

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

Report No.: PIDA2418

Project Name	Ethiopia Statistics for Results Facility (P147356)
Region	AFRICA
Country	Ethiopia
Sector(s)	General public administration sector (100%)
Theme(s)	Managing for development results (50%), Economic statistics, modeling and forecasting (20%), Administrative and civil service reform (20%), Analysis of economic growth (10%)
Lending Instrument	Investment Project Financing
Project ID	P147356
Borrower(s)	Federal Ministry of Finance and Economic Development, Federal Democratic Republic of Ethiopia
Implementing Agency	Central Statistics Agency (CSA)
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	30-Mar-2014
Date PID Approved/Disclosed	31-Mar-2014
Estimated Date of Appraisal Completion	31-Mar-2014
Estimated Date of First Grant Approval	01-May-2014
Decision	

I. Project Context

Country Context

Ethiopia is a large and diverse country. It is located in the Horn of Africa and is a land-locked country with an area of 1.1 million km²—about the size of Bolivia. Its bio-physical environment includes a variety of contrasting ecosystems, with significant differences in climate, soil properties, vegetation types, agricultural potential, biodiversity and water resources. Ethiopia is a country of many nations, nationalities and peoples, with a total population of 91.7 million (2012) . Only 17 percent of the population lives in urban centers, the great majority of them in Addis Ababa. At a current annual growth rate of 2.6 percent, Ethiopia’s population is estimated to reach 130 million by 2025, and is projected by the UN to be among the world’s top ten, by 2050. Ethiopia is vulnerable to terms of trade shocks from international food and fuel prices, and to large domestic weather-related shocks as the 2011/12 East Africa drought demonstrated.

Ethiopia has a federal, democratic government system, established in the early 1990s, with nine autonomous states (‘regions’) and two chartered cities . The federal Government of Ethiopia (GoE) has been dominated by the Ethiopian People’s Revolutionary Democratic Front (EPRDF) since it

came to power in 1991. EPRDF comprises four regionally-based parties from the four major regions (Amhara, Oromia, Southern Nations, Nationalities and Peoples (SNNPR), and Tigray). The long-serving Prime Minister, Meles Zenawi, (from Tigray) died in August 2012, and was succeeded by Hailemariam Desalegn (from SNNPR) who has pursued largely the same policies. The next national elections are scheduled for 2015.

Ethiopia has experienced strong economic growth over the past decade. Economic growth averaged 10.7 percent per year in 2003/04 to 2011/12 compared to the regional average of 5.4 percent. Growth reflected a mix of factors, including agricultural modernization, the development of new export sectors, strong global commodity demand, and government-led development investments. Private consumption and public investment have driven demand side growth, with the latter assuming an increasingly important role in recent years. On the supply side, growth was driven by an expansion of the services and agricultural sectors, while the role of the industrial sector was relatively modest. More recently annual growth rates have declined slightly, but still remain at high single-digit levels. Growth in the export of goods has also moderated in recent years and a decline was observed in 2012/13 for the first time since 2008/09. There have been bouts of high inflation in recent years and, while inflation is currently much lower, keeping it down remains a major objective for monetary policy.

Ethiopia is one of the world's poorest countries, but has made substantial progress on social and human development over the past decade. The country's per capita income of US\$370 per is substantially lower than the regional average of US\$1,257 and among the ten lowest worldwide . Ethiopia is ranked 173 out of 187 countries in the Human Development Index (HDI) of the United Nations Development Program (UNDP). However, high economic growth has helped reduce poverty, in both urban and rural areas. Since 2005, 2.5 million people have been lifted out of poverty, and the share of the population below the poverty line has fallen from 38.7 percent in 2004/05 to 29.6 percent in 2010/11 (using a poverty line of US\$0.6/day). However, because of high population growth the absolute number of poor (about 25 million) has remained unchanged over the past fifteen years. Ethiopia is among the countries that have made the fastest progress on the Millennium Development Goals (MDGs) and HDI ranking over the past decade. It is on track to achieve the MDGs related to gender parity in education, child mortality, HIV/AIDS, and malaria. Good progress has been achieved in universal primary education, although the MDG target may not be met. The reduction of maternal mortality remains a key challenge.

GoE is currently implementing its ambitious Growth and Transformation Plan (GTP; 2010/11-2014/15), which sets a long-term goal of becoming a middle-income country by 2023, with growth rates of at least 11.2 percent per annum during the plan period. To achieve the GTP goals and objectives, GoE has followed a “developmental state” model with a strong role for the government in many aspects of the economy. It has prioritized key sectors such as industry and agriculture, as drivers of sustained economic growth and job creation. The GTP also reaffirms GoE's commitment to human development. Development partners have programs that are broadly aligned with GTP priorities.

The World Bank Group's Country Partnership Strategy (CPS, FY13-16) builds on Ethiopia's recent progress and aims to help GoE address structural transformation and assist in the implementation of the GTP. The CPS framework includes two pillars. Pillar One, “Fostering competitiveness and employment”, aims to support Ethiopia in achieving: (i) a stable macroeconomic environment; (ii) increased competitiveness and productivity; (iii) increased and improved delivery of infrastructure;

and (iv) enhanced regional integration. Pillar Two, “Enhancing resilience and reducing vulnerabilities”, aims to support Ethiopia in improving the delivery of social services and developing a comprehensive approach to social protection and risk management. Good governance and state building form the foundation of the CPS. In line with the GTP, gender and climate change have been included as cross-cutting issues to strengthen their mainstreaming across the portfolio. The programs of IFC and MIGA are well aligned with the CPS framework, contributing mainly to the strategic objectives under Pillar One.

Sectoral and institutional Context

The use of statistical information for economic management in Ethiopia started in the 1960s. In 1963 the Central Statistical Office (CSO) was founded with a mandate of conducting regular statistical activities. The CSO reported to the Ministry of Planning and Development, and later to the Planning Commission until 1989, with some reorganization in between. In 1989, it was restructured to become the Central Statistical Authority, which was initially accountable to the Council of Ministers and later to the Ministry of Economic Development and Cooperation (MEDAC), then to the Ministry of Finance and Economic Development (MOFED) The current statistical law passed on 20 April 2005 (Proclamation No 442/205) reestablished the CSA as an autonomous Federal agency reporting to MOFED.

The National Statistical Development Strategy (NSDS) for Ethiopia covers the period from 2009/10 to 2013/14. It succeeds the Medium Term Statistical Programme (MTSP) for the CSA that ended in 2008, but it differs in scope. The NSDS covers statistical development in the entire National Statistical System (NSS). The NSDS, developed through a participatory process, has six interconnected strategic themes: (i) implementation of the statistics law, which mainly pertains to the coordination of the NSS and establishment of appropriate organizational units and standards; (ii) development of data quality procedures, which corresponds to the development of data quality assessment framework (DQAF), coordinated by the CSA for the NSS; (iii) enhancement of advocacy and use of statistics through promotion of a common website for the NSS, and training of stakeholders; (iv) methodological improvements and statistical modernization, which relates to identification and filling of data gaps and reduction of duplication of surveys; (v) Capacity development in the NSS to meet the increased demand for statistics, which involves investments that improve organizational arrangements, enhance training and availability of skilled staff, encourage staff retention and reduce turnover, leverage ICT for quick data capture and dissemination, provide additional space, furniture and appropriate facilities for a conducive work environment and efficient operations; and (vi) relating the NSDS to the Monitoring and Evaluation of PASDEP and other interventions such as MDGs.

The CSA has two objectives: (i) to plan, collect, process, and disseminate statistical data and (ii) to lead national coordination and provide technical guidance and assistance to government agencies and institutions in building administrative systems and registers (See Figure 1). It is the principal collector, aggregator and disseminator of official statistics and the coordinator of the National Statistical System (NSS) . The CSA has a staff of almost 2500, of which approximately 50 are managers, 380 are statisticians, 400 are technical and administrative professionals, 1400 are support staff, and 250 logistical staff. Its annual budget (both capital and recurrent) is about US\$10 million, of which about 30 percent is for staff salaries and the rest for surveys and operations (2012). This funding model of the CSA differs favorably from many other statistical offices in Africa that usually fund staff salaries but do not provide budget for conducting surveys. In view of government

ownership and funding CSA has conducted a number of surveys and censuses in the last few years. The CSA has also collaborated with national government agencies and international development partners to build Ethiopia's statistical infrastructure.

The CSA's 25 branch offices enhance data quality by ensuring the Agency's presence close to the enumeration areas. The branches allow easier provision of routine supervision, and speedy resolution of field-level issues. This decentralized presence also facilitates deployment of resident enumerators who update sampling frames and conduct interviews at the convenience of the respondent.

Figure 2: International Comparison of NSOs Size

The CSA is the leading organization in the NSS, with 25 branch offices and 72 percent of its staff in the field. However, the NSS faces several institutional weaknesses and organizational challenges. These were broadly identified in the National Strategy for Development of Statistics (NSDS) and are summarized in three categories as follows (See Annex 1 for details):

- Weak institutional capacity within CSA and statistics-producing Government ministries, departments and agencies (MDAs) to execute planned surveys, carry out in-depth analysis, regularly assess user needs, and disseminate statistical products and services. Management of resources is also deficient, physical and IT infrastructure is sub-optimal, and staff salaries are low while statistical staff turnover is high. In light of the fast expanding demand for statistics, CSA's organization may have to be right-sized (e.g. expanded by increasing the number of permanent statisticians). International comparisons of NSOs size indicate that Ethiopia compares unfavorably with large federal states e.g. Turkey and South Africa (i.e., 3.4 staff per 100,000 populations as opposed to 4.7 and 5.7, respectively) (see Figure 2).
- Data gaps due to incomplete sampling frames in some sectors, such as business statistics; lack of data for some sectors such as mining, energy, construction and transport sectors; little, or no, time series data to maintain consistency in results from year to year; and lack of timeliness of data coming from some of the existing surveys.
- Coordination problems, as manifested by the lack of a single database for statistics produced by the ministries, which result in the duplication of efforts and contradictory estimates from data producers on similar variables.

The CSA and key MDAs need to improve their ability to produce timely and reliable statistics, and build public trust in official statistics. In particular, the CSA needs to establish itself as a leading producer, and provider, of cost-effective, timely and quality statistics. There is also a need to strengthen the CSA's physical and statistical capacity to carry out its mission as the principal collector, aggregator and disseminator of statistics and the coordinator of the NSS.

The NSDS proposes investments in data development, human capacity and physical and transport infrastructure and logistics. However, while the design of the NSDS is satisfactory in identifying challenges, it is weak on implementation. The World Bank and the CSA identified the following 5 implementation priority areas that need institutional strengthening:

- Organizational and Infrastructure development
- Data development and management
- Methodological research and analysis
- Dissemination and statistical advocacy

- Monitoring and evaluation

The GTP identifies sectoral targets and strategies to enhance economic growth and achieve medium and long term objectives. The development strategy has also highlighted the importance of data to track and monitor achievements of targets underlined in the Plan. The Government of Ethiopia has committed itself to an agenda of results that require clear and systematic measurement, monitoring, and evaluation of the achievement of outputs, outcomes, and the impact of development policies and plan targets. Ethiopia's national statistical system (NSS) is charged with the responsibility of providing the information required to measure, monitor and evaluate the development process. Data on various sectors of the economy are also required to inform private sector investment decisions. In addition, the recent expansion in higher learning institutions and graduate programs in the country will further increase the demand for quality data and thereby increased the need for official statistical information.

II. Proposed Development Objectives

The development objective of the proposed project is to enhance the capacity of the CSA at the organizational, human and physical levels in order to produce and disseminate reliable, accessible and timely statistics. This will be achieved through modernization of the CSA's organizational and data development capabilities and infrastructure at headquarters and select branch offices, as well as through improvement of the data management capabilities of key MDAs in the NSS. The target users and beneficiaries of the project would be both the government and the general public and stakeholders.

III. Project Description

Component Name

Component 1: Organizational and Infrastructure Capacity Development in the NSS

Comments (optional)

Component Name

Component 2: Statistical Data Development and Management

Comments (optional)

Component Name

Component 3: Statistical Methodology, Standards and Data Quality Assurance and Information Dissemination

Comments (optional)

Component Name

Component 4: Monitoring and Evaluation

Comments (optional)

IV. Financing (in USD Million)

Total Project Cost:	10.00	Total Bank Financing:	0.00
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Financing Gap:	0.00	
For Loans/Credits/Others		Amount
Borrower		0.00
Statistics for Results Trust Fund		10.00
Total		10.00

V. Implementation

The CSA will be the project-executing agency, and is a key agency responsible for the overall NSDS program, along with the Ministry of Finance and Economic Development (MOFED) and the Statistical Council (SC). The CSA has prepared its draft project operational manual (OM) and project procurement plan for the next years.

Annual Work Plan. In order to better plan and advance implementation an annual planning exercise is to take place as part of implementation arrangements by the CSA, the main implementing agency of the project. The annual work plan review will help distil lessons and make adjustments in keeping with regional preferences.

National Partnership Group. A joint Government/DPs National Partnership Group (NPG) has been established, and will provide the national oversight for the implementation of the SFR project implementation in light of the existing NSDS coordination arrangements. The Bank has received a letter (jointly signed by the Director General CSA and the Development Partner Group representative) that supports the project and strengthens existing NSDS and project coordination arrangements (See Annex 8).

A CSA Project Implementation Unit (CSA PIU) will be established to manage the project. For Project implementation, the CSA has identified CSA staff and technical experts who will manage project implementation activities, plan and coordinate work programming, manage reporting and auditing activities, and ensure compliance with the disbursement and financial management and procurement procedures. The CSA PIU in Addis Ababa will report directly to the CSA Director General and will comprise of the Manager/Coordinators, statistical specialists, IT specialists, institutional development specialists, project M&E specialist, Construction specialists/architects, procurement specialist, and financial management specialist. The procurement and financial management experts and the stakeholder communication/M&E analyst will be full time during the life of the project, while other experts will be full time or part time depending upon the project schedule and work plan needs. Since some Branch offices will be constructed, CSA will set up PIU local offices at these locations as per the structure and staffing provided in the operational manual and the ESMF to meet all stipulated requirements and needs. HQ level PIU will ensure that quarterly progress reports are made available to relevant authorities both within Ethiopia and at the World Bank. To ensure sustainability of this project coordination arrangement, most PIU responsibilities will be mainstreamed into the CSA (CSA-DG/GSA) during the second half of project implementation.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	x	

Natural Habitats OP/BP 4.04		x
Forests OP/BP 4.36		x
Pest Management OP 4.09		x
Physical Cultural Resources OP/BP 4.11		x
Indigenous Peoples OP/BP 4.10		x
Involuntary Resettlement OP/BP 4.12		x
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50		x
Projects in Disputed Areas OP/BP 7.60		x

Comments (optional)

VII. Contact point

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