sudan Development Plan (SSDP), which has the overall objective of building strong foundations of good governance, economic growth and poverty reduction during the initial years of the country's independence. The SSDP provides a full list of government priority programs and a transparent framework for the on-going design and appraisal of the government policies and programs. There is urgent need to determine whether the activities being implemented under the SSDP are indeed meeting the government's objective of reducing poverty levels of the poor and raising the country's overall economic growth or not. To be able to monitor SSDP implementation progress, the Government has also developed a comprehensive monitoring and evaluation (M&E) framework that includes important social and economic indicators as well as targets that will be used to monitor key indicators related to economic growth, poverty, education, health and infrastructure activities. The effectiveness of this M&E framework, in turn, depends on the availability of timely, reliable and accurate statistical data.

**Sectoral and Institutional Context**

As may be expected for a country that gained its independence recently, South Sudan's National Statistics System (NSS) is still weak. Except for the National Bureau of Statistics (NBS), which has statistical offices at national and regional levels, most ministries, department and agencies (MDAs) and other institutions of the government have no statistical units. Furthermore, the capacity at all levels of government to produce and use statistical information for evidence-based decision making is limited. The Government is well aware of the weaknesses and challenges facing the NSS. These challenges have been identified in the government's National Strategy for Development of Statistics (NSDS) 2013-2018. They include: (i) weak and limited technical capacity within NBS and statistics producing units in Government MDAs; (ii) limited financial resources to the production and
dissemination of statistics; (iii) lack of coordination among NBS, MDAs and other producers and users of statistics within NSS; (iv) deficient mechanism for dissemination of official statistics produced by NBS and MDAs; (v) unfavorable working environment, including lack of adequate office space; (vi) huge data gaps on social economic indicators required for monitoring government's achievement of results of development programs and policies; and (vii) low priority given to production and use of statistics in policy making.

To address the weaknesses and challenges mentioned above, NBS and MDAs need to set up a system that will improve their ability to produce timely and reliable statistics and build public trust in official statistics. In particular, there is a need to strengthen NBS’ capability to carry out its key role of coordinating, providing technical guidance, aggregating and disseminating official statistics produced within the NSS. To achieve this, NBS has to improve its capacity to make statistics quickly, easily, and widely available by designing a data access and dissemination mechanism that will enable: (i) policy makers to use these statistics for evidence-based decision making; (ii) the public to monitor progress towards meeting SSDP objectives; and (iii) Development Partners to get data for monitoring the country's performance indicators and targets.

In preparation for the proposed project, and to identify and address the issues stated above, the Government, through the National Bureau of Statistics (NBS), has developed a National Strategy for Development of Statistics (NSDS) for 2013-2018. The NSDS has been prepared through a consultative process involving the participation of staff of the NBS, MDAs, research and academic institutions, NGOs, and development partners providing technical assistance in statistical capacity building in South Sudan. The NSDS provides a framework for developing the NSS, and aims at legal and institutional reform, fostering coordination, enhancing collaboration, networking and information sharing among data producers and users. NSDS further proposes investments in data development, human capacity and physical and transport infrastructure. The NSDS was approved by the Council of Ministers (i.e. Cabinet) in February 2013, and will later be officially launched by the office of the President.

The Government of South Sudan is committed to strengthening its NSS. In February 2013, the Council of Ministers approved the NSDS and the role of statistics has been included in the country's Transitional Constitution. There is a strong and rapidly increasing demand for quality data; and NBS has a strong and reform oriented leadership which also enjoy substantial support from Government.

The design of the NSDS has satisfactorily identified weaknesses and challenges facing the country's statistics system. The implementation of the strategy will address the following areas:

i. Weak institutional framework for coordinating and managing the NSS. At present South Sudan has a very decentralized statistics system with a number of government MDAs involved in the collection, compilation and dissemination of official statistics. However, most of these statistics producers work independently and often use different methodologies to collect and compile data. This creates challenges for the consistency of statistics from different sources, which may lead to a duplication of efforts, inefficient use of resources and puts unnecessary burden on respondents.

ii. Weak legal Environment for National Statistical System. The NSDS identifies that certain sections of the current Statistics Act will require review to allow for institutional reforms that have been recommended in the NSDS. The issues to be addressed are: (a) the establishment of a
consultative and participatory mechanism for the National Statistics System; (b) strengthening the
NBS institutional and organizational structure; (c) improving incentives and working environment
for the staff members of the NBS and those of the MDAs.

iii. Inadequate staff and resources. The limited financial resources and staff size have
significantly affected the NSS’ capacity to collect and compile good quality statistics in accordance
with international practices and methods. Many staff members require further training to fully
perform their tasks.

iv. Limited training opportunities at the local and national level have constrained the NSS’ ability to
develop statistical skills of its staff. Lack of basic statistical training and knowledge of recent
international standards and methods has affected the NSS’ ability to harmonize or standardize its
data collection and compilation across the MDAs. For this reason, there is a strong demand from
most MDAs within the NSS for a coordinated approach to provision of statistical training.

v. Creating Awareness of the Use of quality statistics in decision making. Policy-makers need
to understand the importance of timely, high quality economic and social statistics, and to ensure
that sufficient financial and human resources are made available to the NSS. To achieve this, the
NBS and the entire NSS will need to take a more pro-active role in raising the awareness for the
importance of economic and social statistics to policy-makers and other users of official statistics.

vi. Limited Existence of Data Sources. Lack of adequate knowledge to conduct household and
business surveys, and difficulties experienced in trying to access administrative data sources from
both private sector and government sources appear to be among major factors constraining the NSS
capacity to produce good quality and timely statistics. Limited data sources have also made
compilation of national accounts statistics difficult.

vii. Inadequate IT resources. Although some staff of the NSS (especially the NBS staff) have access
to computers, the computer systems existing within the NSS do not appear to be well connected to
data collection, compilation and dissemination of statistics. The collection and compilation process
involve many manual steps and separate computer systems. In many cases collection and
compilation of statistics is done manually.

viii. Incomplete business registers. At present the business register used by the NBS is not
comprehensive. It in fact limits the capacity of the NBS to conduct coherent and comprehensive
business surveys. Given the central role that business register plays in ensuring that all relevant
surveys are conducted in a coherent and consistent manner, there is an urgent need for the
improvement of this register.

ix. Improvement of NBS website. NBS has developed a website which provides easy access to key
social- economic indicators, but it still lacks a micro data portal to disseminate the existing data sets
for public use. Besides, NBS does not have a micro data policy framework that spells out clearly
how users could access NBS data for further research and analysis. In addition, access to data
throughout the NSS is uneven, and is not yet in conformity with the UN Fundamental Principles of
Official Statistics.

The proposed project is designed to support an improved implementation of the NSDS in these
areas, as well as to finance key outputs of NBS and a few selected MDAs. During the preparation
period, the Bank project team and staff of Government/NBS will agree on concrete program activities to be supported by the proposed project.

**Relationship to CAS**

The proposed project is closely related to the goals outlined in the Bank's FY2013-2014 Interim Strategy Note (ISN) for South Sudan. It is designed to support the NSDS, which is conceptualized to strengthen the information and statistics backbone of the Bank's ISN and the Government's SSDP, and will provide the relevant performance indicators to be used in formulating, updating, monitoring and evaluating the strategies and targets of the country's social and economic development. Specifically, indicators and the data for monitoring performance under the ISN and SSDP M&E frameworks will be greatly improved by strengthening the national statistical system. Furthermore, the IDA Results Measurement System now requires that all Country Assistance or Partnership Strategies include a review of national statistical systems and an identification of what is needed to strengthen capacity both to generate and to use statistical information. In addition the Bank's support to NSDS program is also in line with the Bank's Global STATCAP program that aims to provide support to statistical capacity building to developing countries such as South Sudan to help them improve their statistical capacity.

**II. Proposed Development Objective(s)**

**Proposed Development Objective(s) (From PCN)**

The development objective of the proposed project is to improve the quality and timeliness of statistical information, as well as making data accessible to users.

**Key Results (From PCN)**

The main outcome will be improved quality and reliability of data and statistical information produced and disseminated for effective policy making, good governance, and design and monitoring of programs and policies. This outcome will be measured by the following indicators: (i) level of user satisfaction with statistical products and services provided by the NSS; (ii) NBS and other participating MDAs have improved the quality of statistical information and data that are frequently published in publications such as South Sudan Statistical Year Book, the Monthly Consumer Price Index report, and Key Indicators for South Sudan which are placed on NBS website and disseminated widely within the Government and key stakeholders; (iii) Full and timely implementation of the Integrated Household Budget Survey, Integrated Business Enterprises Survey, National Agriculture and Animal Resources Survey, 2014 Population and Housing Census, and compilation of the new National Accounts Series - including providing users with access to anonymized data and metadata through a national micro-data library; and (iv) proportion of NBS and MDAs staff benefiting from training courses/programs financed by the proposed project funds.

**III. Preliminary Description**

**Concept Description**

The project is an effort to support the implementation of the South Sudan National Strategy for Development of Statistics (NSDS) 2013-18, which is Government of South Sudan's vision and strategy for the medium-term development of the country's statistical system. The proposed project will address key weaknesses and challenges in the statistical system of South Sudan focusing in particular on legal reform, institutional coordination and capacity building within the National Bureau of Statistics and a few selected Ministries, Departments and Agencies. Furthermore, the
The project will aim to develop sources and methods of official statistics, promote data sharing between producers and develop a data access and dissemination strategy in accordance with international best practice. Substantial investments in skills development and equipment upgrade, e.g. ICT, vehicles etc., as well as in physical office space are also part of the program. The project will build on ongoing technical assistance to the statistics sector in South Sudan currently being provided by Development Partners (DPs) through various channels. A special effort will be made to coordinate and harmonize the support from various development partners to the statistical sector in South Sudan as well as aligning more closely with the NSDS. Active DPs currently supporting the NBS through separate financing arrangements include Government of Norway, the United Kingdom Department for International Development (DfID), the World Bank, the African Development Bank (AfDB), the International Monetary Fund (IMF), various United Nations agencies, e.g. UNDP, UNESCO, UNFPA and UNICEF and United Statistics Agency for International Development (USAID).

The World Bank's contribution to the project will be an IDA credit of US$8 million. The project components mentioned below are aligned with the Government's NSDS, and they are designed to support the implementation of the five programs outlined in the NSDS.

Component A: Strengthening legal and institutional framework of the NSS. This component will ensure that institutional capacity supports the formulation, coordination, and implementation of appropriate statistical policies and programs geared to the needs of the South Sudan economy. Developing an organizational culture that reflects modern principles of management that are results oriented, focused on teamwork, rationalization and optimization of human resources, networking and communication throughout the NSS and promotion of innovation. Expected outputs will include new statistical legislation and regulations to provide for an appropriate institutional, regulatory and data dissemination and access framework that promotes the effective use of data while still maintaining legal safeguards on the confidentiality of individual records. It will also ensure that existing mechanisms for coordination of statistical activities are strengthened at NBS, MDAs, and regional levels. It will also put in place mechanisms for effective dialogue with data producers, respondents (information providers) and data users, including research and academic institutions. This will lead to an understanding on mutual responsibilities, data sharing, and elimination of duplication among statistical agencies at national and district levels.

Component B: Improving human resource capacity for the production and management of statistics. This component will support professional development of NBS and selected MDAs to generate quality statistics to be used by policy and decision makers in their policy formulation, and monitoring of projects and project implementation in South Sudan. Training will be provided in basic and advanced methodologies and techniques, particularly those that support the priority indicators for SSDP and MDGs. It will also support the linkage of NBS with local and international universities to ensure that NBS establishes collaborative activities with a selected local university with the objective of improving the learning and teaching of applied statistics courses relevant to the country's needs. The proposed coordination of research will also lead to less duplication in data collection activities that are sometimes being carried out separately by NBS, other NSS agencies and research institutes. This component will further support capacity building of staff in procurement and financial management departments for NBS to be able to carry out its fiduciary functions effectively.

Component C: Data Development and Management. This component will support (i) adaptation by
the NBS and MDAs of internationally accepted standards and methodologies in data collection, compilation and validation; (ii) undertaking agreed NSDS priority surveys/censuses and administrative statistics that are specified in the Integrated Work Plan for first three years (2013/14-2016/17) of the NSDS; and (iii) further development of sectoral statistics such as: demographic statistics, vital statistics, health statistics, education statistics, poverty and living conditions statistics, national accounts statistics, labor market statistics, judiciary statistics, agricultural statistics and transportation statistics.

Component D: Developing statistical infrastructure. This component will improve the underlying systems and databases needed to maintain a National Statistical System. This will include the development of up-date: (i) national sampling frames, specifically Central Register of Establishments and enterprises (CRE) and the National Master Sampling frame for household-based censuses and sample survey, (ii) compendium of concepts, definitions and methodologies compiled for application in statistical analysis in South Sudan; and (iii) economic and social classifications and methodologies; (iv) appropriate statistical computer packages, and Geographical Information System (GIS) for statistical mapping.

Component E: Improving physical infrastructure and equipment. The NBS headquarters is currently housed in Juba in a temporary office space with the buildings mostly made up of either prefabricated materials or large modified containers. It does not have adequate air conditioning system; data storage facilities are inadequate; computer equipment is not up to date and in short supply; and access to Internet is unreliable. This situation has severely constrained the ability of staff to perform their duties effectively. The component will support construction of a new office building. The construction cost and justification of this building are included and explained in the NSDS. The component will also support investments in upgraded information technology and communications infrastructure - primarily computers and networking equipment, vehicles and other equipment needed to collect, process and disseminate of statistical data in NBS and project beneficiary MDAs.

Component F: Developing a framework for coordination and implementation of the NSDS. NBS will be the main executing agency of the NSDS program and will be responsible for its management. To effectively carry out the project implementation and daily project administrative work, an NSDS Coordination Unit will be established to coordinate activities of the NBS and MDAs expected to benefit from project funds, manage reporting and auditing activities, and ensure compliance with the procurement, disbursement and financial management policies and procedures. The functions of this unit will further include expenditure management and monitoring and evaluation of the activities of the NBS and MDAs benefiting from the proposed project.

The initial budget for the NSDS is US$58 million. However, in view of the implementation capacity and available resources, NBS has decided to divide into phases with the first phase of the NSDS program at about US$30 million – of which the Bank is likely to contribute US$8 million and the balance will be contributed by the government, possibly US$3 million, and other development partners, US$19 million. The funds will primarily be spend on investments in IT, skills development and new office space, and a substantial amount of the funds will go towards statistical survey activity, including a Labour Force Survey in 2013, A Household Budget Survey in 2014 and possibly also a Demographic and Health Survey and an Agricultural Sample Census in 2015-16.
IV. Safeguard Policies that might apply

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V. Financing (in USD Million)

| Total Project Cost: | 30.00 | Total Bank Financing: | 8.00 | Total Cofinancing: | Financing Gap: | 19.00 |

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