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Report No: 78231-ET

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

IN THE AMOUNT OF US\$10 MILLION

TO THE

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

FOR A

STATISTICS FOR RESULTS PROJECT

May 28, 2014

Poverty Reduction and Economic Management 2 (AFTP2)  
Country Department AFCE3  
Africa Region

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## CURRENCY EQUIVALENTS

(Exchange Rate Effective March 31, 2014)

Currency Unit = Ethiopian Birr  
ETB 19.37 = US\$1  
US\$ 1.55 = SDR 1

FISCAL YEAR  
July 8 – July 7

## ABBREVIATIONS AND ACRONYMS

AGSS	Agricultural Sample Survey
AWP	Annual Work Plan
BIs	Budgetary Institutions
BO	Branch Office
BPR	Business Process Reengineering
CAPI	Computer-Assisted Personal Interviewing
CATI	Computer-Assisted Telephone Interviewing
CPS	Country Partnership Strategy
CSA	Central Statistical Agency
CSA-BPR	Central Statistical Office Business Process Reengineering
CSO	Central Statistical Office
CSRP	Civil Service Reform Program
DDGs	Deputy Director Generals
DECDFG	Development Economics Data Group
DfID	Department for International Development (UK)
DG	Director General
DPs	Development Partners
DQAF	Data Quality Assessment Framework
EA	Environmental Assessment
E-DQAF	Ethiopian Data Quality Assessment Framework
EFY	Ethiopian Fiscal Year
EMCP	Expenditure Management and Control sub-program
ERSS	Ethiopian Rural Socioeconomic Survey
ESMF	Environmental and Social Management Framework
ETB	Ethiopian Birr
EU	European Union
FDRE	Federal Democratic Republic of Ethiopia
FM	Financial Management
GDDS	General Data Dissemination System

GDP	Gross Domestic Product
GIS	Geographic Information System
GoE	Government of Ethiopia
GPN	General Procurement Notice
GPRS	Ghana Poverty Reduction Strategy
GTP	Growth and Transformation Plan
HCES	Household Consumption and Expenditure Survey
HDI	Human Development Index
HPR	House of Peoples' Representatives
HQ	Headquarter
HR	Human Resource
IA	Implementing Agency
IBEX	Integrated Budget and Expenditure
IBRD	International Bank for Reconstruction and Development
ICB	International Competitive Bidding
ICT	Information and Communication Technology
IDA	International Development Association
IFAC	International Federation of Accountants
IFPRI	International Food Policy Research Institute
IFRs	Interim Financial Reports
IMF	International Monetary Fund
IS	Implementation Support
ISIC	International Standard Industrial Classification
IT	Information Technology
LFS	Labor Force Survey
LSMs	Living Standards Measurement Study
M&E	Monitoring and Evaluation
MDAs	Ministries, Departments, and Agencies
MDGs	Millennium Development Goals
MEDAC	Ministry of Economic Development and Cooperation
MOFED	Ministry of Finance and Economic Development
MoU	Memorandums of Understanding
MTSP	Medium Term Statistical Programme
NCB	National Competitive Bidding
NGOs	Non-Governmental Organizations
NPG	National Partnership Group
NSDS	National Statistical Development Strategy
NSOs	National Statistical Offices
NSS	National Statistical System
OFAG	Office of Federal Audit General
OM	Operational Manual
OP/BP	Operational Policy/Bank Procedures

ORAF	Operational Risk Assessment Framework
PASDEP	Plan for Accelerated and Sustainable Development to End Poverty
PBS	Protection of Basic Services
PDO	Project Development Objective
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PIU	Project Implementation Unit
P-RAMS	Procurement Risk Assessment and Management Systems
PSCAP	Public Sector Capacity building Support Program
QAS	Quality Assurance Standard
RFP	Request for Proposal
SC	Statistical Council
SC	Steering Committee
SDDS	Special Data Dissemination Standard
SFR	Statistics For Results
SMS	Studies Measurement Study
SoEs	Statements of Expenditures
SRF-CF	Statistics for Results Facility Catalytic Fund
ToR	Terms of Reference
UN	United Nations
UNDB	United Nations Development Business
UNDP	United Nations Development Program
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
USD	United States Dollar
WB	World Bank
WMS	Welfare and Monitoring Survey

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**Ethiopia**  
**Statistics for Results Facility Project**

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**PAD DATA SHEET**  
**Ethiopia**  
*Ethiopia Statistics for Results Facility (P147356)*

**PROJECT APPRAISAL DOCUMENT**

*AFRICA*  
*AFTP2*

Report No.: PAD806

<b>Basic Information</b>			
Project ID P147356	EA Category B - Partial Assessment	Team Leader/Co-Team Leader Michael Tobias Geiger (TTL) Waleed Haider Malik (Co-TTL)	
Lending Instrument	Fragile and/or Capacity Constraints [ ]		
Investment Project Financing	Financial Intermediaries [ ]		
Project Implementation Start Date May 28, 2014	Series of Projects [ ] Project Implementation End Date 30-Jun-2017		
Expected Effectiveness Date 30-Jun-2014	Expected Closing Date 31-Dec-2017		
Joint IFC No			
Sector Manager Pablo Fajnzylber	Sector Director Marcelo Giugale	Country Director Guang Zhe Chen	Regional Vice President Makhtar Diop
Borrower: Federal Ministry of Finance and Economic Development, Federal Democratic Republic of Ethiopia			
Responsible Agency: Central Statistical Agency			
Contact: Telephone No.:	Mrs. Samia Zekaria Gutu 251-1-11-553011	Title: Email:	Director General samiaz@ethionet.et
<b>Approval Authority</b>			
Approval Authority RVP Decision Please explain: This grant requires Regional Vice President approval according to the Statistics for Results Facility Catalytic Fund requirements.			

<b>Project Financing Data(in USD Million)</b>														
[ ]      Loan		[ X ]      Grant		[ ]      Guarantee										
[ ]      Credit		[ ]      IDA Grant		[ ]      Other										
Total Project Cost:		10.00			Total Bank Financing:		0.00							
Financing Gap:		0.00												
<b>Financing Source</b>				<b>Amount</b>										
Borrower				0.00										
Statistics for Results Trust Fund				10.00										
Total				10.00										
<b>Expected Disbursements (in USD Million)</b>														
Fiscal Year	2014	2015	2016	2017	2018									
Annual	0.50	2.50	4.50	1.50	1.00									
Cumulative	0.50	3.00	7.50	9.00	10.00									
<b>Proposed Development Objective(s)</b>														
The objective of the Project is to enhance the capacity of the Central Statistical Agency (CSA) at the organizational, human, and physical levels in order to produce and disseminate reliable, accessible, and timely statistics.														
<b>Components</b>														
<b>Component Name</b>						<b>Cost (USD Millions)</b>								
Component 1: Organizational and Infrastructure Capacity Development in the National Statistical System						4.90								
Component 2: Statistical Data Development and Management						1.50								
Component 3: Statistical Methodology, Standards and Data Quality Assurance and Information Dissemination						1.90								
Component 4: Monitoring and Evaluation						1.70								
<b>Institutional Data</b>														
<b>Sector Board</b>														
Economic Policy														
<b>Sectors / Climate Change</b>														

Sector (Maximum 5 and total % must equal 100)				
Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Public Administration, Law, and Justice	General public administration sector	100		
Total		100		
<input checked="" type="checkbox"/> I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.				
Themes				
Theme (Maximum 5 and total % must equal 100)				
Major theme	Theme	%		
Public sector governance	Managing for development results	50		
Economic management	Economic statistics, modeling and forecasting	20		
Public sector governance	Administrative and civil service reform	20		
Economic management	Analysis of economic growth	10		
Total		100		
Compliance				
Policy				
Does the project depart from the CAS in content or in other significant respects?	Yes [ ] No [ X ]			
Does the project require any waivers of Bank policies?	Yes [ ] No [ X ]			
Have these been approved by Bank management?	Yes [ ] No [ ]			
Is approval for any policy waiver sought from the Board?	Yes [ ] No [ X ]			
Does the project meet the Regional criteria for readiness for implementation?	Yes [ X ] No [ ]			
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

<b>Legal Covenants</b>			
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Withdrawal of the Grant Proceeds		01-Oct-2014	On-going

#### **Description of Covenant**

As per Grant Agreement Section IV (c) (i): No later than three (3) months after the Effective Date of the Project, establish and thereafter maintain, the CSA Project Implementation Unit, in accordance with staffing, resources, terms of reference, and with substance satisfactory to the World Bank.

<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Withdrawal of the Grant Proceeds		01-Oct-2014	On-going

#### **Description of Covenant**

As per Grant Agreement Section IV (c) (ii): No later than three (3) months after the Effective Date of this Project, prepare and adopt, Project Operational Manual, in form and substance satisfactory to the World Bank, and thereafter ensure that the Project is carried in out in accordance with said manual.

#### **Team Composition**

<b>Bank Staff</b>			
<b>Name</b>	<b>Title</b>	<b>Specialization</b>	<b>Unit</b>
Lars Moller	Lead Economist and Sector Leader PREM	Lead Economist and Sector Leader PREM	AFTP2
Grant James Cameron	Manager	Manager	DECDG
Michael Gieger	Task Team Leader	Senior Economist	AFTP2
Waleed Haider Malik	Co-Task Team Leader	Senior Public Sector Mgmt. Spec.	AFTP2
Alexandra C. Bezeredi	Regional Environmental and Safeguards Advisor	Regional Environmental and Safeguards Advisor	AFTSG
Patricia De la Fuente Hoyes	Senior Finance Officer	Senior Finance Officer	CTRLN
Barbro E. Hexeberg	Senior Economist	Senior Economist	DECDG
Alemayehu Ambel	Economist	Economist	DECDG
Masako Hiraga	Senior Economist/ Statistician	Senior Economist/Statistician	DECDG
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Mohammad Nadeem	Legal Analyst	Legal Analyst	LEGAM
Mesfin Girma Bezawagaw	Economist	Economist	AFTP2
Senait Kassa Yifru	Program Assistant	Program Assistant	AFTP2
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Robi Reda	Consultant	Consultant	AFTP2
Melat Assefa Asfaw	Consultant	Consultant	AFTP2
Abiy Tessema Ashagre	Consultant	Consultant	AFTP2
Candace Asrat Gebre	Consultant	Consultant	AFTP2

#### Non Bank Staff

Name	Title	Office Phone	City
Kenny Osborne	DFID Advisor		Addis Ababa
Yusuf Murangwa	Director General NISR Government of Rwanda		Kigali

#### Locations

Country	First Administrative Division	Location	Planned	Actual	Comments
Ethiopia	Addis Ababa	Addis Ababa	X		Hawassa, Mekele, Bahir Dar, and Ambo

## I. STRATEGIC CONTEXT

### A. Country Context

1. **Ethiopia is a large and diverse country.** It is located in the Horn of Africa and is landlocked with an area of 1.1 million square kilometers—about the size of France and Spain combined. Ethiopia's biophysical 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 people, with a total population of 91.7 million (2012).<sup>1</sup> Only 17 percent of the population lives in urban centers, with the great majority of them living 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 United Nations (UN) to be among the world's top 10 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.
2. **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 with the regional average of 5.4 percent. This 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.
3. **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 is substantially lower than the regional average of US\$1,257, and is among the 10 lowest worldwide.<sup>2</sup> Ethiopia is ranked 173 out of 187 countries in the Human Development Index (HDI) of the United Nations Development Programme. 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 close to US\$1.25/day). However, because of high population growth, the absolute number of poor people (about 25 million) has remained unchanged over the past 15 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

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<sup>1</sup> Source: United Nations. According to the Ethiopian Central Statistics Office, the population figure is 82.6 million.

<sup>2</sup> Gross National Income, World Bank Atlas Method.

parity in education, child mortality, HIV/AIDS, and malaria. Ethiopia has achieved substantial progress in universal primary education, although it may not meet the MDG target. The reduction of maternal mortality remains a challenge.

**4. The Government of Ethiopia is currently implementing an 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, the Government of Ethiopia (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 reaffirms the GoE’s commitment to human development. Development partners have programs that are broadly aligned with the GTP priorities.

## **B. Sectoral and Institutional Context**

**5. 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)<sup>3</sup> The current statistical law passed on 20 April 2005 (Proclamation No 442/2005) reestablished the CSA as an autonomous Federal agency reporting to MOFED.

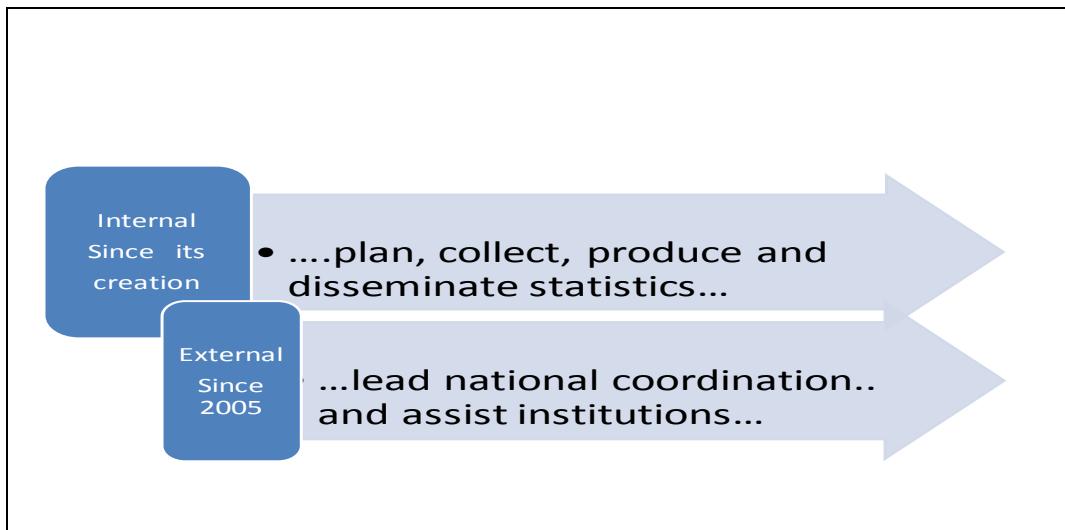
**6. The National Statistical Development Strategy (NSDS) for Ethiopia covers the period from 2009/10 to 2013/14.** It succeeds the Medium Term Statistical Programme (MTSP) for the CSA that ended in 2008, but it differs in scope. The NSDS covers statistical development in the entire National Statistical 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.

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<sup>3</sup> Formerly Ministry of Economic Development and Cooperation (MEDAC) before September 2001.

7. **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)<sup>4</sup>. 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.

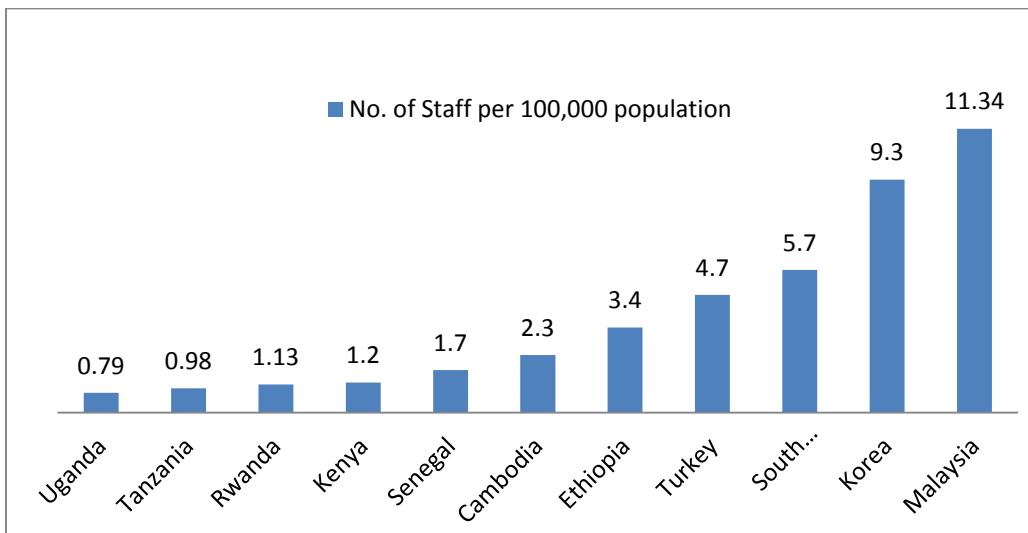
**Figure 1: Institutional Framework: CSA's Current Mandate in Statistical Development**



8. **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.

<sup>4</sup> The National Strategy for the Development of Statistics lists federal and regional government ministries departments and agencies as well as research and teaching institutions and civil society organizations as NSS members.

**Figure 2: International Comparison of NSOs Size**



Source: Various Statistical Agencies

9. **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 6 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<sup>5</sup>).
- **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;

<sup>5</sup> Based on various sources and mission findings: *Cambodia-National Statistics System Annual Report 2010*; *Ethiopia Central Statistical Agency 2013*; *Kenya-KNBS Strategic Plan 2008-2012*. Page 11; *South Korea-Overview of KOSTAT (UNStat)*; *Malaysia.- Country Assessment Report. 2011*. Agriculture Statistics System. Page 7. Working Draft; *Rwanda-National Institute for Statistics 2013*; *Senegal -Rapport Annuel d'activites 2010*. Page 40; *South Africa-Annual Report. 2011/2012*. Page 167; *Tanzania-Annual Report. 2010/11*. Statistical Master Plan. Page 20; *Turkey-Strategic Plan 2012-2016*. Page 51; *Uganda-Sector Strategic Plan for Statistics. 2007-2012*. Page 7. It is important to note that cross country comparisons need to be interpreted with caution as NSO mandates, functions and settings vary across countries. For example, some NSOs handle "national accounts" (e.g. Rwanda) while others do not (e.g. Ethiopia) making comparisons difficult. Also, some NSOs use ICT while others handle all the data collection process manually. International comparisons are also affected by basic information gaps, especially on operational and human resource areas.

little, or no, time series data in some areas 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.

10. **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.

11. **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<sup>6</sup> (see Annex 6 for details):

- Organizational and infrastructure development
- Data development and management
- Methodological research and analysis
- Dissemination and statistical advocacy
- Monitoring and evaluation

12. **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.

### C. Rational for Bank Involvement

13. **The proposed project is consistent with the Ethiopia Country Partnership Strategy (CPS, Report no.71884-ET) which was discussed by the Executive Directors on September**

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<sup>6</sup> These five areas represent the most urgent and immediate priorities of the unfunded NSDS priorities (identified in the mid-term review of the NSDS); it is envisaged that the SFR Project and the establishment of the National Partnership Group (NPG) for Ethiopia would be able to trigger additional funding from government and development partners alike.

**25, 2012.** The strategy for Ethiopia notes the importance of strengthening the statistical capacity of the CSA to produce data in order to measure the impacts of its interventions.

**14. The project will also allow the CSA and the World Bank to further strengthen ongoing collaborative surveys.** The Bank has already made investments in the CSA at different times over the last few years. The World Bank has directly partnered with the CSA to implement surveys and statistical capacity building activities. For example, recently completed and ongoing collaborations between the World Bank and the CSA include the following: Rural Investment Climate Survey, Productive Safety Net Program, Protection of Basic Services, and Ethiopia Rural Socioeconomic Survey. In addition, the World Bank has assisted the CSA through other government agencies and international research organizations to help implement large surveys such as the Welfare Monitoring Survey, the Sustainable Land Management Survey, and the survey component of the Agricultural Growth Program.

**15. The World Bank's support to statistical capacity-building in Ethiopia follows the principles of the Statistics for Results Facility Catalytic Fund (SRF-CF).** The SRF-CF seeks to guide the support programs through a National Partnership Group (NPG) and to base statistical capacity building on the priorities identified in the NSDS. In fact, the SRF is aiming to close some of the funding gaps currently in the NSDS implementation plan, address capacity gaps highlighted by the NSDS, and leverage additional financing through partners to meet CSA needs. The World Bank also encourages the government, where possible, to use some of its IDA credits towards this statistical purpose. This is of particular importance to ensure long-term sustainability in the National Statistical System.

#### **D. Higher Level Objectives to which the Project Contributes**

**16. Achieving the goals of the GOE's Growth and Transformation Plan (GTP) and the Millennium Development Goals (MDGs), and facilitating the Post-2015 MDG Agenda Setting will be supported.** Improvements in the quality, relevance and timeliness of priority statistics will contribute to more effective development policy by: (1) providing the basis for monitoring and evaluating the Government's GTP<sup>7</sup> and for tracking the progress of MDGs, and (2) by providing feedback to policy-makers and citizens on the effectiveness of public policy and the use of public resources. It will also help policy makers in preparing reports that can facilitate post-2015 MDG agenda planning. The proposed Statistics for Results (SFR) project is closely related to the goals outlined in the 2013-2016 Country Partnership Strategy (CPS) of Ethiopia. It is designed to support the NSDS, which is expected to provide the relevant indicators to be used in formulating, updating, monitoring and evaluating the strategies and targets of the country's social and economic development programs. The CPS Result Framework is aligned to the GTP framework. Thus, strengthening the national statistical system would greatly improve the indicators and data used for monitoring performance under both this framework and the CPS.

**17. Furthermore, the proposed operation will directly support the objectives of improving governance and public sector capacity in Ethiopia, which forms the foundation of the World Bank Africa Regional Strategy (2011).** It is expected that enabling appropriate

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<sup>7</sup> GTP sets out the country's objectives, priorities and major policies to be implemented during 2009-2014.

data to be readily available and accessible to users will improve governance. The Ethiopia SFR project is also designed to support the capacity building efforts of the CSA and other related National Statistical System agencies at the federal and regional levels (e.g. training in statistical systems). Given the fundamental nature of statistics in the economy, the Project will indirectly contribute to the two pillars of the World Bank Africa Regional Strategy: competitiveness and resilience. It will contribute to competitiveness via trade data and data obtained from business enterprise-based censuses/surveys; and to resilience through statistics obtained from household-based censuses/surveys and from pilot vital statistics development programs.

**18. Supporting World Bank Goals of Reducing Extreme Poverty and Promoting Shared Prosperity, and Fulfilling IDA Priorities would be the main areas of the project's focus..**

Support for the improvement of national statistical capacity and data quality in Ethiopia is consistent with the focus on measureable results in the recently-approved World Bank goals (May 2013): (a) end extreme poverty: decreasing the percentage of people living with less than \$1.25 a day to no more than 3 percent globally by 2030; and (b) promote shared prosperity: foster the income growth of the bottom 40 percent of the population in every country. Also, support for statistical capacity development is consistent with the focus on results measurement, as agreed during the IDA15 and IDA16 replenishments and already highlighted as a key element of IDA17 programs. Specifically, the negotiations for the IDA15 and IDA16 replenishments emphasized the importance of management for development results and the central role that national statistical systems have in this process, and therefore encouraged IDA to support client countries in its efforts to improve results-based management. The IDA17 seeks to support the post-2015 MDG agenda, among other programs. In addition, the Bank's support to the NSDS program is also in line with the Statistics for Results Facility Catalytic Fund (SRF-CF) that aims to provide support to developing countries—such as Ethiopia —to help them improve their statistical capacity. Ethiopia met all of the Statistics for Results Facility Catalytic Fund (SRF-CF) requirements. The SRF Council approved Ethiopia's application on January 11, 2013.

**19. Institutional readiness and evidence-based decision-making culture would be promoted by the proposed project.** The program will improve the data needed to support an evidence-based planning and decision-making culture. When data are uncertain or unreliable, or when users lack confidence in the institutions that produce them, decision-makers tend to base decisions on their assumptions about the world and the prevailing ideology. This creates an environment where strategies and plans are devised and implemented without attention to empirical evidence and with weak monitoring and evaluation practices. This in turn further emphasizes the importance of promoting demand for data by providing users with relevant, reliable and timely data, and the tools to interpret them. The project will focus on making statistical data easier to find and use, and to equip both public and private users with the necessary tools for basing decisions on facts.

**20. Strengthening governance and accountability will improve outcomes.** Reliable, relevant and freely-accessible information is an important building block of an open and democratic society with a transparent and accountable government. The project will improve the relevance, timeliness and reliability of data, and strengthen the analysis and use of statistics by increasing awareness, improving engagement with public and private data users, and

strengthening the analytical and dissemination capacities of statistical service providers. The project will also support implementation of the GOE's ICT initiatives.

## II. PROJECT DEVELOPMENT OBJECTIVES

### A. Project Development Objective (PDO)

21. The objective of the proposed project is to enhance the capacity of the Central Statistical Agency (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 Ministries, Departments, and Agencies (MDAs) in the National Statistical System (NSS). The target users and beneficiaries of the project would be both the government and the general public and stakeholders.

### B. Project Beneficiaries

22. **The World Bank Project will support part of the overall GOE program: The NSDS, including modernization of the CSA.** Key producers and users of statistics in National Statistical System (NSS) of Ethiopia are the main beneficiaries. They include: (i) the Central Statistical Agency (CSA); (ii) the Ministry of Finance and Economic Development (MOFED) and select Ministries Departments and Agencies (MDAs), Regional Governments and City Administration Authorities; (iii) Parliament (iv) judicial branch authorities; (v) policy makers and planners in the public and private sectors, including civil society organizations; (vi) researchers, associations and academia; (vii) international, regional, and global organizations and entities; and (viii) members of the general public, who will also benefit from better and faster access to information.

### C. PDO Level Results Indicators

23. **The project development objective will be assessed by the quality and timeliness of statistical products and services produced by the Central Statistical Agency (CSA).** The main outcomes will be improvements in the availability and reliability of statistical information for effective policymaking, good governance, and the design and monitoring of programs and policies. This will be measured by the following results indicators <sup>8</sup>:

- (i) *Reliability and Quality:* The CSA applies internationally-accepted statistical techniques and ICT applications in the collection, compilation and authenticity verification of data, and validates data sources and statistical products in select Ministries, Departments and Agencies (MDAs).
- (ii) *Timeliness:* Timeliness and increased frequency of publication for key statistics in line with national standards as agreed upon by CSA and MDAs.

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<sup>8</sup> These were re-confirmed during negotiations.

- (iii) *Access:* Data readily available to users through Open Data Portal and eCSA Program on Wheels.

### **III. PROJECT DESCRIPTION**

#### **A. Project Components**

24. **The project has four components described ahead.** The project components are designed to support the implementation of activities drawn from these strategic themes of the NSDS<sup>9</sup>, namely: (a) enhancing advocacy and use of statistics; (b) methodological improvements and statistical modernization; and (c) capacity building (organization and infrastructure) in the NSS. The project's design takes into account the findings of the NSDS mid-term review and plans to support development of the NSDSII (2015-2018). These components are briefly described below.

25. ***Component 1: Organizational and Infrastructure Capacity Development in the NSS (US\$ 4.9 Million):*** Support to improve organizational performance, staff productivity, and data accessibility by strengthening planning and physical infrastructure at the CSA.

26. The component aims to improve organizational performance, staff productivity and data accessibility by strengthening planning, training and physical infrastructure at the CSA, as per the findings of NSDS mid-term review, Central Statistical Office Business Process Reengineering (CSA-BPR), CSA Space Audit and other reviews.

27. ***Sub-Component 1.1. Organizational Strengthening:*** This sub-component aims at enhancing institutional management and logistical capacity at the CSA. The project will, therefore, support the following activities: (i) strategic planning and visioning exercises for the introduction of improved management and administration systems in the CSA, and provide technical assistance to strengthen the national account statistics (ii) upgrade of office space at the headquarters to conduct training for CSA and NSS staff and provision of furniture and equipment in headquarters ; (iii) executive development training, peer-to-peer learning and knowledge sharing with sister institutions for CSA and NSS stakeholder staff.

28. ***Sub-Component 1.2. Physical Infrastructure:*** This sub-component aims at enhancing staff productivity in the CSA by improving working conditions. The project will, therefore, support: (i) construction and furnishing of 4 of the 25 branch office buildings that the CSA has planned to build in the next few years to introduce new work methods, organizational design and IT systems . Potential locations for branch office construction include Ambo, Hawassa, Mekele, and Bahir Dar. Selection criteria and other requirements, including sequencing, have been outlined in the ESMF, which was disclosed on the CSA website and Bank InfoShop on February 13 and February 14, 2014, respectively. Model office designs have been prepared and are available in project files.

29. ***Sub-Component 1.3. ICT Infrastructure, Systems and Tools for Data Production and Management:*** The objective of this sub-component is to modernize data collection, data entry,

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<sup>9</sup> As noted above in Section B paragraph 8. NSDS detailed description also provided in Annex 6.

data storage, data analysis, and dissemination capacity in the CSA. This will be accomplished through provision of a data-center, video conferencing equipment and infrastructure, and the latest survey technology and institutional management tools. The project will, therefore, finance (i) procurement and installation of data center and video conferencing infrastructure ; (ii) procurement of computers, laptops, tablets, iPads, and relevant hardware and software accessories, and (iii) training activities for the use of modern technologies (e.g. GPS, eCartography, eMapping, eSurveying, Infographics), computer-assisted personal interviewing (CAPI), and computer-assisted telephone interviewing (CATI) and other data collection, analysis and dissemination techniques and applications. The ICT sub-component would provide technological interface and support for the implementation of Component 2, which is aimed at enhanced data production; and Component 3, which is aimed at data quality assurance; and open data dissemination (see below).

30. Activities in Component 1 are in close alignment with other ongoing capacity development initiatives in the area of ICT in support for the CSA's work in collaboration with World Bank and other development partners. According to the NSDS mid-term review, support for organizational strengthening and infrastructure upgrading are considered critical for sustainable capacity improvement of the CSA and the overall NSS development. Only limited building infrastructure needs are being addressed under this component (i.e., construction of 4 or 5 out of 25 planned offices nationwide). It would therefore be useful for the CSA to explore other financing options to fund additional facilities once this project is sufficiently advanced, and model CSA offices are constructed and made operational, and when SFR Project implementation rating is satisfactory or higher.

31. ***Component 2: Statistical Data Development and Management (US\$ 1.5 million):*** Support to strengthen the quality of statistical data production, compilation, and validation, including preparatory activities and technical assistance to help undertake selected NSDS priority surveys.

32. This component will support activities to strengthen the quality of data produced, following internationally-accepted standards and methodologies in data collection, compilation, and validation. It will also support some preparatory activities, including sampling frame development, training, workshops, purchase and piloting of modern tools, and other technical assistance and logistical vehicles to help undertake some of the agreed-upon NSDS priority surveys. *Data development activities would potentially include following support areas, inter alia:*

33. ***Sub-Component 2.1. Development of Business Statistics:***<sup>10</sup> This sub-component aims to strengthen the CSA's statistical capacity in the area of business statistics, which combines various sectoral sources from relevant national and regional agencies.<sup>11</sup> The project could,

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<sup>10</sup> This would complement resources from the European Union through its Transformation Triggering Facility for Ethiopia. If additional EU resources are confirmed currently allocated resources would be used to strengthen other components of this project.

<sup>11</sup> At the national level, administrative data sources would come from the Ministry of Trade and Industry, the Ministry of Revenue, and the National Bank of Ethiopia. The primary source for the regional/local level trade activities would be Regional Trade Bureau.

therefore, finance: (i) the design of a comprehensive business register that integrates data sources; (ii) the pilot computerization of the register and development of mechanisms to remove duplicates; (iii) the development of bridge tables to reclassify the register entries to the International Standard Industrial Classification (ISIC); and (iv) the set-up of a system that regularly updates the business register and caters to changes in the status of the business entity.

34. ***Sub-Component 2.2. Development of Mining, Energy, Construction and Transport Sector Statistics:*** The objective of this sub-component is to narrow the gap in data needed for national accounts. The project could, therefore, finance: (i) design of survey instruments (e.g. sampling frames, questionnaires, manuals etc.) to help consolidate and reveal data gaps in national accounts; and (ii) training of ministry statistical staff and officials;

35. ***Sub-Component 2.3. Support for Planning and Development of the Next Agricultural Census:*** The sub-component aims to support the preparatory activities of the next agricultural census 2014-2015. The component could, therefore, finance: (i) preparatory planning workshops for the next Agriculture census; (ii) design of survey instruments (e.g. sampling frames, questionnaires, manuals, etc.); (iii) piloting of new methods for data collection; and (iv) research studies on “standard and non-standard” units in estimation of area and production, among other areas.

36. ***Sub-Component 2.4. Improving Coverage and Quality of the Annual Agricultural Sample Survey (AGSS):*** This sub-component aims to develop and test a survey methodology to expand the coverage of AGSS in pastoral areas (Afar and Somalie regions). The sub-component could, therefore, finance: (i) piloting of new methods in selected pastoral areas; (ii) implementation of CAPI in selected AGSS enumeration areas; and (iii) supporting field staff training.

37. ***Sub-Component 2.5. Planning and Compilation of Vital Statistics:*** This sub-component aims at laying the foundation for long-term development of vital registration systems in the regions, as outlined in the recently-approved Vital Statistics Law. The NSDS has already made plans for a review and implementation of the system by the CSA in collaboration with regional governments. This component could, therefore, finance technical assistance to the relevant government agency in areas of instrument design and building CSA’s vital statistics data management and analytical capacity.

38. The activities in Component 2 are in close alignment with NSDS, GTP and Vital Statistics Law priorities. In order to introduce flexibility in project design, efforts will be made under this component to partner with other institutions and agencies when the latest survey tools are tested and results shared to promote the potential scale-up of data production pilots (e.g. on vital statistics and use of ICT tools for poverty/other surveys)<sup>12</sup>.

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<sup>12</sup> Consistent with the World Bank’s twin goals and upcoming strategy (2013) [“eliminating extreme poverty...and boosting shared prosperity..”], lessons and outputs of the World Bank Africa Region’s “**Listening to Africa**” program would be shared (e.g. from Tanzania, Malawi, and Madagascar) and if possible tested in Ethiopia under this project component using grant resources from the Bank or other interested donor. Also, outputs of UNECA research program on the use of ICT for statistical surveys and census would be shared with CSA and other NSS members to promote learning.

39. ***Component 3: Statistical Methodology, Standards and Data Quality Assurance and Information Dissemination (US\$ 1.9 Million):*** Support to promote, sensitize and implement the data quality assurance framework standard (“DQAF-E”) and support improvements in services for users, including dissemination of regular statistical publications to promote statistical education among citizens and non-governmental organizations.

40. This component aims to promote, sensitize and implement the Data Quality Assurance Framework Standard (DQAF-E) prepared by the CSA for the NSS, and to support improvements in services for users, including dissemination of regular statistical publications produced by both the CSA and its key MDAs as per the release calendar, and to promote statistical education of citizens and NGOs. This component will have two sub-components.

41. ***Sub-Component 3.1. Statistical Methodology, Standards and Data Quality Assurance.*** This sub-component aims to promote, sensitize and implement the Data Quality Assurance Framework Standard (DQAF-E) prepared by the CSA for the NSS. The component will, therefore, finance: (i) educational and outreach materials on QAS and training and sensitization of CSA staff and NSS stakeholders at the CSA training center to be set up under the project ; (ii) organizing “specialized” short- and long-term educational statistical courses and study visits for CSA and partner MDAs staff on select data quality assurance topics (e.g. survey methods, poverty mapping techniques, gender analysis of household surveys, data production priorities); (iii) providing assistance to Household Consumption & Expenditure Survey (HCES) and Welfare & Monitoring Survey (WMS); and (iv) providing technical assistance to improve quality of poverty mapping and gender statistics and analysis. The CSA is receiving complementary resources from the World Bank-supported Protection of Basic Services (PBS) project for promoting quality standards in select sectors.

42. ***Sub-Component 3.2: Information Dissemination:*** The aims of the sub-component are to support improvements in services for users, including dissemination of regular statistical publications produced by both the CSA and its key MDAs as per the release calendar, and to promote statistical education of citizens and NGOs. The component will, therefore, finance: (i) stakeholder analysis including development of user satisfaction index, training and communication support (e.g. via web, media, radio); (ii) upgrades to the CSA library and open web portal, which will enable civil society, NGOs, researchers, and the private sector to access the CSA and NSS data for policy making, investment decisions or research purposes; (iii) publication of flagship statistical reports and documents produced by the CSA to build the CSA brand; and (iv) the launch of the eCSA mobile education office by identifying and training appropriate staff, offering adequate per diems, and procuring a vehicle (air-conditioned bus or similar transport) equipped with multi-media and ICT tools, as well as relevant statistical education materials and publications, for visits to educational institutions, libraries, municipalities, Woredas and other locations. This could help enhance the CSA’s leadership in the NSS and promote the importance of statistics in national and regional development. This could be undertaken as a combined effort of the CSA, MOFED, Statistical Council and regional governments, and other actors.

43. ***Component 4. Monitoring and Evaluation (US\$ 1.7 Million):*** Provide support to strengthen the monitoring and evaluation capabilities of the CSA with respect to the NSDS and the proposed Project's coordination and fiduciary requirements.

44. This component aims to strengthen the monitoring and evaluation capabilities of the CSA with respect to the NSDS and the proposed Project's coordination and fiduciary requirements, including ESMF implementation. It will (i) finance consultations for the development of the next NSDSII, (ii) provide technical assistance to strengthen the national account statistics.; finance also M&E of GTP and GTP2 at an estimated cost of US\$0.3 million. The component will also support SFR project management activities, including Environmental and Social Management Framework (ESMF) implementation requirements and price contingency. The ESMF for the project has already been disclosed on February 13, 2014 and is available on CSA website and World Bank InfoShop on February 14, 2014. As part of this component, parallel financing will be provided by DFID for a period of 3 years to fund an in-country statistician to serve as an advisor to DG CSA and support the work with the Donor Working Group (See Annex 6)<sup>13</sup>. This will be an international expert in statistical development for advisory support on matters relating to NSDS implementation.

## B. Project Financing

### 1. Grant Instrument

45. The proposed project will be financed from the Bank's Statistics for Results Facility–Catalytic Fund<sup>14</sup> (SRF-CF). The Catalytic Fund grant is complementary to financing for statistical surveys and assistance under ongoing World Bank and donor-assisted programs. For example, the World Bank and other donor-supported PBS program has provided support for health sector household surveys since 2011. The proposed project provides resources under Component 2 to partner with ongoing statistical capacity development programs promoting coordination and enhancing impacts.

### 2. Project Cost and Financing

46. **Estimated Program Cost:** The SRF project is expected to cost US\$10million, financed through a grant from the SRF-CF. Moreover, the GOE has signed bilateral financing agreements

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<sup>13</sup> Draft TOR for this advisor is available in project files.

<sup>14</sup> The SFR is a global partnership initiative to scale up investments in statistical capacity. The SRF-CF (financed by the Netherlands government and DfID) is managed by the World Bank and provides grants to support countries that commit to the principles of the Catalytic Fund Charter. Grants from the Catalytic fund aim to make sustainable improvements in the production, availability and use of quality statistics, to increase capacity in policy formulation and decision-making for development. In each participating country, the grant aims to:

- Promote system-wide approach in statistics at the country level;
- Substantially increase resources for implementing country-owned National Statistical Plans;
- Explicit link improvements in the statistical system to needs of national and sectoral monitoring frameworks, and promote an improved national dialogue and partnership between statistics users and producers; and
- Deliver more efficient and effective aid and technical assistance for strengthening statistical systems and results measurement.

with UNFPA, UNDP, EU, and other organizations to support the implementation of NSDS and other related statistical development activities. A summary of the current estimated costs and sources of financing is provided in the tables below.

**Table 1: Summary of Allocations by Project Component**

COMPONENT	US\$ Million
<b>1. ORGANIZATIONAL AND INFRASTRUCTURE CAPACITY DEVELOPMENT IN THE NSS</b>	<b>4.9</b>
1.1 <i>Organizational strengthening</i>	
1.2 <i>Physical Infrastructure</i>	
1.3 <i>ICT Infrastructure., Systems and Tools</i>	
<b>2. STATISTICAL DATA DEVELOPMENT AND MANAGEMENT</b>	<b>1.5</b>
2.1 <i>Business Statistics</i>	
2.2 <i>Mining, Energy, Construction &amp; Transport Sectors Statistics.</i>	
2.3 <i>Agricultural Census and Statistics Support</i>	
2.4 <i>Improving Coverage and Quality of the Annual Agricultural Sample Survey</i>	
2.5 <i>Vital Statistics Support</i>	
<b>3. STATISTICAL METHODOLOGY, STANDARDS AND DATA QUALITY ASSURANCE AND INFORMATION DISSEMINATION</b>	<b>1.9</b>
3.1 <i>Data Quality Assurance Framework</i>	
3.2 <i>Information Dissemination</i>	
<b>4. MONITORING AND EVALUATION</b>	<b>1.7</b>
<b>Grand Total</b>	<b>10.0</b>

47. **Retroactive Financing.** All eligible expenditures that would be incurred on or after April 21, 2014 up to the date of the signing of the financing agreement, up to an aggregate amount not to exceed US\$500,000 equivalent, would be eligible for retroactive financing. This retroactive financing is intended to finance the following activities: inter alia, (a) hiring of FM and procurement experts and for set up of project management office; (b) hiring of construction experts to meet the needs of the ESMF; and (c) hiring of consultant to prepare an updated user satisfaction index.

48. **Status of NSDS Implementation:** The implementation of the NSDS began in 2009. Over the past three years, the CSA conducted major surveys, which are included in the NSDS document. These include the Household Income and Expenditure Consumption Survey, the Welfare Monitoring Survey, and the Demographic and Health Survey. The CSA also regularly conducted the Annual Agricultural Sample Survey. In addition, the CSA implemented several project-based surveys and studies within the NSDS framework. On the physical and IT infrastructure front, the construction of the headquarters building in Addis Ababa and the networking of branch offices are in progress. The CSA has also acquired some GPS and CAPI machines that are being used for pilot activities in selected enumeration areas.

**Table 2: Summary of Allocations by Six Component Themes of the NSDS**

NSDS STRATEGIC THEME	NSDS Planned US\$ Mill.	NSDS Gaps US\$ Mill.	NSDS Actual US\$ Mill.
Theme 1: Statistical Law Passed	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Theme 2: Data Quality Assessment Framework for Ethiopia (DQAF-E)	0.13	0.06	0.07
Theme 3: Enhancing Advocacy and Use of Statistics	0.04	0.04	0.00
Theme 4: Methodological Improvements and Statistical Modernization	72.65	58.40	14.25
Theme 5: Capacity Development in the NSS	7.11	4.19	2.92
Theme 6: Relationship to Monitoring and Evaluation PASDEP and other Interventions	0.61	0.61	0.00
<b>Total</b>	<b>80.54</b>	<b>63.30</b>	<b>17.24</b>

49. Table 2 presents a summary of the status of the NSDS budget by its six strategic themes. The NSDS planned for about US\$ 53 Million. However, with the revision of the NSDS period by one year and revisions on selected budget items the amount that reflects the current situation in the NSS is US\$ 80.53 Million. The *Actual* column in Table 2 is the sum of the amount spent for completed activities, the amount committed or earmarked for the activity by donors, and the amount that will come from the Government. The *Gaps* column is the difference between the *Planned* and the *Actual*. Therefore, the proposed SFR project is expected to narrow the budget gap by US\$ 10 Million and its PDO is appropriately outlined to cater to this available funding to achieve measurable results. Much more, it is envisaged that the existence of the SRF program itself and the establishment of the National Partnership Group (NPG) for Ethiopia will be able to trigger additional funding from government and development partners, which would likely close the existing gap. GoE recognizes that funding gap needs to be filled through active engagement of donors and efforts that promote evidence based decision making in MDAs so that entities assign adequate resources and attention, thereby meeting the NSDS targets. GoE is also planning to initiate the NSDSII exercise so that resource mobilization effort could be boosted and implementation of current NSDS be expedited. It is also planning to disseminate the findings of NSDS mid-term review to highlight challenges to NSS stakeholders and policymakers.

50. Several donors are supporting statistical development in Ethiopia and the proposed project would complement and leverage these efforts through partnerships. Table 3 presents a summary of the ongoing donor supported efforts, which are broadly in line with the NSDS requirements and NSS upgrading needs over the medium term.

**Table 3: Main Donor Supported Statistical Programs Supporting CSA**

Institution	Project	Objectives	Financing Amount
UNDP Development Assistance Group Monitoring and Evaluation Pooled Fund	Support to Monitoring and Evaluation System of PRSP and MDGs	Contribute to the capacity of institutions to deliver their mandates in M&E of implemented GTP.	US\$2 Million
UNFPA	Increased Availability of Population Data	Generate and make accessible disaggregated population data.	US\$30 Million over five years
FAO/European Commission	Support to Food Security Information System	Improve quality of some essential food security related data through adapted technology. Food security issues better understood through selected studies.	Euro 2 Million
World Bank and other development partners	Protection of Basic Services (PBS) Monitoring and Evaluation Component	Capacity improvement of EDQAF unit to conduct PBS program M&E. Support Welfare Monitoring and Household Income Consumption Surveys	US\$ 2 Million (overall PBS funding is US\$6.2 Million over 5 years for related tasks)

### C. Lessons Learned and Reflected in the Project Design

**51. Forward planning and stakeholder consultation is essential for addressing the challenges of the exploding demand for statistical information in the Country.** National statistical agencies in developing countries typically tend to give low priority to access to aggregated and record-level statistical data beyond the immediate interest groups (e.g. health and education ministries). They also do not conduct regular consultation with NSS members and stakeholders to assess new data needs and quality concerns due to resource and other constraints. This project addresses these concerns and introduces design features that enhance statistical planning and data coverage through: (i) development and dissemination of micro-data access policies in consultation with NSS members and other stakeholders; (ii) upgrades to the CSA's e-infrastructure (e.g. data center, disaster management system, web portal, storage, collection tools) to collect and disseminate data and survey results; (iii) the introduction of e-learning for dissemination of statistical quality standards and training on good practices and methodologies; and (iv) creation of a platform for users to provide feedback (at Central Headquarters and Branch office levels) on the performance of the NSS, which is especially useful in holding data producers accountable for delivering quality statistical products and services and for identifying new data needs.

**52. Improvements in statistics should be closely linked to national priorities (e.g. monitoring of poverty, gender, and competitiveness) to ensure the success of projects.** Strengthening the link between the statistical system and the GTP monitoring system will be a key goal, and the CSA team will work closely with Ministry of Finance and other concerned entities to promote databases to public and private users. Support for the development of next NSDS, vital statistics, national accounts, and stakeholder training under the SFR project would encourage coordination among NSS entities nationwide and promote success.

**53. Adequate institutional capacity is essential for sustainable data collection, production and dissemination.** Experience in developing countries indicates that improving organizational planning and structures, human resources, and logistical systems and infrastructure is a critical pre-requisite for good performance and requires attention over a medium- to long-term horizon. The CSA is in the process of modernizing its operations and systems to enhance data production capabilities. It is also trying to address staff turnover and other incentive system challenges. In order to improve institutional performance, the proposed project would train managerial, administrative and statistical staff, as well as build dignified and appropriate office space and transport facilities. Also, specialized skill-building and modern data collection IT tools would be funded for a more sustainable provision of products and services to users.

#### **D. Alternatives Considered and Reasons for Rejection**

**54. Smaller-scale interventions in specific statistical areas are inappropriate to address underlying institutional issues faced by the CSA, which is responsible for NSS coordination and quality assurance.** In the past, DPs and Government attempts at building statistical capacity have been piecemeal and focused primarily on data collection exercises or training in specific subject matter areas (e.g. health, living conditions). Previous interventions have not been adequate to address the CSA's underlying organizational and statistical development constraints affecting its performance.

**55. Simultaneous capacity building support to all MDAs would be too ambitious.** Simultaneous support to all MDAs has been rejected, as many MDAs (e.g. health and education) already have programs and statistical units that collect and compile their own statistical reports, obtained as a by-product of their administrative responsibilities. NSDS mid-review, GOE BPR and other assessments indicate that the CSA, which has the principle responsibilities of NSS coordination/quality assurance (since 2005) and data production and dissemination, requires scaled-up assistance to effectively fulfill its mandate. Strategic targeting of CSA by building its leadership and institutional quality over the medium term is expected to generate nationwide benefits.

### **IV. IMPLEMENTATION**

#### **A. Institutional and Implementation Arrangements**

**56. The CSA will be the project-implementing 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.

**57. 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.

58. **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 6).

59. **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 four 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.

## B. Results Monitoring and Evaluation

60. **Results framework:** The key monitoring indicators for the project are consistent with Ethiopia's NSDS program logical framework and meet the needs of the CSA, MOFED, Statistical Council and the National Partnership Group. (See Annex 1).

61. **Intermediate results indicators.** These will include: (a) full and timely implementation of the planned surveys and capacity building (organizational and infrastructure) programs; (b) level of user satisfaction with statistical products and information services of the CSA; (c) Key CSA and select MDA statisticians and staff are equipped with good professional and analytical capacity. The CSA will regularly monitor the PDO level and intermediate results indicators in accordance with the results framework specified in Annex 1.

## C. Sustainability

62. **Budgetary allocation and cost recovery:** International experience indicates that developing country agencies producing official statistics have limited revenue generation opportunities, as statistics are typically considered public goods and expectations are that data should be provided free through the internet or another medium. Therefore, sustainability of the proposed project depends critically on the GOE's sustained commitment to strengthening the CSA as a key player of the NSS, including support for institutional reform, infrastructure

upgrades and the provision of budgetary support beyond the project implementation period<sup>15</sup>. Efforts will, however, be made under the project to explore new cost recovery options and mechanisms in the light of international experiences.

**63. GOE commitment to burgeoning demand for statistics.** The GOE has demonstrated its commitment to strengthening the capacity of the CSA and other NSS entities by approving the NSDS in 2010 for improvement of statistical capacity in the country. It has demonstrated this priority through a continued increase in CSA's budget allocation over the last years, including for capital expenditure (e.g. for the construction of a new CSA headquarter office building expected to be operational in early 2014). Demand from the government, DPs, civil society, and other stakeholders for statistical data is growing rapidly-both for policy/investment development and for impact measurement (e.g. for GTP monitoring). The project is expected to fill these information demands/gaps. The dialogue between users and producers of data in NSS, education of citizens and other stakeholders on importance of statistics and development of the next NSDS will be supported by the Project and is expected to translate to sustained budgetary support for the CSA and NSS from the GOE and development partners.

## V. KEY RISKS AND MITIGATION MEASURES

**64. Implementation Capacity:** The overall risk rating is Substantial for implementation. There are two main risks. First, since the CSA was reestablished in 2005, its limited experience in coordination and quality assurance of other MDAs is a risk. This would be addressed through the provision of technical experts, funding of planning and coordination outreach to stakeholders (e.g. via annual statistical conferences on quality, in partnership with economists and statistical associations), and support for south-south knowledge visits to good practice locations for participating MDAs, key policy makers and stakeholders, along with CSA officials. Second, The capacity of the CSA management to carry out activities identified in SFR Project also poses a risk. This risk will be mitigated by close monitoring and follow-up by the Bank, the organization of technical visits for CSA managers to good practice locations to gain hands-on experience, and the invitation of experienced managers of national statistical systems who are engaged with modernization efforts in their own countries through just-in-time visits. (See attached ORAF in Annex 4 for details and mitigation measures).

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<sup>15</sup> The CSA budget over the last years has increased from about US\$3 million in 2002 to 9 in 2012, mainly in response to the increased demand for statistical data and information.

**Risk Rating Summary Table**

<b>Risk Category</b>	<b>Rating</b>
Project Stakeholder Risks	
- Stakeholder Risk	Moderate
Implementing Agency (IA) Risks (including Fiduciary Risks)	
- Capacity	Substantial
- Governance	Moderate
Project Risks	
- Design	High
- Social and Environmental	High
- Program and Donor	Moderate
- Delivery Monitoring and Sustainability	Moderate
Overall Risk	
- Implementation Risk	Substantial

## VI. APPRAISAL SUMMARY

### A. Economic and Financial Analyses

65. *Economic Analysis:* The economic benefits from the project will derive from better statistical data, better decisions and better governance. After reviewing alternative solutions, the counterparts and the Bank team believe that this is the least cost solution to achieve the project objective. First, improvements in the efficiency of statistical operations will result in broader coverage and higher-quality data produced by the CSA and others. Second, better data will enhance the potential for evidence-based decision making at policy, program and project levels. This is expected to reduce the negative consequences of poor decisions made on the basis of missing or inaccurate data. Third, more accessible data will promote better monitoring of the results of public policies (e.g. Growth and Transformation Plan). As the collection of statistics is considered a public service, the nature of the project output does not lend itself to a conventional economic cost-benefit analysis. A brief sketch of the benefits of good quality statistical information is provided in Annex 9.

66. *Financial analysis:* The project is not amenable to financial analysis because national statistical agencies have very limited opportunities to recover the costs of data collection and analysis. National statistics are generally considered a public good, and are generally financed from government revenue. Therefore, only marginal financial returns are expected from this project. However, the program outcomes are expected to promote improved allocation of resources by enhancing the monitoring of the impact of government spending by providing more accurate information on economic activities to the public at large. In addition, the project is expected to be fiscally sustainable, since the government has agreed to continue increasing its annual resource allocation to CSA's statistical activities. The financing approach adopted is cost effective, given that the CSA coordinates its work with development partners on a regular basis. The proposed project would promote this dialogue and collaboration further, especially since the work plan for the project has been developed with active DP engagement, which will continue during its implementation.

67. Governance and institutional accountability: The project is expected to contribute to improved governance and accountability in Ethiopia. It will further strengthen the foundation for openness, transparency and efficiency in public planning and resource allocation by placing key available statistics on the CSA open data portal and by informing NSS members. It will also help promote a culture of evidence-based decision making, which will increase economic effectiveness and efficiency in agriculture, business, government, gender and the household sector.

## **B. Technical**

68. Technical design: The technical design of the project is based on a detailed institutional analysis of Ethiopia's Central Statistical Agency and the related entities comprising the national statistical system (see Annex 6 for details). The proposed developments in the management of statistical agencies, review of business and human resource processes, statistical infrastructure, statistical operations and choice of technology are appropriate to the Recipient's needs and capabilities, as well as international good practices and standards. Technical experts have reviewed the technical specifications for small tasks (e.g. for CSA branch offices) and equipment, including computing and communications equipment. They have also reviewed the business process reengineering plans and human resource training needs. These technical specialists will continue to support the project to ensure timely completion of IT, physical infrastructure and capacity improvement tasks, and their successful implementation to support statistical data production and dissemination.

## **C. Financial management**

69. Financial management: The financial management (FM) assessment for the CSA was conducted in July 2013 to determine the adequacy of its financial management systems and related capacity to implement the project. The financial management assessment was carried out in accordance with the Financial Management Manual for World Bank-Financed Investment Operations issued by the Financial Management Sector Board that became effective on March 1, 2010. On the basis of the assessment, the residual FM risk is Substantial. Action plans that encompass the mitigation measures for the risks and weaknesses are prepared and agreed. The Bank team will continually support the CSA during project implementation and offer refresher courses to CSA FM staff as needed.

70. The project will prepare and submit quarterly unaudited Interim Financial reports (IFRs). Disbursements will be made on traditional based disbursement method using SOEs the details of which will be stated in the Disbursement letter. All disbursement methods are allowed for the project (advance, reimbursements, direct payment and special commitment). For the advance method, the project will open a segregated USD Designated Account. In addition, local currency accounts at federal level and at branches will be opened as appropriate for the project purposes.

71. The project in coordination with Office of Federal Audit General (OFAG) is required to have the project auditor selected within 3 months of effectiveness and the project will have annual audit conducted. The project will then submit project audited financial statements to the Bank in a form and content satisfactory to the Bank. .

72. FM-related covenants include maintaining satisfactory financial management system throughout the life of the project, submission of IFRs of the project for each fiscal quarter within 45 days of the end of the quarter; and submission of annual audited financial statements and audit report including the management letter, within 6 months of the end of each fiscal year.

73. Based on the assessment conducted, it is concluded that the FM arrangements meet the Bank's minimum requirements for project FM as per OP/BP 10. It is adequate to provide, with reasonable assurance, accurate and timely information on the status of the project required by the Bank. The detail assessment/FM arrangements are annexed under annex 8.

#### **D. Procurement**

74. The overall procurement risk rating for the project is High. Procurement under the project would be carried out in accordance with: (i) "Guidelines: Procurement of Goods, Works, and non-Consulting Services Under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" dated January 2011; (ii) "Guidelines: Selection and Employment of Consultants Under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" dated January 2011; (iii) "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants" dated October 15, 2006; (iv) introduction of Exceptions to National Competitive Bidding Procedures; and (v) the provisions stipulated in the Legal Agreements. A Procurement Plan acceptable to the Bank was agreed during Grant Negotiations. For each contract to be financed by the Grant, the different procurement methods or consultant selection methods, the need for prequalification, estimated costs, prior review requirements, and time frame was agreed between the Beneficiary and IDA/WB task team in the Procurement Plan.

75. The Procurement Plan would be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity. As part of the project preparation, the World Bank has undertaken a procurement risk assessment of the project-implementing agency, the CSA. The agency has no prior works procurement and contract management experience. Given that the project will involve works procurement and contract management, this lack of experience, combined with other limitations, makes the procurement risk of the project high. To mitigate the identified risks, it is recommended to recruit one qualified procurement specialist for the project who will be member of the PIU that will be established for the specific purpose of this project implementation. It is also recommended to recruit two technical experts/engineers to oversee the design and construction supervision activities of the branch office buildings as well as the renovation works. The procurement specialist should be recruited and deployed before the project is made effective.

#### **E. Social**

76. Participation in design and preparation of the CSA modernization plans: The project has been designed with participation and feedback from CSA staff, Ministry of Finance and Economic Development staff, data producers and users from federal government, the judiciary, regional governments, academia, development partners, and PARIS21 experts, among others.

77. The CSA plans were discussed at a stakeholders workshop held in Addis Ababa in May 2012, consultations with DPs, field visits to CSA branch offices, and meetings with regional/local stakeholders in May 2013. Recommendations made during these workshops and consultations were included in the project design<sup>16</sup>. For example, several regional governments have agreed to provide land (free of charge) to build modern branch offices for the CSA to improve its operations. The CSA and other DPs also provided comments, and the final document reflects their input. The National Partnership Group engaged in the statistical development of Ethiopia has also endorsed the project through their letter No 2-5/c33 September 13, 2012 (available in the project files). Also, the CSA modernization plan outline and reports on field visits to CSA Branch Offices are available in the project files. Participation in monitoring of statistics for development: The project will continue to adopt the participatory and consultative approach to project design, and strengthen the value of statistics used to monitor GTP and MDGs, by requiring disclosure of information developed under the project and placement of these statistics on the CSA open data portal. The project will actively encourage national statistical system institutions, as well as public and private sector entities (e.g. civil society), to articulate their demands for statistics through the CSA's dissemination and awareness-building efforts. It is expected that all stakeholders, both local and international, will be able to access the key information they need to monitor and evaluate GTP and public sector performance. The project plans to support knowledge sharing of international good practices on data collection (e.g. use of IT tools), and to raise awareness among national statistical system stakeholders to enhance the CSA's leadership role in quality enhancement and sector coordination.

78. Improved access to statistical information at central, regional and local levels, and CSA leadership and coverage: Being a geographically large Federal state, the CSA currently has 25 Branch Offices which play a key role in national data collection and handle other CSA operational responsibilities. Capacity building under the project will help these Branch Offices play a more effective role in providing statistical data for regional planning and local service delivery. In the future, rehabilitation and construction of select CSA Branch office facilities, along with modern IT tools and systems, would also enhance their operational quality and data management capabilities. Infrastructure upgrades, combined with skills training of staff and planning assistance, would permit organizational changes to help expand the role of Branch offices toward data dissemination and outreach to national statistical system stakeholders.

## **F. Environment (including safeguards)**

79. Environmental Category Rating: The proposed project is rated Category B for environmental purposes. The project will entail the construction and rehabilitation of select CSA offices and, in this respect, will trigger World Bank safeguard policy OP/BP 4.01 on Environmental Assessment (EA). Only a few (about four) CSA branch offices will be constructed, and they will have small office space requirements (e.g. for about 15 professionals and 70 other staff members) and as such their environmental impacts are likely to be limited. An indicative list of the branch offices to be constructed with project resources, including criteria for

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<sup>16</sup> For example, the ESMF for the project is disclosed on CSA website -- <http://www.csa.gov.et/index.php/2013-02-20-13-43-35/2013-05-21-08-55-43>.

their final selection, is provided in the Annex 2 on project description. To ensure the minimization or elimination of any negative impacts, the CSA has prepared an Environmental and Social Management Framework (ESMF). The revised ESMF was disclosed to the country on the CSA website on February 13, 2014 <http://www.csa.gov.et/index.php/2013-02-20-13-43-35/2013-05-21-08-55-43> and at the World Bank InfoShop on February 14, 2014, (<http://documents.worldbank.org/curated/en/docsearch?query=E4452>). The proposed land for construction of branch offices belongs to the government and will not displace people or affect their communal use of the land.

80. The disclosed ESMF document defines the management procedures that would allow the proposed Statistics for Results (SFR) project to “avoid, mitigate, or minimize adverse environmental and social impacts” of supported activities. It was prepared in accordance with definitions provided in the World Bank Operational Manual and in relation to the triggered operational policy on Environmental Assessment (OP 4.01). The other operational policies included in the World Bank safeguards procedures were not triggered by the SFR project. As the environmental and social impacts of the proposed project activities are not significant, the SFR project is potentially category “B”.

81. In addition, the Recipient will prepare the necessary environment impact assessment, along with detailed office building designs, for the first CSA branch office building that would be constructed once the location is selected, all of which will be cleared by the Bank prior to the start of construction.

82. Ethiopia has a comprehensive legal framework for the management of the environment. The Constitution adopted by Ethiopia in 1995 provides the guiding principles for environmental protection and management. The concepts of sustainable development and environmental rights are enshrined in Articles 43, 44 and 92 of the Constitution of GOE. The Environmental Policy of Ethiopia was approved by the Council of Ministers in April 1997. It has 10 sectoral and 10 cross-sectoral components, one of which addresses “Human Settlements, Urban Environment and Environmental Health”, and was based on the findings and recommendations of the National Conservation Strategy of Ethiopia. Environmental Impact Assessment Proclamation No. 299/2000 contains provisions designed to ensure sustainable development. Proclamation 299/2000 makes an environmental impact assessment mandatory for development projects, policies, plans and programs.

83. The proposed project will ensure that there is adequate capacity within the CSA to implement the ESMF. It will also ensure that the CSA project unit in charge of construction and monitoring project implementation is appropriately financed, in order to support the mainstreaming of the environment in the organizational planning processes of the CSA. About US\$200,000 have been allocated under the project for ESMF implementation.

84. Overall, the project should have a positive policy impact on the environment through its support for the generation of environmental and governmental statistics that could be used to improve the country’s environmental planning and management policies.

## Safeguard policies

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

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

**Annex 1: Results Framework and Monitoring**  
**Ethiopia Statistics for Results Facility Project**

<p><b>Project Development Objective (PDO):</b> The objective of the Project is to enhance the capacity of the Central Statistical Agency (CSA) at the organizational, human, and physical levels in order to produce and disseminate reliable, accessible, and timely statistics.</p>									
<b>PDO Level Results Indicators*</b>	<b>Core</b>	<b>Unit of Measure</b>	<b>Baseline</b>	<b>Cumulative Target Values**</b>			<b>Frequency</b>	<b>Data Source/Methodology</b>	<b>Responsibility for Data Collection</b>
				<b>June 30 2015</b>	<b>June 30 2016</b>	<b>June 30 2017</b>			
Direct Project Beneficiaries (number), of which female (%)	<input checked="" type="checkbox"/>	Direct Project Beneficiaries Female	0 0%	Targets to be determined with CSA in the formulation of the project work plans	TBD	TBD	Annual	Project activity records and reports	CSA and key MDAs
<b>Indicator One:</b> <i>Data Quality:</i> The CSA applies internationally-accepted statistical techniques and ICT applications in the collection, compilation and authenticity verification of data, and carries out key pilot MDAs and validation for data sources and statistical products.		1) Usage of recently prepared EDQAF manual	EDQAF used	Customized EDQAF manual drafted  CSA adopts EDQAF manual and all granting of survey authorization visas to MDAs conditional to usage of this manual	20% of key MDAs (incl. MOFED, CSA) manual	50% of key MDAs (incl. MOFED, CSA) manual	Annual	Metadata as published on CSA and MDAs website.	CSA and key MDAs
		2) ICT data collection tools used	0%	Assessment of pilot use of ICT tools for data collection	Use in one nationwide survey	Expanded use.	Annual	CSA and MDA reports.	CSA and key MDAs.
<b>Indicator Two:</b> <i>Timeliness:</i> Timeliness and increased frequency of publication for key statistics in line with national standards as agreed upon by CSA and MDAs.	<input type="checkbox"/>	Execution rate of annual statistical release calendar activities	0%	30%	50%	75%	Annual	CSA Release Calendar.  Annual Review Reports	Head of CSA.
<b>Indicator Three:</b> <i>Data Access:</i> Data readily available to users through Open Data Portal and eCSA Program on Wheels.	<input type="checkbox"/>	Completeness of portal, including NADA.  eCSA operational on pilot basis	User-friendly website in place.  0%	Modernized website with user-friendly functionalities for greater dissemination (including high storage capacity of data center) launched.  eCSA educational program bus designed and tested.	NADA initiated  eCSA initiated	NADA further expanded  eCSA fully operational	-	-	Head of CSA, Head of IT Department and Dissemination unit

INTERMEDIATE RESULTS									
Intermediate Result (Component One): <i>Organizational Strengthening and Infrastructure Development in NSS</i>									
<i>Intermediate Result</i> <i>Indicator One:</i> Full and timely implementation of organizational training program measured by the number of staff from CSA headquarters, branch offices and the NSS trained annually in: <ul style="list-style-type: none"><li>• Organizational Change and Strategic Planning</li><li>• Management and IT</li><li>• Statistical subject matters</li></ul>	Number of staff from CSA and MDAs trained annually	To be determined based on the on-going Needs Assessment Study in CSA and MDAs with 50/50 emphasis on headquarter and branch offices by June 30, 2015	Recommendations of Training Needs Assessment approved by the CSA/WB and MOU on the use of Woreda Net signed with MOCS	20% of recommendations for 2014 implemented	50% of recommendations for 2015 implemented	Annual	Training Needs Assessment Report  Integrated Annual Training Plans  Progress reports	CSA Head and key MDAs	
<i>Intermediate Result</i> <i>Indicator Two:</i> Number of branch offices designed, constructed and in use with modern tools, transport and work methods	Number of branch offices constructed within budget	Initial designs available	Two branch offices designed and constructed	Design replicated to three additional locations	Four new branch office buildings operational	Bi-annual	Project progress reports	CSA Head, PIU and concerned branch office heads	
<i>Intermediate Result</i> <i>Indicator Three:</i> IT Data Center and Video Conferencing Operational	Data center and video equipment installed	Zero	Video conferencing room established in headquarter building	Video conferencing conducted locally	Video conferencing used for training	As required	Project progress reports	CSA Head and PIU	
<i>Intermediate Result</i> <i>Indicator Four:</i> Timely implementation of ICT pilots for data collection (e.g. using iPADs)	Extent to which ICT data collection tools and software used	Basic understanding of modern data collection tools	Pilot designed based on international knowledge sharing visits for CSA and NSS stakeholders	Test e-survey done	Use of ICT enhanced	As required	Project progress reports.  Knowledge sharing visit reports	CSA Head, IT Director, concerned branch office heads and PIU	

Intermediate Result (Component Two): Statistical Data Development and Management									
<i>Intermediate Result Indicator One:</i> Full and timely implementation of surveys and statistical tasks identified in the project work plans for FY13-17, including those related to business statistics; mining, energy, transport and construction; agriculture census support, agriculture sample survey; and vital statistics.	<input type="checkbox"/>	Project performance	0	Business statistics and other survey support completed	Agriculture census support, agriculture sample survey; and vital statistics completed	Mining, energy, transport and construction instruments design completed	-	-	CSA and key MDA
Intermediate Result (Component Three Sub-Component 3.1): Statistical Methodology, Standards and Data Quality Assurance									
<i>Intermediate Result Indicator One:</i> Number of CSA and NSS staff trained in specialized quality assurance topics including EDQAF, survey methods, poverty mapping techniques, gender analysis of household surveys.		Number of staff from CSA and MDAs selected and trained annually	To be determined based on the on-going Needs Assessment Study in CSA and MDAs by June 30, 2015	Training Needs assessment recommendations approved by the CSA/NSS/WB/concerned DPs	50% of recommendations for 2014 implemented	70% of recommendations for 2015 implemented	Annual	Training needs assessment and progress reports	CSA Head and NSS, MDAs
<i>Intermediate Result Indicator Two:</i> CSA Training Center set up for NSS		Space for the provision of training rehabilitated and equipped with audio visual equipment	No space available	Specialized training program designed	Pilot quality assurance courses offered	Training program implemented regularly	Annual	Progress reports	CSA Head and management team, and PIU

Intermediate Result (Component Three Sub-component 3.2): Information Dissemination and User Services									
<i>Intermediate Result Indicator One:</i> Level of users satisfied with statistical products and services of the CSA	<input type="checkbox"/>	User Satisfaction Index	Not available (baseline survey will be done by June 30, 2015)	Baseline User Satisfaction Index	-	Improvement based on User Satisfaction Index in 2013/14	-	User Satisfaction Survey Index	NSS, DPs and other stakeholder feedback and Focus Group Survey
<i>Intermediate Result Indicator Two:</i> Launch of eCSA mobile education unit on wheels for user outreach		eCSA program	Zero	Design of eCSA bus and statistical education materials for user outreach			As required	User satisfaction and focus group survey	CSA Head, management team and PIU
<i>Intermediate Result indicator Three:</i>	<input type="checkbox"/>								
Releasing major statistical publications as per CSA release calendar		Publication of major statistical reports in elegant format and venues	Target to be agreed with CSA by June 30, 2015				As required	CSA Release calendar.	CSA Head and management departments
Statistical Information and Microdata Access Policy and Dissemination Framework in place for CSA headquarter and branch offices.	<input type="checkbox"/>	Data access Policy and Dissemination Framework		Draft Data Access Policy and Dissemination Framework available and published on CSA website	In progress	Final Data Access Policy and Dissemination Framework available and implemented -	As required	CSA Statistical Release calendar. Annual Review Reports	CSA Head and management departments
Data center with adequate server capacity established in headquarters		User-friendliness of CSA website design & storage capacity	User friendly website in place	Modernized website with user-friendly functionalities for greater dissemination launched.	Assessment of user-friendliness of website functionalities and adequacy of storage capacity completed	70% of assessment recommendations fully Implemented	-	-	CSA Head, head of IT department, and PIU
Open Data Portal in use		Data portal tool	User friendly website in	Technological and methodological upgrades done and launched	-	-	-	-	CSA Head, IT Director, other department heads

		place							and concerned branch offices
<b>Intermediate Result (Component Four): Monitoring and Evaluation</b>									
<i>Intermediate Result Indicator One:</i> IDA approved Audit Report submitted six months after the end of every FY	Quality and timeliness of annual audit reports	Zero	Audit Report, FY14/15	Audit report, FY15/16	Audit reports, FY 17/18	Annual	Finance Reports	CSA Head, Director of Finance and Administration, and PIU	
IDA approved Project M&E Report (complete with ESMF implementation status and related DP and NSS tasks) submitted two months after the end of every 6 month period	Quality and timeliness of ESMF implementation reports	Zero	ESMF Implementation Progress Report FY14/15	ESMF Implementation Progress Report FY15/16	ESMF Implementation Progress Report FYs 16/17 and 17/18	Bi-annual	Implementation Reports	CSA Head and PIU	
CSA project coordination team and PIU established	Quality and timeliness in decision making and project coordination	PIU to be set up before implementation	Adequate number and skills of staff and control systems in place	Adequate number and skills of staff and control systems in place	Adequate number and skills of staff and control systems in place	Continuous	Progress reports	CSA Head and management team	
Support for NSDS2 development	Support for stakeholder engagement and advocacy to address funding gap	Zero	Provision of technical experts and consultation support	Provision of technical experts and consultation support	Provision of technical experts and consultation support	Continuous	Progress reports	CSA and NSS stakeholders	

## **Annex 2: Detailed Project Description and Project Costs**

### **Ethiopia Statistics for Results Facility Project**

1. The project supports part of the overall Government of Ethiopia's (GoE) program—the National Strategy for Development of Statistics (NSDS)—which was approved by the Government in 2009 and covers the period 2009/10 – 2013/14. The Government, in close consultation with Development Partners and National Statistical System (NSS) stakeholders, developed the NSDS. The outlined mission of the NSDS is “to produce and disseminate nationally coordinated, timely, and good-quality statistical data for planning, monitoring and evaluation, for socio-economic analysis, research and policy formulations”.
2. The NSDS covers statistical development in the entire National Statistical System (NSS) and has six interconnected strategic themes:
  - Implementation of the statistics law which mainly pertains to the coordination of the NSS and establishment of appropriate organizational units and standards, among other issues;
  - Development of data quality procedures that relates to the development of data quality assessment framework (DQAF) with all its elements, coordinated by the CSA for the NSS;
  - Enhancement of advocacy and use of statistics by promotion of a common website for the NSS and training of stakeholders;
  - Methodological improvements and statistical modernization, relating to identification and filling of data gaps and reduction of duplication of surveys;
  - 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;
  - Relating the NSDS to the Monitoring and Evaluation of the Plan for Accelerated and Sustainable Development to End Poverty (PASDEP) and other interventions such as Millennium Development Goals (MDGs).
3. In light of the above NSDS framework, progress with NSDS implementation and the CSA's institutional assessments, the proposed SFR project has been designed through a consultative and participatory process to upgrade Ethiopia's statistical capabilities. The main aim of the proposed project is to assist in the production and dissemination of reliable and timely statistics in Ethiopia. This will be achieved through modernization of the CSA's organizational and data development capabilities and infrastructure at its headquarters and select branch offices, as well as through improvement of the data management capabilities of key MDAs in the NSS.

## **Project Components**

4. **The project has four components described ahead.** The project components are designed to support the implementation of activities drawn from these strategic themes of the NSDS, namely: (a) enhancing advocacy and use of statistics; (b) methodological improvements and statistical modernization; and (c) capacity building (organization and infrastructure) in the NSS. The project's design takes into account the findings of the NSDS mid-term review and plans to support development of the NSDSII (2015-2018). These components are briefly described below.

5. ***Component 1: Organizational and Infrastructure Capacity Development in the NSS (US\$ 4.9 Million):*** Support to improve organizational performance, staff productivity, and data accessibility by strengthening planning and physical infrastructure at the CSA.

6. The component aims to improve organizational performance, staff productivity and data accessibility by strengthening planning, training and physical infrastructure at the CSA as per the findings of NSDS mid-term review, CSA-BPR, CSA Space Audit and other reviews.

7. ***Sub-Component 1.1. Organizational Strengthening:*** This sub-component aims at enhancing institutional management and logistical capacity at the CSA. The project will, therefore, support the following activities: (i) strategic planning and visioning exercises for the introduction of improved management and administration systems in the CSA, and provide technical assistance to strengthen the national account statistics ; (ii) upgrade of office space at the headquarters to conduct training for CSA and NSS staff and provision of furniture and equipment in headquarters ; (iii) executive development training, peer-to-peer learning and knowledge sharing with sister institutions for CSA and NSS stakeholder staff.

8. ***Sub-Component 1.2. Physical Infrastructure:*** This sub-component aims at enhancing staff productivity in the CSA by improving working conditions. The project will, therefore, support: (i) construction and furnishing of 4 of the 25 branch office buildings that the CSA has planned to build in the next few years to introduce new work methods, organizational design and IT systems . Potential locations for branch office construction include Ambo, Hawassa, Mekele, and Bahir Dar. Selection criteria and other requirements, including sequencing, have been outlined in the ESMF, which was disclosed on the CSA website and Bank InfoShop on June 4 and June 7, 2013 respectively. Model office designs have been prepared and are available in project files

9. ***Sub-Component 1.3. ICT Infrastructure, Systems and Tools for Data Production and Management:*** The objective of this sub-component is to modernize data collection, data entry, data storage, data analysis and dissemination capacity in the CSA. This will be accomplished through provision of a data-center, video conferencing equipment and infrastructure, and the latest survey technology and institutional management tools. The project will, therefore, finance (i) procurement and installation of data center and video conferencing infrastructure ; (ii) procurement of computers, laptops, tablets, iPads, Notes, and relevant hardware and software accessories , and (iii) training activities for the use of modern technologies (e.g. GPS, eCartography, eMapping, eSurveying, Infographics), computer-assisted personal interviewing (CAPI), and computer-assisted telephone interviewing (CATI) and other data collection, analysis

and dissemination techniques and applications. The ICT sub-component would provide technological interface and support for the implementation of Component 2, which is aimed at enhanced data production; Component 3, which is aimed at data quality assurance; and open data dissemination (see below).

10. Activities in Component 1 are in close alignment with other ongoing capacity development initiatives in the area of ICT in support for the CSA's work in collaboration with World Bank and other development partners. According to the NSDS mid-term review, support for organizational strengthening and infrastructure upgrading are considered critical for sustainable capacity improvement of the CSA and the overall NSS development. Partial building infrastructure needs are being addressed under this component (i.e., construction of 4 out of 25 planned offices nationwide), it may be useful for the CSA to explore other financing options to fund additional facilities once this project is sufficiently advanced, the model CSA is constructed and fully operational, and SFR Project implementation is rated satisfactory or higher.

11. ***Component 2: Statistical Data Development and Management (US\$ 1.5 million):*** Support to strengthen the quality of statistical data production, compilation, and validation, including preparatory activities and technical assistance to help undertake selected NSDS priority surveys

12. This component will support activities to strengthen the quality of data produced, following internationally-accepted standards and methodologies in data collection, compilation, and validation. It will also support some preparatory activities, including sampling frame development, training, workshops, purchase and piloting of modern tools, and other technical assistance and logistical vehicles to help undertake some of the agreed-upon NSDS priority surveys. *Data development activities would potentially include following support areas, inter alia:*

13. ***Sub-Component 2.1. Development of Business Statistics:*** This sub-component aims to strengthen the CSA's statistical capacity in the area of business statistics, which combines various sectoral sources from relevant national and regional agencies. The project could, therefore, finance: (i) the design of a comprehensive business register that integrates data sources; (ii) the pilot computerization of the register and development of mechanisms to remove duplicates; (iii) the development of bridge tables to reclassify the register entries to the International Standard Industrial Classification (ISIC); and (iv) the set-up of a system that regularly updates the business register and caters to changes in the status of the business entity.

14. ***Sub-Component 2.2. Development of Mining, Energy, Construction and Transport Sector Statistics:*** The objective of this sub-component is to narrow the gap in data needed for national accounts. The project could, therefore, finance: (i) design of survey instruments (e.g. sampling frames, questionnaires, manuals etc.) to help consolidate and reveal data gaps in national accounts; and (ii) training of ministry statistical staff and officials;

15. ***Sub-Component 2.3. Support for Planning and Development of the Next Agricultural Census:*** The sub-component aims to support the preparatory activities of the next agricultural census 2014-2015. The component could, therefore, finance: (i) preparatory planning workshops for the next Agriculture census; (ii) design of survey instruments (e.g. sampling frames,

questionnaires, manuals, etc.); (iii) piloting of new methods for data collection; and (iv) research studies on “standard and non-standard” units in estimation of area and production, among other areas.

16. *Sub-Component 2.4. Improving Coverage and Quality of the Annual Agricultural Sample Survey (AGSS):* This sub-component aims to develop and test a survey methodology to expand the coverage of AGSS in pastoral areas (Afar and Somalie regions). The sub-component could, therefore, finance: (i) piloting of new methods in selected pastoral areas; (ii) implementation of CAPI in selected AGSS enumeration areas; and (iii) supporting field staff training.

17. *Sub-Component 2.5. Planning and Compilation of Vital Statistics:* This sub-component aims at laying the foundation for long-term development of vital registration systems in the regions, as outlined in the recently-approved Vital Statistics Law (No.). The NSDS has already made plans for a review and implementation of the system by the CSA in collaboration with regional governments. This component could, therefore, finance technical assistance to the relevant government agency in areas of instrument design and building CSA’s vital statistics data management and analytical capacity.

18. The activities in Component 2 are in close alignment with NSDS, GTP and Vital Statistics Law priorities. In order to introduce flexibility in project design, efforts will be made under this component to partner with other institutions and agencies when the latest survey tools are tested and results shared to promote the potential scale-up of data production pilots (e.g. on vital statistics and use of ICT tools for poverty/other surveys).

19. ***Component 3: Statistical Methodology, Standards and Data Quality Assurance and Information Dissemination (US\$ 1.9 Million):*** Support to promote, sensitize and implement the data quality assurance framework standard (“DQAF-E”) and support improvements in services for users, including dissemination of regular statistical publications to promote statistical education among citizens and non-governmental organizations

20. This component has two sub-components to promote methodologies and open data dissemination as follows:

21. *Sub-Component 3.1. Statistical Methodology, Standards and Data Quality Assurance.* This aims to promote, sensitize and implement the Data Quality Assurance Framework Standard (DQAF-E) prepared by the CSA for the NSS. The component will, therefore, finance: (i) educational and outreach materials on QAS and training and sensitization of CSA staff and NSS stakeholders at the CSA training center to be set up under the project ; (ii) organizing “specialized” short- and long-term educational statistical courses and study visits for CSA and partner MDAs staff on select data quality assurance topics (e.g. survey methods, poverty mapping techniques, gender analysis of household surveys, data production priorities); (iii) providing assistance to Household Consumption & Expenditure Survey (HCES) and Welfare & Monitoring Survey (WMS); and (iv) providing technical assistance to improve quality of poverty mapping and gender statistics and analysis. The CSA is receiving complementary resources from the World Bank-supported Protection of Basic Services (PBS) project for promoting quality standards in select sectors.

22. *Sub-Component 3.2. Information Dissemination:* This aims to support improvements in services for users, including dissemination of regular statistical publications as per the release calendar produced by both the CSA and its key MDAs, and to promote statistical education of citizens and NGOs. The component will, therefore, finance: (i) stakeholder expectation analysis (including user satisfaction index) training and communication support (e.g. via web, media, radio); (ii) upgrades to the CSA library and open web portal, which will enable civil society, NGOs, researchers, and the private sector to access the CSA and NSS data for policy making, investment decisions or research purposes; (iii) publication of flagship statistical reports and documents produced by the CSA to build the CSA brand; and (iv) the launch of the eCSA mobile education office by identifying and training appropriate staff, offering adequate per diems, and procuring a vehicle (air-conditioned bus or similar transport) equipped with multi-media and ICT tools, as well as relevant statistical education materials and publications, for visits to educational institutions, libraries, municipalities, Woredas and other locations. This could help enhance the CSA's leadership in the NSS and promote the importance of statistics in national and regional development. This could be undertaken as a combined effort of the CSA, MOFED, Statistical Council and regional governments, and other actors.

23. **Component 4. Monitoring and Evaluation (US\$ 1.7 Million):** Provide support to strength the monitoring and evaluation capabilities of the CSA with respect to the NSDS and the proposed Project's coordination and fiduciary requirements.

24. This component aims to strengthen the monitoring and evaluation capabilities of the CSA with respect to the NSDS and the proposed Project's coordination and fiduciary requirements, including ESMF implementation. It will (i) finance consultations for the development of the next NSDSII (US\$ 0.1 million), (ii) provide technical assistance to strengthen the national account statistics; finance also M&E of GTP and GTP2 estimated at US\$0.3 million. The component will also support SFR project management activities, including Environmental and Social Management Framework (ESMF) implementation requirements and price contingency. The ESMF for the project has already been disclosed and is available on CSA website and World Bank InfoShop. As part of this component, parallel financing will be provided by DFID for a period of 3 years to fund an in-country statistician to serve as an advisor to DG CSA and support the work with the Donor Working Group (see Annex 10). This will be an international expert in statistical development for advisory support on matters relating to NSDS implementation.

## **Annex 3: Implementation Arrangements**

### **Ethiopia Statistics for Results Project**

#### **1. Project institutional and implementation arrangements**

##### **i. Project administration mechanisms**

1. Since the CSA is responsible for the overall NSDS program coordination along with MOFED and the Statistical Council, it will be the proposed project's implementation agency.
2. The management of the proposed project will be undertaken by core CSA staff under the overall responsibility of the Director General. A Project Implementation Unit (PIU) will be set up to support CSA DG in project management. Technical, procurement, financial management, and M&E staff will be hired to assist the CSA and work with senior CSA managers in the areas of strategic and operational planning, project management, and reporting to the Steering Committee.
3. **Annual Work Plan.** Annual Work Plan (AWP) will be prepared by CSA and submitted to the World Bank for approval and would be the basis for annual implementation of tasks and outlining of priorities, especially those that are related to data production and dissemination. AWP will provide project with flexibility to incorporate lessons and make mid-course adjustments if needed.
4. **Steering Committee/National Partnership Group.** A joint Government/DPs Steering Committee/National Partnership Group (SC/NPG) has been established, and will provide the national guidance and oversight for the implementation of the SFR project.
5. **PIU set up and reporting.** The PIU will report directly to the Director General and will comprise of the PIU Coordinator, IT specialist, a number of technical staff (including M&E and construction specialists), a procurement specialist, and a financial management specialist to work on management and coordination of the SFR project at Addis Ababa Headquarters and at the locations where Branch office buildings will be constructed. At locations where construction will take place, a fulltime PIU office will be set up to meet ESMF needs and supervise project implementation activities on a full-time basis. It will ensure that quarterly progress reports are made available to all concerned. To ensure the sustainability of this coordination arrangement, PIU responsibilities will be mainstreamed into the CSA (under one of the Deputy Director Generals of the CSA) during the later period of the project implementation. A project operational manual has been prepared and is under review by the Bank for issuance of its no objection.
6. **Statistical Planning.** The CSA has established mechanism for the annual planning of surveys and census activities.
7. **Annual Work Planning Reviews and M&E.** The CSA will produce an Annual Work Plan and Budget for the SFR project, to be shared with SC/NPG and presented to the Bank for approval. The report will also include progress on performance indicators.

8. **ESMF Implementation.** Since the project will include construction of a few branch office buildings, the project is classified as category B. ESMF has been prepared and disclosed at CSA website and Bank Info shop on February 13, 2014 and February 14, 2014, respectively. CSA has prepared the operational manual for the project and it includes appropriate measures to fully implement the requirements of the ESMF. The project design also includes resources for implementing ESMF recommendations under component 4.

## Annex 4: Operational Risk Assessment Framework (ORAF)

### Ethiopia Statistics for Results Facility Project

Project Stakeholder Risks	Rating	Moderate		
<b>Descriptions:</b> <p><b>Borrower relations:</b> <i>Preparation and implementation relies on stakeholders.</i> While there is strong ownership by the CSA to implement the NSDS, the project also envisages the involvement of NSS members (for example, in training and outreach programs). WB has a close working relationship with the CSA and other key MDAs. Some activities also involve Regional Governments (e.g. business register and vital statistics). Relationship of WB with Regional Governments needs to be strengthened.</p> <p><b>Donor relations:</b> <i>Coordination among donors and stakeholders is required.</i> The NSDS was developed through consultative processes with key stakeholders. However, its implementation might face uncoordinated donor support. As this project plans to cover sectoral statistics, there are risks of duplicating responsibilities with other donors.</p> <p><b>Other stakeholders:</b> The strengthening of the National Statistical System to improve the quality, timeliness and accessibility of data is seen as positive by all stakeholders.</p>	<b>Risk Management:</b> <p>The CSA will be encouraged to host NSS coordination meetings and workshops. Also, the established National Partnership Group (NPG) will play a key role with CSA partnership to increase transparency and communication of stakeholders and thereby manage and mitigate possible risks. WB will work through its existing established relationship with the CSA and will involve key MDAs in the project to improve statistical development in Ethiopia. The CSA will also work closely with NSS members, including regional governments, to enhance project impacts and reduce risks.</p> <p>Ensure DPs are fully informed about Bank missions and the Technical Working Groups during all stages of project development and implementation.</p> <p>The project has components to strengthen producers and users of statistics. The baseline satisfaction survey envisaged by the project would also allow to work around the needs of stakeholders.</p>			
	<b>Resp:</b> Client	<b>Stage:</b> Both	<b>Due Date :</b> N/A	<b>Status:</b> Ongoing
Implementing Agency Risks (including fiduciary)	Rating	Substantial		
<b>Capacity</b> <p><b>Description:</b> Preparation and implementation relies on capacity in implementing agency. The CSA is the principal collector and aggregator of official statistics in Ethiopia and it is the implementation agency for this project. It regularly conducts a number of national level surveys and censuses and in general has a proven track record of working with</p>	<b>Risk Management:</b> <p>The project will strengthen implementation capacity through supporting physical infrastructure, technical assistance and training.</p> <p>The CSA procurement capacity would be strengthened through provision of procurement experts.</p>			

international development partners on project implementation. However, the agency has a few not insignificant capacity constraints. Low public sector salaries and benefits structure do not allow recruiting and keeping experienced staff. In addition limited office facilities in the branches constrain expanding human resources and IT capabilities. Capacities of MDAs are also limited. Not only they are challenged by the low level of the public sector incentive systems, but also they have little experience in coordinating their work to the National Statistical System.

On operational procedures (procurement and financial management) of the World Bank in executing the project, there is already some capacity built from on-going and recently implemented projects. These projects, however, are much smaller in scope and size and therefore additional manpower and training is required to successfully implement the proposed SFR project.

On funding capacity, it needs to be noted that statistical work in general is relatively capital intensive due to resource requirements for statistical survey work. In contrast to this is what the CSA is currently receiving as support from the Federal Government, which is limited and largely confined to regular surveys and census work. To bridge the gap, the agency receives support from external donors for some of its regular survey and census activities, but overall funding capacity is limited.

	<b>Resp:</b> Client	<b>Stage:</b> Implementation	<b>Due Date:</b> N/A

<b>Governance</b>	<b>Rating:</b>	<b>Risk Management:</b> Raise awareness and ownership by the MDAs on the NSDS and SFR. Invite MDAs to join the NPG and NSS meetings. Lobby management of MDAs on the importance of statistics and increased allocation from the budget for their respective statistics units.	
	<b>Resp:</b> Client	<b>Stage:</b> Both	<b>Due Date:</b> N/A

	<b>Resp:</b> Client	<b>Stage:</b> Both	<b>Status:</b> Ongoing

<b>Project Risks</b>				
	<b>Rating</b>			
<b>Design</b>	<b>High</b>	<b>Risk Management:</b> Bank missions will work with the CSA that the land and the design are ready on schedule as per the ESMF implementation. WB will work with DPs to strengthen the relationship between the implementing agency, the CSA and key MDAs.		
<b>Description:</b> On physical infrastructure, the project has a component on installing physical infrastructure. These include the construction of model office buildings at branch level, procurement of transport vehicles for the headquarters staff, and installation of IT infrastructure at the central and branch levels. The project also aims at networking the statistical units of key MDAs and the CSA. The risks arise in linking central and local level MDAs to the CSA central database. Also, the construction of model/pilot branch offices in the regions might affect the overall timing of the project due to increased administrative transactions triggered through public procurement requirements and installing the ICT infrastructure.	<b>Resp:</b> Client	<b>Stage:</b> Preparation	<b>Due Date:</b> N/A	<b>Status:</b> Completed
<b>Social &amp; Environmental</b>	<b>High</b>	<b>Risk Management:</b> Follow Government and WB safety requirement procedures for construction to reduce the possible impacts. Bring appropriate experts on the team at all levels of the project.		
<b>Description:</b> The construction of the model branch offices may cause some noise and waste in the surrounding area. ESMF has been prepared and disclosed for the project on CSA website and Bank infoshop.	<b>Resp:</b> Client	<b>Stage:</b> Both	<b>Due Date:</b> N/A	<b>Status:</b> Ongoing
<b>Program &amp; Donor</b>	<b>Moderate</b>	<b>Risk Management:</b> Donors have been involved in project preparation discussion and would be continually engaged during implementation. The NPG is one of the mechanisms which will be used for this purpose. Efforts will be made to have coordinated missions with donors to reduce transaction costs to the government.		
<b>Description:</b> The key donors support not only the NSDS but also the SFR activities. However, differences in the operational procedures may put operational burden to the implementing agency.	<b>Resp:</b> Both	<b>Stage:</b> Both	<b>Due Date:</b> N/A	<b>Status:</b> Ongoing
<b>Delivery Monitoring &amp; Sustainability</b>	<b>Moderate</b>	<b>Risk Management:</b> Performance indicators (output, outcome levels) associated with project support areas have been defined for measurability, monitoring and evaluation. Ongoing discussions aim to encourage the Government to allocate IDA credits in support of the SFR project.		
<b>Implementation Risk Rating:</b>	<b>Substantial</b>			

**Comments:** CSA is committed to improving its performance and capacity as well as that of the National Statistics System as per the NSDS. It has set up a team to develop and implement the project. To mitigate identified risks with regard to procurement and financial management, CSA will recruit a qualified procurement specialist for the project as well as technical construction experts (architect and engineers) to oversee the design and construction supervision activities of the branch office buildings as well as the renovation works. The task team will closely follow implementation tasks and monitor risk. The learning by doing approach will be a key risk mitigation measure. In addition benchmarking with other NSOs will be carried out to promote activities related to data production and dissemination. Effort will also be made to hold result coordination meetings with the Ministry of Finance and other stakeholders to share project progress and seek feedback for making project adjustments if needed.

## **Annex 5: Implementation Support Plan – Strategy and Approach**

### **Ethiopia Statistics for Results Facility Project**

1. The strategy for implementation support (IS) has been developed based on the nature of the project and its risk profile. It will aim to ensure that implementation support is provided to the client in a way that meets the client's needs, and will focus on implementation of the risk mitigation measures defined in the ORAF.
2. **Procurement.** Implementation support will include: a) providing training to members of the CSA and the PIU; b) reviewing procurement documents and providing timely feedback to the PIU coordinator; c) providing detailed guidance on the Bank's Procurement Guidelines to the PIU; d) advising and supporting procurement activities, including development of detailed procurement plan; and e) monitoring procurement process against the detailed Procurement Plan. There will be two supervision missions each year to visit CSA to carry out post-review of procurement actions and technical review. Short-term assistance in matters related to procurement procedures and guidelines will be provided by the project
3. **Financial Management.** Overall, the residual financial management risk for the project is assessed as moderate. Supervision will include a review of the project's financial management system, including accounting, reporting and internal controls. The Bank will provide implementation support, including: (i) training on specific elements of the financial management process, e.g. completing withdrawal applications, format of financial reports; (ii) the regular review of quarterly IFRs, audit Reports and Management Letters from the external auditors, and follow-up on any issues with the auditors if the need arises. There will be one implementation support missions carried out each year to ascertain the adequacy of systems, which will be supplemented by desk reviews of IFR and audit reports. The FM supervision mission's objectives will include ensuring that strong financial management systems are maintained for the project throughout its implementation period.
4. **Environmental safeguards and ESMF.** Periodic visits will be organized to visit branch office construction sites as per the requirements of the ESMF and annual work plans to ensure compliance with the environmental safeguards.
5. **Core institutional reforms.** The Bank team will closely supervise the implementation of the planned core institutional reforms (organizational, HR, ICT and Infrastructure) and provide guidance and support to the client on any relevant issue.

**Implementation Support Plan.** Formal supervision and field visits will be carried out semi-annually. FM and procurement specialists will be based in the Ethiopia country office to ensure timely, efficient and effective implementation support to the client.

**Technical inputs.** Bank staff from AFTP2, PREM Africa Statistics Practice Group, PARIS21, and DECDG (including the Statistics for Results Facility team) will provide technical inputs. Additional inputs and efforts will be coordinated with the other development partners involved in

the area of statistics, including DfID, EU, UNDP, UNICEF, UNFPA, and other NSS stakeholders.

6. The main focuses in terms of support for implementation for the project are as follows:

Time	Focus	Resource Estimate		Partner Role
First twelve months	Project management & Team Leadership	TTL	15 SWs	NSS stakeholders and Development Partners will participate in annual Joint CSA/DPG meetings and take part in discussions of project performance and dissemination of results
	Project Management and statistical support	Economic, Statistical and Public Sector Experts	6 SWs	
	Procurement	Procurement specialist	3 SWs	
	Financial Management	FM Specialist	3 SWs	
	Construction and IT Infrastructure	Infrastructure and IT specialists	3 SWs	
		Environmental specialist	2 SWs	
12-45 months	Project management & Team Leadership	TTL	30 SWs	NSS stakeholders and Development Partners will participate in annual Joint CSA/DPG meetings and take part in discussions of project
	Project Management and Statistical Support	Economic, Statistical and Public Sector Experts	12 SWs	
	Procurement	Procurement specialist	8 SWs	
	Financial Management	FM Specialist	8 SWs	
	Construction and IT Infrastructure	Infrastructure specialist	8 SWs	
		Environmental specialist	4 SWs	

## **Annex 6: Sector Background**

### **Ethiopia Statistics for Results Facility Project**

#### **The Central Statistical Agency's (CSA) Institutional Challenges and Modernization Priorities for Enhancing Quality and Leadership in the National Statistical System (NSS)**

*“As Ethiopia progresses towards sustainable economic development within the context of liberalizing and decentralizing economic management, the need for reliable and timely statistical data has become more crucial than ever before,” (Mr. Sufian Ahmed, Minister, Ministry of Finance and Economic Development of Ethiopia, 2009).*

*“Without good statistics, the development process is blind: policy-makers cannot learn from their mistakes and the public cannot hold them accountable,” (World Bank, 2000).*

#### **Introduction**

1. **This Annex provides a brief description of the Central Statistical Agency's (CSA) normative framework and organizational profile, within the National Statistical System (NSS).** It analyzes the main challenges and outlines modernization and statistical development priorities for improving the CSA's institutional performance.

#### **Context**

2. **Ethiopia is the second most populous country in Sub-Saharan Africa.** It has recorded an impressive rate of GDP growth of about 11 percent on average per annum from 2005/06 to 2009/10. The agriculture sector accounts for about 45 percent of the GDP and generates 75 percent of the employment in the economy. The Government's Growth and Transformation Plan (GTP) is guiding this development effort, which stresses evidence-based decision making and the measurement of program results (e.g. MDGs, PBS, Poverty Eradication, Rural Roads)<sup>17</sup>. Demand for statistics is burgeoning and the CSA and other key National Statistical System (NSS) members are at the heart of data production and dissemination. As per the NSDS road map and in response to emerging demands, the CSA plans to modernize and upgrade statistical development capabilities and infrastructure so that data production and quality can be made more effective, timely and accessible to users.

3. **The CSA is the recognized authority in statistics in Ethiopia and renowned worldwide for its agriculture statistical programs.** It has a broad statistical calendar and schedule for many socio-economic statistical survey publications, reports and census activities that are produced annually, quarterly and monthly. CSA staff members have a strong tradition of rigorous statistical planning and detailed field work, and demonstrate robust commitment to deliver results even under stressful work and logistical conditions.

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<sup>17</sup>Typically, evidence-based policy-making is defined as the use of statistics to identify issues, inform program design and policy choices, forecast future scenarios, monitor the implementation of policies and evaluate policy impacts, among other things.

## **I. The CSA's Legal Framework in the NSS**

**4. Ethiopia's House of People's Representatives re-established the CSA in 2005,** through its legislative authority based on Article 55 of the Federal Democratic Republic of Ethiopia (FDRE) Constitution. The resulting Statistics Law Proclamation 442/2005 granted the Ministry of Finance and Economic Development (MOFED) oversight of CSA and its fulfillment of the following functions<sup>18</sup>:

- To collect, process, analyze and disseminate the necessary socio-economic and demographic statistical data through censuses, sample surveys, continuous registration and administrative recording systems; and
- To provide technical guidance and assistance to government agencies and institutions in their endeavors to establish administrative recording, registration and reporting systems, and build the capacity required for providing directives and consultations in database creation and development of administrative records and registration systems.

**5. The government's statistical function had existed since the 1960s under the auspices of the Central Statistics Office (CSO).** However, the 2005 Statistics Act introduced the CSA as an autonomous federal government agency with its own legal personality and introduced the concept of the National Statistical System (NSS) to promote national statistical development in Ethiopia<sup>19</sup>. The NSS is comprised of approximately forty public and private institutions that produce and use data and set policies (e.g. federal government MDAs, regional governments, associations etc. [see Table 1]). The MOFED, the CSA and the Statistical Council (which comprises of the upper management of sector ministry offices) are at the core coordinating bodies within the NSS. The membership of NSS is expanding as the system evolves. For example, regional governments and judicial branch entities are increasingly getting involved and participating in the system.

**6. CSA is governed by a number of laws, plans and guidelines.** These include the Information Law (Proclamation No. 590/2008 providing for the freedom of the mass media and access to information); the Civil Code (1960) and Revised Family Law (2000), Civil Registration Law (2012); the Public Sector Civil Service Regulations; the United Nations and African Union Statistical Standards; and the Principles of the Paris Declaration (PARIS21). Also, the Government of Ethiopia's (GOE) Growth and Transformation Plan (GTP), the National Strategy

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<sup>18</sup> The Statistics Act was passed on April 20, 2005 and incorporates the CSA's: (i) objectives; (ii) powers and duties; (iii) organization; (iv) powers and duties of the directors; (v) establishment of the statistical council; (vi) powers and duties of the statistical council; (vii) budget; (viii) obligation to provide statistical data; (ix) confidentiality of information; (x) prohibition; (xi) penalties; and (xii) power to issue regulation and directives.

<sup>19</sup> The 2005 Statistics Act is considered in line with international best practice by the Economic Commission for Africa (UNECA), as it is in line with the United Nations (UN) Fundamental Principles of Official Statistics, which can be summarized as: (1) impartiality in data compilation and dissemination; (2) use of scientific principles, methods and procedures for data collection, processing, storage and presentation; (3) present information according to the scientific standards on the sources, methods and procedures; (4) comment on erroneous interpretation and misuse of statistics; (5) statistical agencies are to choose the sources of data; (6) confidentiality of data; (7) publication of the statistical law; (8) coordination among agencies producing statistics; (9) use of international concepts, classifications and methods; and (10) bilateral and multilateral cooperation in statistics. See <http://unstats.un.org/unsd/dnss/gp/FP-New-E.pdf> and African Statistical Newsletter, Volume 5, Issue 1, March 2011 for details.

for the Development of Statistics (NSDS) and the Statistical Council's declarations and decisions, along with the CSA's own directives, provide the operational basis and priority setting in the institution and for data production, quality management and dissemination of statistical information to NSS stakeholders.

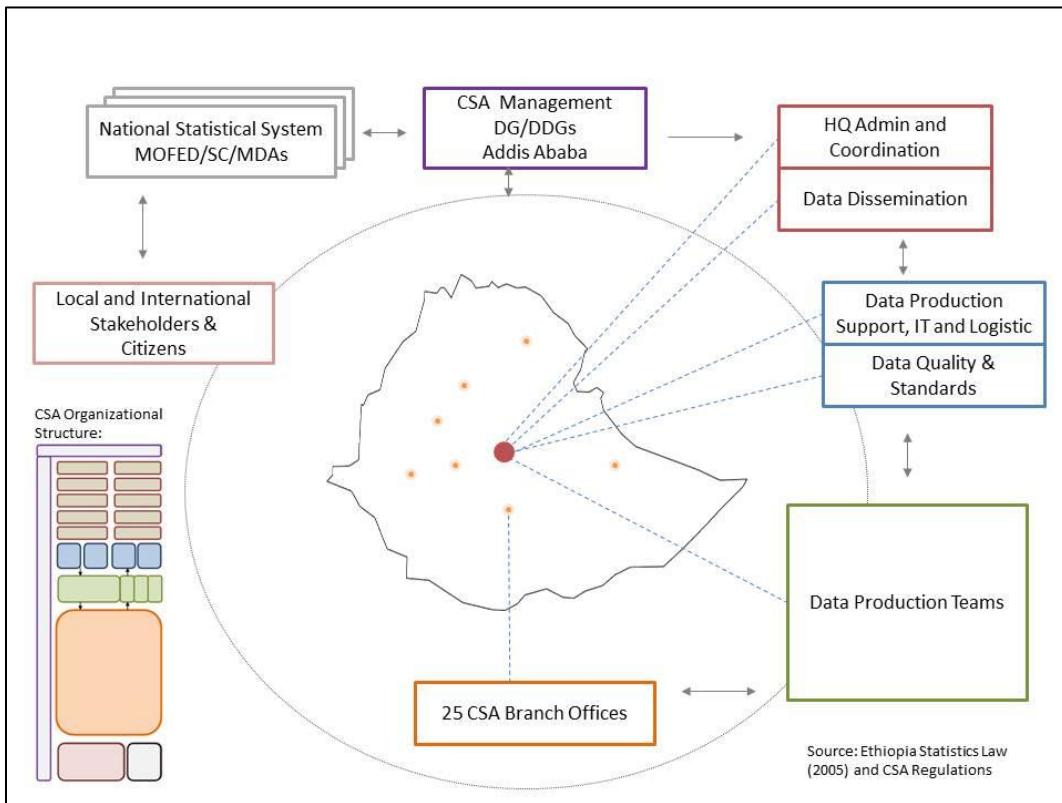
<b>Table 1: Current Members of the National Statistical System</b>	
Lead Agencies	Ministry of Finance and Economic Development Central Statistical Agency Statistical Council
Ministries, Departments and Agencies (MDAs)	Ministry of Communication Information Technology Ministry of Culture and Tourism Ministry of Education Ministry of Federal Affairs Ministry of Health Ministry of Justice Ministry of Labor and Social Affairs Ministry of Water and Energy Ministry of Mining Ministry of Trade Ministry of Industry Ministry of Transport Ministry of Women, Children and Youth Ministry of Construction and Urban Development Ministry of Agriculture Ministry of Civil Service Environmental Protection Authority Ethiopian Mapping Agency Ethiopian Electric and Power Corporation Ethiopian Roads Authority Federal Police Commission Government Housing Agency Ethiopian Small and Micro Enterprise Agency Federal Social Security Agency Ethiopia Revenue and Custom Authority HIV/AIDS Prevention and Control Office National Bank of Ethiopia
Regional Entities	Addis Ababa City Administration Finance and Economic Development Bureau Oromia Region Finance and Economic Development Bureau
Research Associations	Addis Ababa University Higher Education Relevance and Quality Agency Ethiopian Health and Nutrition Research Institute Ethiopian Civil Service University Ethiopian Agricultural Research Institute Ethiopian Statistical Association Economic Association of Ethiopia Ethiopian Micro Finance Institutions Association

## II. The CSA's Institutional Profile and Setting

**7. Statistical Workload and Inter and Intra-Institutional Coordination Functions.** The CSA has a broad statistical calendar and schedule for its many socio-economic statistical survey publications, reports and census activities that are produced annually, quarterly and monthly or for specific purposes or special occasions. For example, Agricultural Production, Livestock and Court-Related Statistics are produced annually; International Travel and Tourism Indicators are published quarterly; and the Consumer Price Index is prepared monthly (see Table 2). In addition, the CSA is engaged in NSS coordination and the facilitation of quality enhancement work within the NSS. For example, through a consultative process, the CSA has developed the Ethiopian Data Quality Assessment Framework (E-DQAF) so that the data and statistics quality of the NSS can be improved as per international standards (see Figure 3 which shows the various linkages between the CSA and NSS actors at the HQ and BO levels).

Table 2: CSA's Statistical Calendar of Census and Surveys		
Areas:	Frequency	Latest Data
Population Housing & Human Settlement Statistics		
Demographic and Health Survey	Every 5 years	2010/11
Population Census	Every 10 years	2007
Population- Inter-censal	Every 10 years	2012
Poverty & Welfare Statistics		
Household Income and Expenditure Survey (HICE)	Every 5 years	2010/11
Welfare Monitoring Survey (WMS)	Every 5 years	2011
Labor Force Survey (LFS)	Every 5 years	2013
Urban Employment Unemployment Survey	Annual	2012
Time Use Survey		2013
Street Children Survey		
Agriculture, Natural Resources & Environment Statistics		
Annual Agricultural Sample Survey (AGSS)	Annual	2013
Large and Medium Scale Commercial Farms Sample Survey	Annual	2013
Ethiopia Rural Socioeconomic Panel Survey (ERSS)*	Every 2 years	2012
Productive Safety Nets Program Panel Survey*	Every 2 years	2012
Agricultural Growth Program Panel Survey*	Every 2 years	2012
Feed the Future Program Panel survey*	Every 2 years	2013
Sustainable Land Use Management Program Evaluation Survey*	Every 2 years	2011
Teff Technology*		2012
Pastoralist area socio-economic survey*	Every 5 years	
Agricultural Census	Every 10 years	2002
Price Statistics		
Retail Price of Goods and Services	Monthly	April 2013
Producer Price of Agricultural Products	Monthly	April 2013
Business Statistics		
Medium and Large Scale Manufacturing Survey	Annual	2012
Quarrying and mining survey	Every 5 years	
Small and Micro enterprise survey	Every 3 years	2012
Contractors- Construction Survey	Annual	2011/2012
Distributive Trade	Every 3 years	2011/12
Manufacturing Producer Price Index Survey	Quarterly	Ist Q 2013
Manufacturing Business Expectation Survey	Quarterly	Ist Q 2013
ICT Usage Household Survey	Every 5 years	
Foreign Trade Statistics	Quarterly/ Annual	1 <sup>st</sup> Q 2013
Transport and Communication Statistics	Annual	
Note *these are not regular CSA surveys. These are project based surveys available only for some periods		

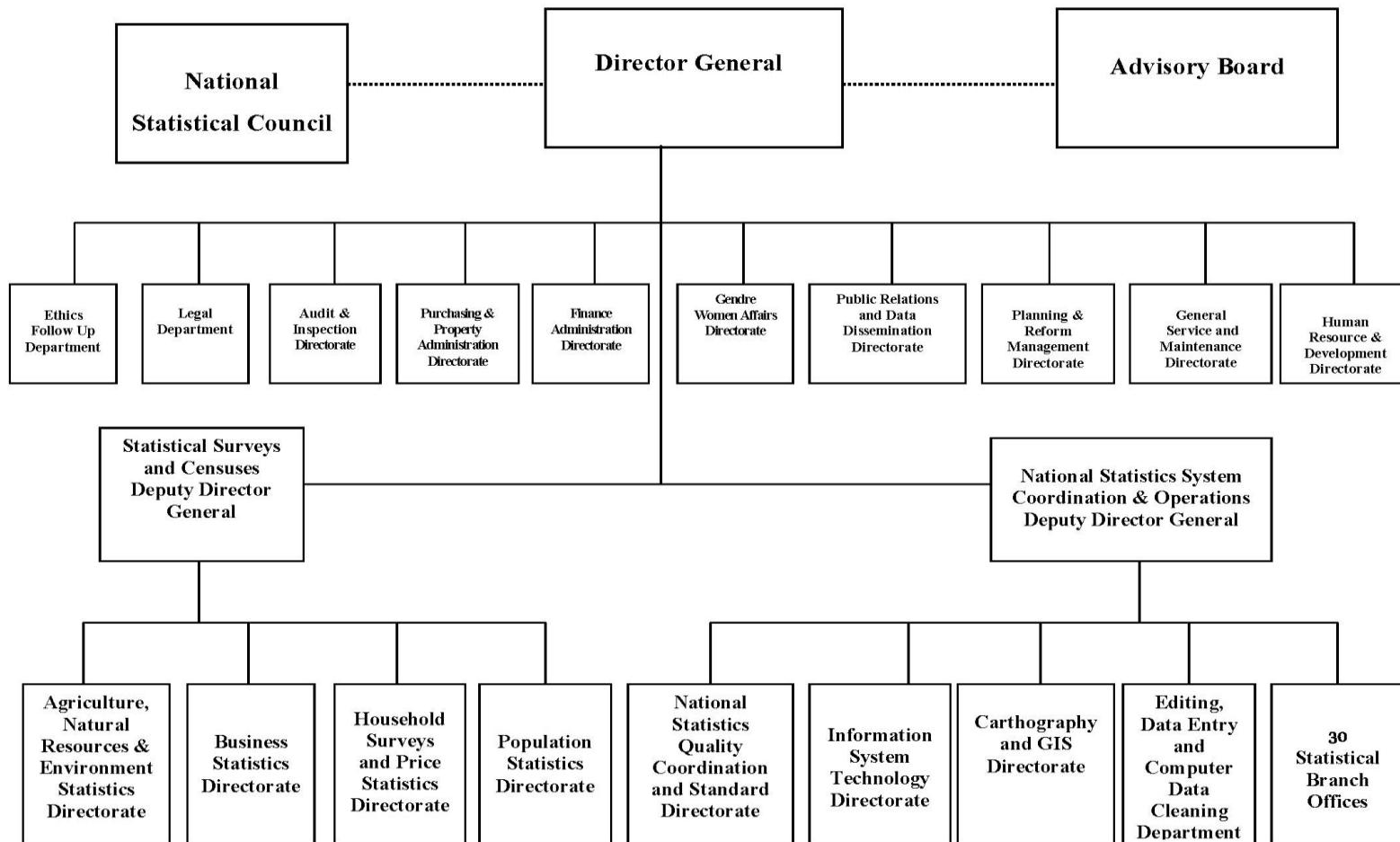
**Figure 1: CSA's Inter and Intra Institutional Relationships**



8. **Organizational Structure.** The CSA is headed by the Director General (DG) and has two Deputy Director Generals (DDGs). There are eighteen directorates pertaining to administration and statistical functions, which are managed by these three top CSA officials. Under the Surveys and Census Deputy Director General, there are four subject matter directorates, namely: the Agriculture and Environment Statistics Directorate, the Business Statistics Directorate, the Household and Price Statistics Directorate and the Demographic Statistics Directorate. The NSS Coordination and Operations Deputy Director General handles the NSS coordination, Standards and Quality Assurance Directorate, Information Systems Technology Directorate, and Cartography and Geographic Information System (GIS) Directorate. Other departments and units (e.g. planning, administration) are directly accountable to the DG, including the department responsible for the administration of CSA branch offices. (**See Figure 2 for CSA organization structure.**)

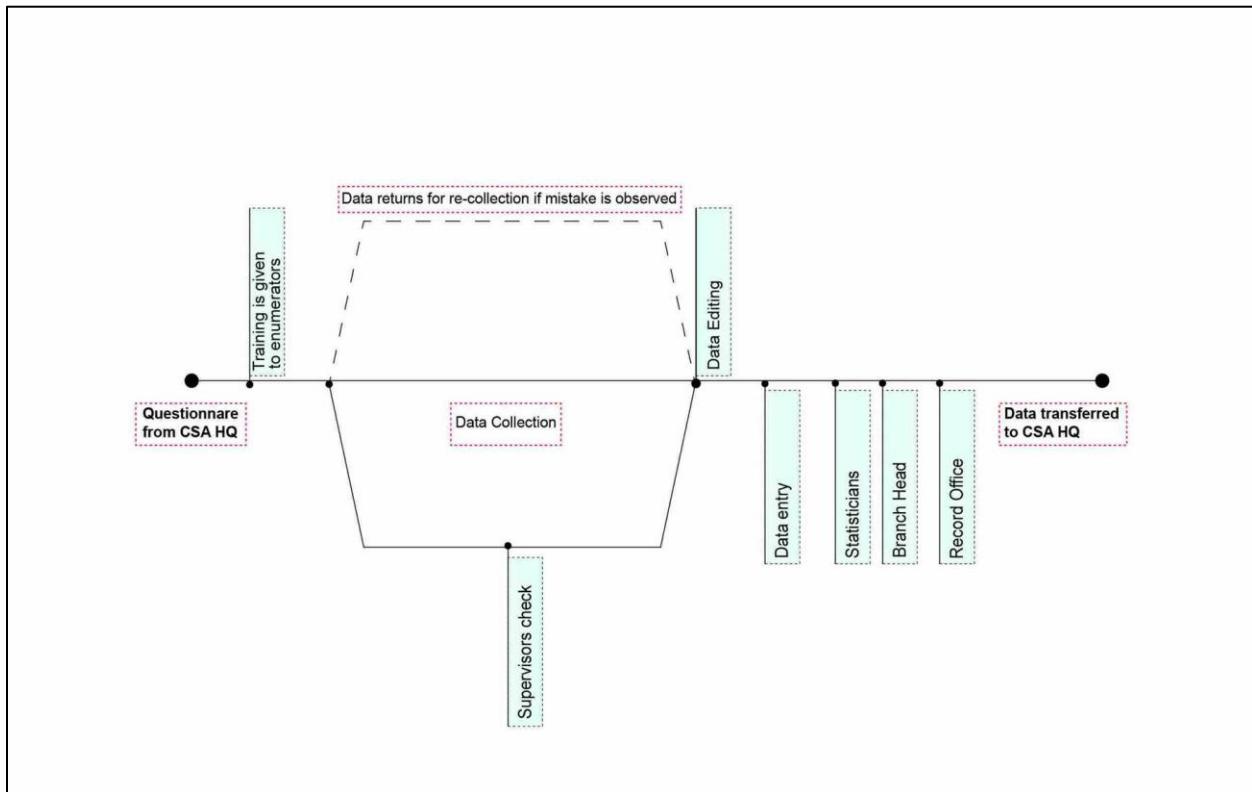
**Figure 2: Organizational Structure of the CSA**

**The Organizational Structure of the CSA**



9. **Branch Offices.** Presently, the CSA has 25 branch offices spread across the country, which are mainly responsible for data collection and submission of the completed questionnaires or data to headquarters via email (from offices where IT capabilities exist). Each branch office has about 60-100 staff, of which about 8 are statisticians. There are plans to increase the number of branch offices to 30 in order to expand operational coverage to less-served areas (e.g. Somalie region). The branch offices are headed by a Branch Head and comprised of various units, including administration, statistical data collection, data entry, record keeping, and logistical support, among others. Enumerators are engaged on a contractual basis and are supervised by the field supervisors. Figure 3 provides the data collection process adopted for surveys in the branch offices. Table 3 provides the list of branch offices and their coverage areas<sup>20</sup>.

**Figure 3: Data Collection and Feedback Process in the Branch Offices**



<sup>20</sup> The AgSS is the broadest survey conducted by the CSA, and includes the largest number of enumeration areas (Addis Ababa is a special case and does not participate in the AgSS). Meanwhile the largest survey handled by the Addis Ababa branch office is the Large and Medium Scale Industry Survey.

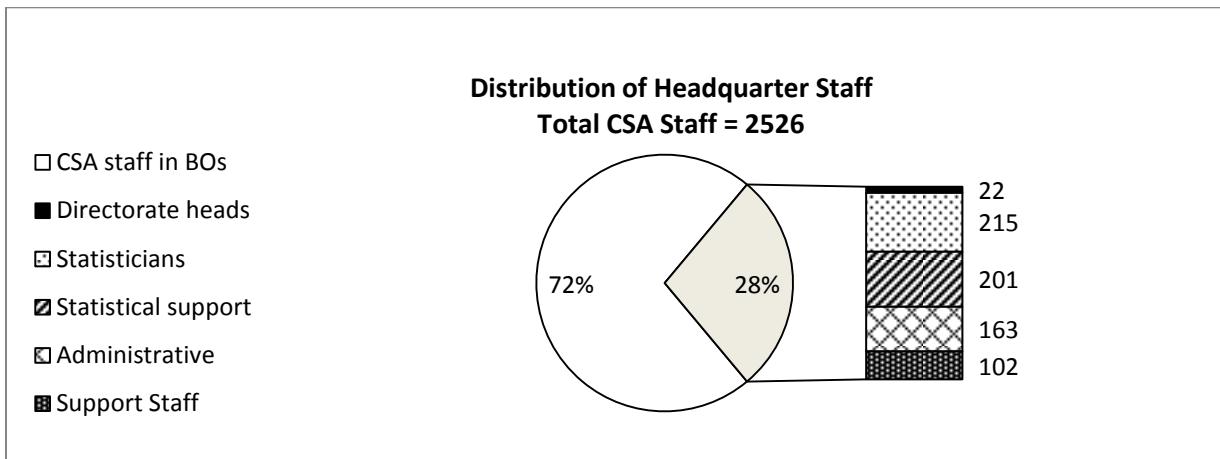
**Table 3: Salient Features of the CSA Branch Offices (BO)**

No	Location	City/Town Population(2007)	Total Population of Enumeration Areas Covered by BO(2007)	Annual Agriculture Sample Survey (AGSS)		Large and Medium Scale Industry Survey	Human Resources
				Typical # of Enumerators Engaged	Typical # of Households Covered		
1	Addis Ababa	2,739,551	2,739,551	N/A	N/A	1170	71(3)
2	Adama	220,212	5,528,584	169	5,066	248	95(7)
3	Ambo	48,171	4,506,347	83	2,482	207	112(7)
4	Arba Minch	74,879	2,601,073	117	3490	24	132(9)
5	Asebe-Teferi (Chiro)	33,670	2,858,278	41	1,230	18	78(4)
6	Assa'ita	16,052	1,347,792	49	1,460	8	66(3)
7	Assosa	24,214	612,168	94	2,810	4	80(4)
8	Bahir Dar	155,428	5,637,643	125	3,744	175	158(12)
9	DebreBirhan	65,231	2,090,466	94	2,328	38	98(7)
10	Dessie	120,095	4,746,932	124	3,713	88	144(11)
11	Dire Dawa	233,224	798,920	24	720	84	67(8)
12	Gambella	39,022	307,096	70	2,100	0	63(4)
13	Goba	32,025	2,181,036	44	1,320	10	81(4)
14	Gondar	207,044	4,981,366	94	2,819	71	110(6)
15	Harar	99,368	1,833,630	72	2,158	35	77(5)
16	Hawassa	157,139	3,736,429	78	2,239	151	120(10)
17	Hosa'ina	69,995	4,174,402	175	5,240	84	141(7)
18	Jijiga	125,876	3,535,375	69	2,037	22	53(5)
19	Jimma	120,960	3,959,411	95	2,848	18	121(6)
20	Mekelle	215,914	3,223,585	106	3,178	131	120(9)
21	Mizan - Teferi	23,144	1,726,561	129	2,853	40	111(5)
22	Negele	35,264	3,420,971	37	1,107	7	99(4)
23	Nekemte	75,219	3,931,624	193	5,786	24	117(12)
24	Shire	47,284	1,093,403	56	1,676	81	64(7)
25	Sodo	76,050	2,081,535	79	2,364	45	93(7)
	Total	5,055,031	73,654,178	2,217	64,768	2,783	2471(166)

**10. Human Resources.** Currently, the CSA has 2,526 employees, and approximately 75 percent are located in the branch offices. Their classifications are as follows: about 380 professional statisticians; about 200 administrative professionals, such as finance, human resources, IT, technical and planning experts; about 600 semi-professionals, which includes field

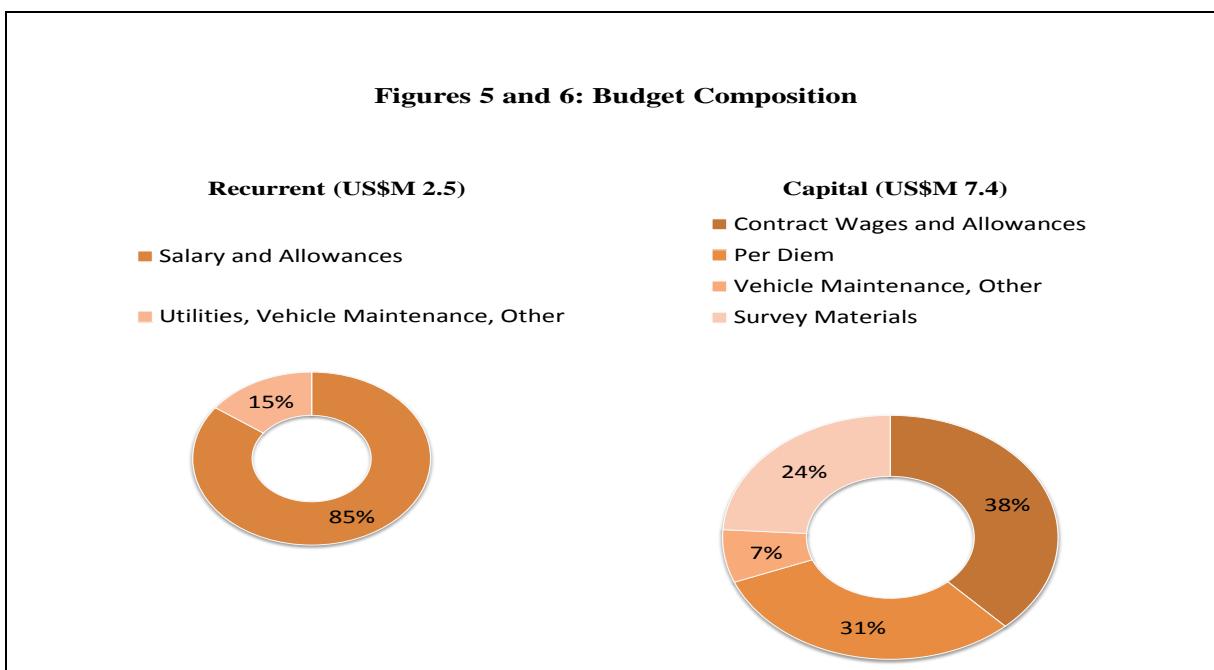
supervisors, data entry operators and data editors; and 1346 support staff, which includes drivers, cleaners, security personnel. In terms of geographic distribution, 50-60 percent of professional statisticians work at the headquarters, while 70-80 percent of semi-professional and support staff are assigned to branch offices. (See Figure 4 below). In addition to these employees (who are on permanent and consultant contracts), the CSA also engages enumerators on a contractual basis for data collection. On average, about 2500-3000 enumerators are contracted every year by the CSA, of which about 70-80 percent work on agriculture surveys.

**Figure 4: Distribution of Headquarter Staff**



**11. Budget and Finance.** The CSA's funding comes from multiple sources that include the government and several donors. In 2012, it received a total of about USD 19 million (of which about 9 million from donor support). The annual budget allocations from the government for recurrent and capital expenditures were USD 2.5 million and USD 7.4 million respectively, totaling nearly USD 10 million in 2012. The recurring budget goes mainly towards the payment of permanent staff salaries (85 percent), as well as maintenance and fuel for office cars, and payment of utilities. Capital budget is used for paying contract staff wages, including contracts for enumerators engaged in branch office surveys (38 percent); per diem for CSA staff when they travel for surveys (30 percent); and field vehicle expenses, including repairs and maintenance (7 percent). The remainder of the capital budget (approximately 24 percent) goes towards a wide variety of expenditures, including the maintenance and rehabilitation of office buildings, as well as expenses for the preparation and acquisition of survey materials (e.g. printing of questionnaires). (See Figures 5 and 6 below).

### Figures 5 and 6: Budget Composition



**12. Donor Funds.** The CSA receives significant donor funds for carrying out statistical surveys and for monitoring and evaluation activities related to specific programs. For example, about 49 percent of its total annual budget in 2012 (USD 8.7 million) came from donor resources. List of various CSA donor programs and funding sources are provided in table below<sup>21</sup>.

Table 4: List of various CSA Donor Programs and Funding Sources					
No	Project name	Donor	Fund Transferring Organization	Estimated Allocated Amount US\$	Estimated Allocated Amount ETB
1	HICE/WMS	Irish Gov/DFID	UNDP	916,222.00	15,328,881.72
		PBS	World Bank	470,000.00	5,926,418.00
		WFP	WFP	450,000.00	7,389,000.00
		UNICEF	UNICEF	172,554.89	2,170,740.55
		Sub-Total		2,008,776.89	30,815,040.27
2	M&E Statistical Capacity Building	PBS Project	World Bank	2,134,070.00	31,788,944.30
		Africa Development Bank (ADB)	COMESA	732,840.00	10,861,312.99
		UNFPA	UNFPA	20,379.07	348,074.55
		FAO	FAO	150,000.00	1,545,300.00
		UNICEF	UNICEF	14,300.77	179,903.68
3	DHS	Sub-Total		3,051,589.84	44,723,535.52
		MACRO	USAID	399,506.00	5,024,800.19
		UNFPA	UNICEF	499,860.14	6,288,240.55
		UNFPA	UNFPA	386,172.88	4,858,054.83
		UNFPA	UNFPA	97,925.28	1,231,900.00
4	Rural Socio Economic Survey Pastoralist Extension Survey	UNFPA	UNFPA	47,362.28	808,947.75
		World Bank	World Bank	80,000.00	1,424,633.40

<sup>21</sup> Data in the donor financing table pertains to latest information available based on CSA feedback.

5	Inter-sensual Survey	Different	UNFPA	249,566.44	4,866,545.64
6	Tef Technology	ILRI	ILRI	30,044.65	585,870.60
7	Time Use Survey	DFID	UN Woman	99,000.00	1,657,270.16
		Different	UNFPA		224,1166.27
		Sub-Total		1,889,437.67	26,746,263.12
		Bill and Melinda Gates Foundation	World Bank	1,832,356.00	29,959,255.00
<b>Total</b>				<b>8,782,160.40</b>	<b>132,244,093.91</b>

Source: CSA and other report including CRESS

### **III. Institutional challenges and Modernization Requirements of the CSA<sup>22</sup>**

13. *Rapidly increasing demand, data gaps, and collection delays are all affecting performance of the CSA. Duplication of efforts among NSS members and data errors are also cause for concern. Weak perception of users regarding data importance also affects policies and effectiveness.* Many of these challenges are due to institutional deficiencies and gaps such as weak organizational arrangements; poor infrastructure; high staff turnover; weak planning, administration and logistics; sub-optimal methodologies and tools; and meager training and dissemination efforts, among other factors.

**The following paragraphs provide a brief sketch of the main issues and strengthening needs.**

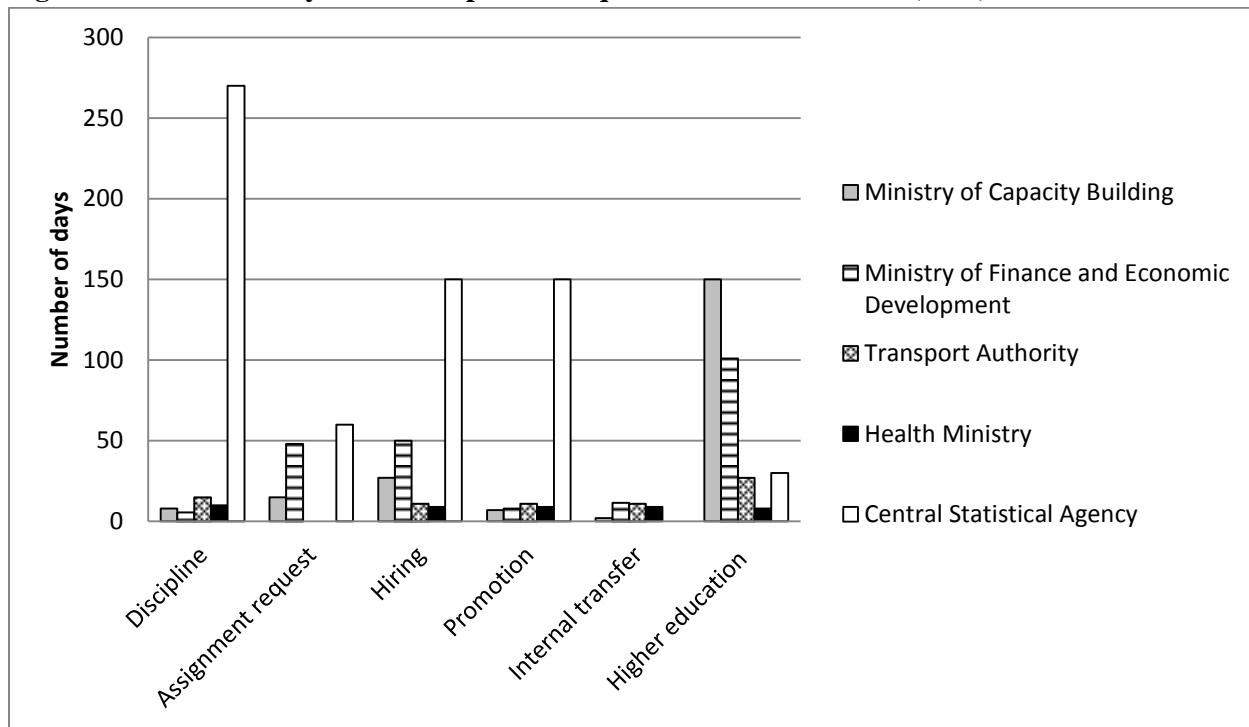
#### **(a) Organizational and Coordination Gaps in the NSS.**

14. **The CSA's organizational structure has evolved after its establishment in 2005**, but directorates responsible for internal management (including branch office supervision and training) and NSS coordination have mostly remained understaffed, causing coordination and resource management problems. Weak internal administrative practices and controls, absence of modern IT systems, and low branch office capacities have all undermined CSA coordination efforts with the NSS, as well as added risk to its day-to-day operations. CSA's operation is also weaker when compared to other MDAs. For example, it takes three times longer to hire staff in CSA than in MOFED (150 days instead of 50 days [see Figure 7]).

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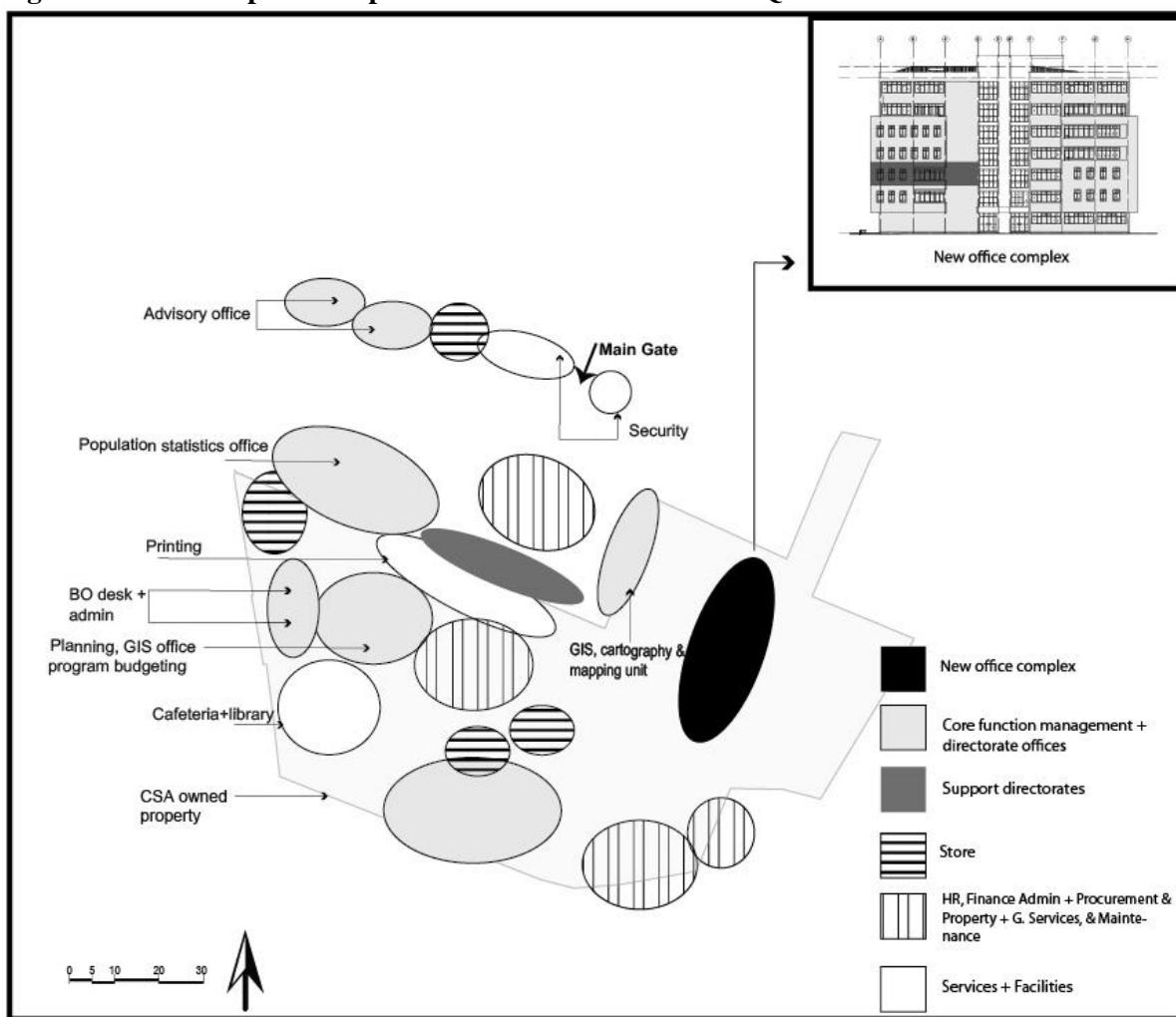
<sup>22</sup> Based on NSDS mid-term review, CSA Business Process Re-engineering Report 2010 and Bank Assessments during project preparation.

**Figure 7: Number of days needed to process requests across institutions (2010)**



15. CSA's "spatial map" (see Figure 4) illustrates organizational and functional inadequacies at HQ, as basic administrative and operational units are fragmented. The move to the new HQ building should greatly alleviate these issues as work processes and organizational units would be consolidated and made to operate in an integrated manner. Also, overall performance could be improved through organizational strengthening and the training of senior managers in modern management practices; the filling of vacancies in critical management functions; and the introduction of IT systems to help monitor staff performance. Given that branch offices deploy a large bulk of CSA staff and perform core data collection roles, future programs may have to empower branch offices and decentralize data analysis and other functions to ensure sustainability.

**Figure 8: Current Spatial Map of CSA Functional Units at HQ**



**16. Legal measures and international knowledge sharing is also needed to improve NSS coordination.** Although the 2005 Statistical Act outlines the CSA's organizational arrangements, it does not fully outline the statistical responsibilities of the sector ministries in the NSS vis-a-vis the CSA (for example, with regard to quality assurance). This poses a challenge when some sector ministries employ an equal or greater number of statisticians and have much larger budgets to deploy data production and dissemination activities than others. For example, the Federal Health and Nutrition Institute and the Mapping Agency both employ a large number of statisticians (450 and 350 statisticians, respectively<sup>23</sup>) as compared to about 400 statisticians in the CSA. The two institutions also have larger budgets. Some NSS institutions are also able to pay more to engage statisticians as some donors fund line positions to bypass the civil service regime. While working towards longer-term legal reforms, the CSA (aided by the Statistical Council) could work to develop Memorandums of Understanding (MOUs) within the NSS and with donors. MOUs could help to avoid data conflicts and duplication of efforts; set a workable statistical calendar; and improve coordination on the use of data quality standards. Joint seminars

<sup>23</sup> CRESS Report November 2012

on the EDQAF can also improve NSS *esprit de corps*, and help synchronize efforts among stakeholders (including donors).

**(b) Infrastructure Gaps:**

17. **CSA faces a critical challenge in its lack of standardized office facilities, particularly in the provinces<sup>24</sup>.** To ensure quality and timeliness of data, it is essential for the CSA to be closer to the enumeration areas, and the 25 branch offices are instrumental in ensuring this field presence. However, none of these branch offices have the facility to support long-term investment on statistical infrastructure. Most of them are simply temporary offices with minimal spaces that can only be used for field coordination purposes. In some provinces, renting options are not available and in others, the available lease terms are too short to make long-term commitments. Most importantly, the CSA is not able to improve statistical data production by using a reliable IT network architecture because inadequate office facilities inhibit the establishment of a wide area network. It is, therefore, vital to address this problem by constructing a few branch offices initially, and mobilizing resources for others over the medium term.

18. **The Government is ready to support infrastructure development and is seeking donor and regional state collaboration.** The CSA has already contacted the regional governments who have expressed their willingness to provide land free of charge. Four regional governments have already provided promissory notes or land titles for CSA to build its branch offices that will serve as models of new CSA work methods and modern systems. In order to take advantage of these opportunities, the CSA, with World Bank support, has developed preliminary model designs for branch office buildings for large and medium cities<sup>25</sup>. The Government is also funding the construction of a new office block for a sizeable number of headquarters staff (about 500) to improve working conditions.

19. **The CSA headquarters is located in the downtown area of the capital city, Addis Ababa.** In the past, its employees lived in nearby residential areas, and commuting to the office was not an issue for most of the Agency's staff. However, the recent construction boom in the city is changing settlement patterns. Areas that used to be residential are now being transformed into business districts, forcing more and more people to move to the suburbs. As a result, transportation has now become an important factor, and is adversely affecting staff productivity due to late arrivals, early departures and, occasionally, total absences from work. Inefficiency at the center is also affecting the productivity of field offices. Therefore, as is the case of other federal organizations, the CSA needs to address this problem by providing effective transportation services.

20. **The Government and development partners plan to cover the cost of providing transportation service for CSA staff. These costs include** several expenses in addition to the initial cost to procure the vehicles such as taxes on the newly imported vehicles, maintenance, and operational expenses.

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<sup>24</sup> “The physical environment in the CSA is not conducive to modern technological application and efficient management” NSDS mid-term review 2013.

<sup>25</sup> Models A-D (ranging from 600 to 1200 square meter office space) have been developed and are available in project files. These model designs take into consideration international standards and norms.

**21. Technological improvements can vastly improve data quality, timeliness and accessibility.** The CSA has initiated some modernization of its statistical infrastructure using recent technologies. For example, by using PDA, some encouraging results have been achieved in price data collection, and quality and timeliness have improved a lot. However, this effort needs to expand to complex household surveys. There is an ongoing collaboration with the Living Standards Measurement Study (LSMS) and the World Bank to test Computer Assisted Personal Interviewing (CAPI) methods. These efforts should be expanded to CSA surveys, and other technologies need to be tested and applied. Therefore, infrastructure needs to be put in place to support CAPI and other techniques such as Computer Assisted Telephone Interviewing (CATI).

**22. Basic connectivity issues still hinder the use of CSA's recently installed VPN system,** the new VPN system would enable some branch offices to share data with headquarters through a secure network (thus significantly improving CSA's existing IT infrastructure). Large gaps remain in other areas. For example, more work needs to be done to improve the Agency's central data center so that it meets basic requirements (it is currently comprised of only a few servers kept in a small room without a functioning ventilation system). ICT tools such as video conferencing could also help with statistical planning meetings and stakeholder outreach.

**23. Transport infrastructure needs a major re-vamp.** The CSA's vehicle fleet of 211 cars/jeeps is severely run down, which affects the institutions efficiency and performance (about 64 percent are more than ten years old and 21 percent are considered non-functional). The transportation support for field work and data collection by branch offices is particularly weak, as 80 percent of the CSA fleet is managed by local offices (about 5 vehicles per branch office). Field visits indicate that half of the branch office vehicles are either unserviceable or under repair, affecting the local office's budget as well and operations (on average each repair visit takes 84 days and costs about US\$275 per vehicle).

#### **(c) Human Resources and Financial Management Systems Development**

**24. Attracting and retaining qualified statisticians has been a major problem due to low salaries and poor working conditions** (e.g. office facilities, vehicles, and tools). A shortage of adequate training opportunities and other incentives also exists. Staff discipline and oversight systems have also been an issue. Currently, it takes about 150-270 days to enact disciplinary measures that deter poor performance, due to regulations that require the oversight of committees through multiple meetings.

**25. Salaries at the CSA are considerably lower than many other government institutions. For example. CSA compares unfavorably with Ethiopian Telecommunications and the Sugar Corporation, which are both classified by the Ministry of Civil Service as profit-generating; as well as the National Security Agency and the Public Procurement and Property Administration Agency, which are classified as "priority" (see Table 3).** Prior to 2011, employees were eligible for salary increases every two years. This practice has stopped, however, and salaries remain stagnant at the lower end of the scale. As a result, the CSA suffers from a high employee turnover rate. For example, from 2008 to 2013, 531 employees stopped working at CSA, 413 of which (78 percent) had willingly resigned. At the request of the government, a detailed review of government-wide staff turnover problem is being reviewed by the Bank, and will also look at the CSA's specific challenges. Considering the importance of

statistics for development efforts, the authorities may wish to declare the CSA as a “priority agency” to help relieve some of the urgent human resource pressures associated with attracting competent and reliable staff. This would be critical as MOFED plans to transfer the preparation of national accounts statistics to CSA over the next few years, which requires the presence of highly specialized staff that must not be put at risk by not accounting for appropriate staff incentives.

**26. The salaries of Ethiopian statisticians are also low when compared internationally.** For example, a senior statistician at CSA receives a monthly wage of about US\$277 compared to the median gross monthly wages of statisticians in Senegal and Kenya (US\$412 and 1243, respectively [see Table 7]).

<b>Table 5. Comparison of salary scale across government institutions (Ethiopian Birr)</b>			
	<b>CSA<sup>26</sup></b>	<b>PPPA</b>	<b>Anti-Corruption</b>
Directorate heads	4,343 – 6,460	9,776 – 12,782	9,573 – 12,269
Managers	3,817 – 5,776	7,401 – 11,486	8,727 – 11,344
Professionals	1,499 – 5,135	4,585 – 8,932	3,975 – 10,446
Semi-Professionals	1,499 – 3,985	3,200 – 7,024	3,975 – 8,727
Administrative	1,114 – 3,499	2,154 – 5,226	2,945 – 7,117
Support Staff	420 – 2,058		520 – 2,954

\*Included in the category of Statistical Support are field supervisors, data entry operators, and data editors

<b>Table 6. Salary scale for CSA Headquarters Human Resources, by profession</b>			
	<b>Number of employees</b>	<b>Salary Range in ETB</b>	<b>Salary Range in USD</b>
Directorate heads	22	3817 – 5776	206 – 312
Statisticians	215	1499 – 5135	81 – 277
Statistical support	201	1499 – 3985	81 – 215
Administrative	163	1114 – 3499	60 – 189
Support Staff	102	420 – 2058	22 – 111
<b>Total</b>	<b>703</b>		

\*The category of “Statistical Support” includes field supervisors, data entry operators, and data editors.

<b>Table 7: Median Gross Monthly Wage of Statisticians across Africa (in US\$)</b>				
	<b>Starting Salary</b>	<b>5 years tenure</b>	<b>10 years tenure</b>	<b>20 years tenure</b>
CSA*	81	121	245	277
Uganda	91	92	96	100
Benin	165	168	173	212
Togo	220	235	242	266
Niger	217	231	246	260
Ghana	120	241	314	386
Senegal	336	344	344	412
Rwanda	368	418	424	506
Tanzania	531	470	598	673
Kenya	329	646	845	1243
Zambia	799	831	956	969
S. Africa	2,055	2,470	2,965	3,487

<sup>26</sup> The CSA’s salary scale except for those employees engaged in IT or Public Relations, due to provisions from the Ministry of Civil Service for exceptional work sectors Ref no: Civil Service Ministry 28/m48/8/15

**27. Skills Mix and Training.** About 70-80 percent of the staff is comprised of semi-professional and support staff. This compares unfavorably with agencies in Botswana, Tanzania and Rwanda, where the proportion is around 50 percent. Most of the semi-professional staff have 5-7 years work experience in the CSA, and a major professional education effort may help produce badly-needed statisticians from this group to fill some urgent needs (subject to HR skills analysis and evaluations). Broad introduction of ICT in various administrative, statistical and logistical functions with appropriate training could help improve CSA operations.

**28. The supply of trained statistical and management staff needs to be increased.** The CSA staff does not have adequate professional development opportunities. Service training courses are necessary for statistical, administrative and branch office staff, and regional stakeholders. These courses are increasingly possible, as many universities have been set up in the regions that can be engaged to deliver custom-designed statistical/management/IT courses for CSA and NSS staff. While the CSA constructs its new branch office buildings and sets up training rooms at these locations with video conferencing/e-learning capabilities over the coming years, it needs to tap into existing government training networks such as *Woreda Net* to jumpstart training, and offer professional development courses to its staff and NSS stakeholders. Other long and short-term training programs should also be developed. All this could be effectively accomplished when the CSA appoints a training coordinator, conducts an assessment of the training needs of CSA and NSS statistical staff and other personnel, allocates and refurbishes space for training provision, and conducts a medium-term program with financing from government and donor resources.

**29. Budget and Financial Management.** Most of the CSA's work (e.g. planning, record keeping, reporting etc.) is done through paper-based systems, with the exception of record keeping for donor-funded projects. Modern IT-enabled financial management and record-keeping systems at the central and branch offices could improve transparency and performance in the CSA. Branch offices complain that the central financial management and procurement department takes too long to "respond to and finalize budget reports" and to address their queries, resulting in delays in procurement of materials and hiring of enumerators for field surveys. According to BPR, the cost of compliance is considered high, as unserviceable items (e.g. old vehicles, used tires, broken furniture, outdated survey equipment) take up valuable storage space and result in unnecessary rent payments, and disposal decisions take more than 3 years. Inappropriate storage of paper documents and equipment also poses health risk to store keepers, bookkeepers and other staff.

#### **(d) Data Development and Management Gaps<sup>27</sup>.**

**30. There are serious data gaps in some sectors, most importantly in business statistics.** While there are some efforts by relevant ministries and departments, the available information does not meet the standard statistical formats. The CSA, therefore, needs to work with other federal agencies and integrate data sources to develop the sampling frame, and a system to regularly update it. Complete and current data is also missing for some sectors such as mining, energy, construction and transport. National accounts with respect to these sectors are aggregated based on rough estimates. In its effort to narrow the data gaps and improve the quality of the

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<sup>27</sup> Although the CSA is able to discharge its mandate well, following internationally recommended classifications, methodologies and standards, and has an impressive list of statistical products, NSDS has identified a number of gaps that need to be filled.

national accounts, the CSA has begun preliminary activities in the construction sector. This effort needs further strengthening to cover more sectors and develop reliable and timely data that will feed into the national accounts.

**31. The Ethiopian Agricultural Census is the basis for the annual agricultural surveys and other agriculture related surveys and studies in the country.** The last census was carried out over 12 years ago for 2001/2002. The information is now becoming obsolete, and the Government has acknowledged that the next census should be carried out soon. The NSDS has planned preparatory activities for its implementation in 2013/2014, with Government and donor support. The CSA needs to mobilize resources to carry out preparatory activities, including design of instruments, studies on the required information and methods of data capture, as well as workshops and consultations before the fieldwork. Agricultural Census fieldwork is planned for 2013/14, while the preparatory activities will start from 2013.

**32. The Annual Agricultural Sample Survey, AGSS, is one of the flagship surveys of the CSA and the main source of agriculture statistics in Ethiopia.** Area and production forecast and estimate reports coming out of this survey are submitted to the Office of the Prime Minister, the Ministry of Finance and Economic Development, and the Ministry of Agriculture. One of the weaknesses of this survey, however, is its limited coverage in pastoral areas. Unfortunately, settlement patterns and security problems have contributed to this predicament. The mobile nature of some groups of the pastoral population does not allow use of the data collection methods employed in other sedentary regions. In addition, accessibility problems in some parts of the pastoral regions discourage the testing and the implementing of different approaches. However, in accessible areas, the CSA needs to start developing data using different techniques and build on the current collaboration with the World Bank, as well as implement earlier efforts with assistance from FAO.

**33. The AGSS is a large-scale survey that is conducted nationally over a long period following the planting and harvesting seasons.** The survey involves a large number of field staff and an extended supervision. Each year, the field staff training is carried out in a decentralized manner. However, this approach is creating some problems in understanding the content of the questionnaire. In addition, there are no adequate experienced trainers and audio visual support resources to handle a parallel training session in all the 25 branch offices. The CSA needs to improve the training content and approach. It needs to bring together field staff from 2 to 3 branches in one center, and provide a more rigorous training with more resources.

**34. A data gap in vital statistics is another important area that the NSDS has highlighted.** This information is required to make population projections at national, regional and district/zonal levels. The decentralized civil registration activity is expected to be undertaken by the agency responsible for civil registration, while the CSA will compile the vital statistics. In collaboration with relevant MDAs (e.g. Ministry of Justice, the Federal Supreme Court, Legal and Judicial System Research Institute), the CSA should conduct some preparatory work to develop and implement the system.

**(e) Data Quality Assurance: Methodological Research and Analysis Gaps.**

35. **The NSDS points out the need to strengthen statistical capacity in the NSS.** The CSA needs to strengthen its methodology research unit so that it can formulate and enforce statistical standards and provide quality assurances in the NSS. To this end, relevant training for the CSA and key MDAs in the NSS needs to be identified and the CSA should take the lead in coordinating the training needs assessment study. Although some information has already been collected, more work needs to be done, as the available information is not adequate. Additionally, more training needs to be identified and added as part of the NSDS implementation process.

36. **In addition, the CSA and the World Bank are currently implementing the Ethiopian Rural Socioeconomic Survey (ERSS).** Integrated with the AGSS, the ERSS project has been designed to generate panel data on farm and non-farm households in rural areas and small towns. The first wave is being finalized and the second wave will be implemented in 2013/14. The household data from ERSS will be used to study poverty dynamics and the role of agriculture in poverty reduction, *inter alia*. ERSS is funded by both the World Bank and the CSA but some funding gaps must be filled if the CSA is to ensure that the ERSS becomes an integral part of its household survey system.

**(f) Dissemination and Statistical Advocacy**

37. **The NSS's lack of a framework to disseminate regular statistical publications and data to users is a weakness.** As a result, the available statistical resources are underutilized. This weakness has also led to duplication of efforts by data-producing agencies, often with contradictory estimates on similar outcomes of interest. Thus, the CSA and key MDAs need to re-vamp their dissemination infrastructure, including upgrading and updating websites, creating necessary data portals, launching radio programs, and setting up dissemination units on wheels with information materials in regional languages.

38. **The weakness in dissemination is also due to lack of knowledge on the users side.** Advocacy work in national *and* regional languages to create awareness and stimulate demand for statistical information is therefore required.

**(g) NSS Monitoring and Evaluation Demands.**

39. **The Government of Ethiopia is implementing the Growth and Transformation Plan, the Millennium Development Goals and other national and sectoral plans and policies.** All of these initiatives need to be monitored and evaluated to track progress and make necessary adjustments. The capacity of the CSA to carry out M&E using data collected by the CSA and key MDAs needs to be strengthened as well.

**Annex 7: Procurement Arrangements**  
**Ethiopia Statistics for Results Facility Project**

**Procurement Implementation Arrangements**

1. Procurement under the project would be carried out in accordance with: (i) “Guidelines: Procurement of Goods, Works, and non-Consulting Services Under IBRD Loans and IDA Credits & Grants by World Bank Borrowers” dated January 2011; (ii) “Guidelines: Selection and Employment of Consultants Under IBRD Loans and IDA Credits & Grants by World Bank Borrowers” dated January 2011; (iii) “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants” dated October 15, 2006 and revised January 2011; (iv) introduction of Exceptions to National Competitive Bidding Procedures; and (v) the provisions stipulated in the Legal Agreements.
2. A Procurement Plan acceptable to the Bank was agreed during Grant negotiations. For each contract to be financed by the Grant, the different procurement methods or consultant selection methods, the need for prequalification, estimated costs, prior review requirements, and time frame was agreed between the Beneficiary and IDA/WB task team in the Procurement Plan. The Procurement Plan would be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.
3. A General Procurement Notice (GPN) will be prepared and published in United Nations Development Business (UNDB), on the Bank’s external website and in at least one national newspaper after the project is approved by the Bank Board, and/or before Project effectiveness. Specific Procurement Notices for all goods and works to be procured under International Competitive Bidding (ICB) and Expressions of Interest for all consulting services to cost the equivalent of USD 200,000 and above would also be published in the United Nations Development Business (UNDB), Bank’s external website and the national press.
4. The Procurement and Property Administration Directorate of CSA will process procurement under the project with detailed procurement support from a Procurement Specialist recruited in the Project Implementation Unit. A number of procurement packages are envisaged under the Statistics for Results Facility Project. The project will finance activities in all three categories of procurement: works, goods, and consultancies. Under the works category, the project will finance civil works contracts for construction of four new branch office buildings at different cities around the country. The project will also finance works contracts for building renovation at the CSA headquarters for the purpose of converting it to training area and library. Under the goods category, the project will finance the procurement of data collection tools, IT Equipment, furniture and vehicles, and the establishment of data centers at various locations. Under the consultancy category, the project will finance consultancy assignments that will be identified and included in the procurement plan.
5. **Procurement risk assessment:** As part of the project preparation, the World Bank Procurement Specialist has undertaken a procurement risk assessment of the project implementing agency, the CSA. The procurement capacity of CSA has been assessed based on

the criteria stipulated in the Procurement Risk Assessment and Management Systems (P-RAMS). According to the assessment, the procurement risk under the project is high.

6. The CSA will implement all procurements under the project. The agency has recently established a dedicated procurement and property administration directorate, which is an encouraging move. However, although the agency is gaining some experience under the PBS program, it still has limited procurement capacity. The agency faces a lack of qualified procurement experts, a lack of procurement manuals, a lack of proper record keeping system, limited capacity to prepare realistic procurement plans and monitor activities based on the plans, limited contract management capacity, and other challenges. The agency has also no prior works procurement and contract management experience. Given that the project will involve works procurement and contract management, this lack of experience, combined with other limitations, makes the procurement risk of the project high.

7. To mitigate the identified risks, it is recommended that the CSA recruit one qualified procurement specialist for the project who will be member of the PIU that will be established for the specific purpose of this project implementation. The CSA is also recommended to recruit two technical experts/engineers to oversee the design and construction activities for the four buildings and the renovation work. The procurement specialist and technical experts should be recruited and deployed before the project is made effective.

8. The procurement risk assessment notes that the CSA has processed selection of consultant for the design of four branch buildings located in Hawassa, Ambo, Mekele, Bahir Dar and cities. It is noted the design consultancy contract will be processed under the budget from component 5. Given that similar buildings will be constructed at each of the four locations, the design process is not expected to take long time model designs have already been done to facilitate this process and are available in project files. After the building design is completed, the bid for construction will be launched according to a method that will be indicated in the approved procurement plan. Model designs have already been prepared to help the CSA advance the construction master planning process, which will be funded under component 5.

9. **Prior Review Threshold:** The thresholds for Prior Review and for International Competitive Bidding (ICB), including the maximum contract value for the selection of consultants from a short list of exclusively Ethiopian firms, are presented in the table below for the purpose of guiding the preparation of the initial procurement plan. The procurement capacity of implementing agencies will be reviewed annually and the threshold will be revised according to the improvements or deterioration in the procurement capacity. Additionally, the procurement plan will indicate the number of contracts procured through National Competitive Bidding procedures or selection of consultants, using a short list of exclusively Ethiopian firms that will be subject to prior review irrespective of threshold as part of risk mitigation.

<b>Category</b>	<b>Prior Review Threshold (USD )</b>	<b>ICB Threshold (USD )</b>	<b>National Short- List Max Value (USD )</b>
Works	≥5,000,000	≥7,000,000	NA
Goods and non-consultancy services	≥500,000	≥1,000,000	NA
Consultants (Firms) other than Engineering and Supervision	≥200,000	NA	<200,000
Consultants (Firms) for Engineering and Contract Supervision	≥200,000	NA	<300,000
Consultants (Individuals)	≥100,000	NA	NA

**10. Applicable Procurement Methods-** Selection of procurement methods shall be in accordance with the Bank's guidelines (stated in paragraph 1 above) and shall be indicated and agreed-upon for each of the procurement packages in the procurement plan for the project.

11. In view of the above, procurement of goods and services above the stated threshold shall be undertaken through an International Competitive Bidding procedure using the Bank's latest Standard Bidding Document. Procurement of Goods and Non-Consulting Services that are below the "Prior Review" threshold can be procured through the National Competitive Bidding Procedure. Goods and services of small value contracts of less than USD 50,000 may be procured using Shopping procedures in accordance with paragraph 3.5 of the Bank Guidelines. Where it has been determined to be to the advantage of the operation, Procurement of Goods and non-Consulting services under Direct Contracting shall be procured in accordance with paragraph 3.7 of the Bank's Guidelines.

12. Selection of Consultants shall be carried out using the Bank's latest Standard Request for Proposal (RFP). Consulting firms for services estimated to cost more than USD the equivalent to 100,000 would be selected through a Quality and Cost based Selection (QCBS) method. Contracts where consulting firm services are estimated to cost less than the equivalent to USD 100,000 may be selected using the Selection based Consultants Qualification (CQS) method. Individual consultants will be selected on the basis of their qualifications and in accordance with Section V of the Bank's Guidelines for Selection and Employment of Consultants. Consulting services for audits and other services of a standard or routine nature may be procured using the Least Cost Selection Method, while Single Source Selection may be used when justified in accordance with paragraph 3.8 of the Bank's Guidelines. For consulting services valued less than the equivalent to USD 200,000, shortlists may comprise entirely of national consultants in accordance with paragraph 2.7 of the Guidelines, but if the consulting service is for engineering and supervision services, the national consultants may be entirely shortlisted for values up to the equivalent to USD 300,000.

**13. Training and Workshops-** Training activities are envisaged in association with capacity building and system strengthening of the agency. For all training activities, an annual training plan shall be prepared by the implementing agencies and approved by the Bank. If training is to be outsourced to an outside training institute, the procurement activity required for the hiring of the training institute shall be integrated into a procurement plan and agreed with the Bank.

Similarly, venues for workshops and training materials will be determined through a procurement process comparing at least three quotes.

**14. National Competitive Bidding Procedures.** National Competitive Bidding (NCB) shall follow the Open and Competitive Bidding procedures set forth in the Ethiopian Federal Government and Procurement and Property Administration Proclamation No. 649/2009 and Federal Public Procurement Directive issued by the Ministry of Finance and Economic Development dated June 10, 2010, provided that such procedure shall be subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of the “Guidelines for Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers” (January 2011) (the “Procurement Guidelines”) and the following additional provisions:

- i. The Recipient’s standard bidding documents for procurement of goods and works acceptable to the Bank shall be used. At the request of the Borrower, the introduction of requirements for bidders to sign an Anti-Bribery pledge and/or statement of undertaking to observe Ethiopian Law against Fraud and Corruption, and other forms that ought to be completed and signed by him/her, may be included in bidding documents if the arrangements governing such undertakings are acceptable to the Bank.
- ii. If pre-qualification is used, the Association’s standard prequalification document shall be used;
- iii. No margin of preference shall be granted in bid evaluation on the basis of bidder’s nationality, origin of goods or services, and/or preferential programs such as but not limited to small and medium enterprises.
- iv. Mandatory registration in a Supplier List shall not be used to assess bidders’ qualifications. A foreign bidder shall not be required to register as a condition for submitting its bid and if recommended for contract award shall be given a reasonable opportunity to register with the reasonable cooperation of the Recipient, prior to contract signing. Invitations to bids shall be advertised in at least one newspaper of national circulation or the official gazette, or on a widely used website or electronic portal with free national and international access.
- v. Bidders shall be given a minimum of thirty (30) days to submit bids from the date of availability of the bidding documents;
- vi. All bidding for goods and works shall be carried out through a one-envelope procedure.
- vii. Evaluation of bids shall be made in strict adherence to the evaluation criteria specified in the bidding documents. Evaluation criteria other than price shall be quantified in monetary terms. Merit points shall not be used, and no minimum point or percentage value shall be assigned to the significance of price, in bid evaluation.
- viii. The results of evaluations and awards of contracts shall be made public. All bids shall not be rejected and the procurement process shall not be cancelled, a failure of bidding shall not be declared, or new bids shall not be solicited, without the Bank’s prior

written concurrence. No bids shall be rejected on the basis of comparison with the cost estimates without the Bank's prior written concurrence.

- ix. In accordance with paragraph 1.16(e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that: (1) the bidders, suppliers, contractors and subcontractors, agents, personnel, consultants, service providers, or suppliers shall permit the Association, at its request, to inspect all accounts, records and documents relating to the bid submission and performance of the contract, and to have them audited by auditors appointed by the Association; and (2) acts intended to materially impede the exercise of the Bank's audit and inspection rights constitute an obstructive practice as defined in the paragraph 1.16 a (v) of the Procurement Guidelines.

15. The Beneficiary shall use the Bank's Standard Bidding Document for Procurement of Small Works (issued December 2012) when preparing the bidding documents for construction of the four CSA branch office buildings.

## **Annex 8: Financial Management and Disbursement Arrangements**

### **Ethiopia Statistics for Results Facility Project**

#### **Executive summary**

1. A financial management (FM) assessment was conducted in accordance with the Financial Management Practices Manual issued by the Financial Management Sector Board on March 2010. The objective of the assessment was to determine whether the participating institutions have adequate financial management systems and related capacity in place which satisfies the Bank's Operation Policy/ Bank Procedure 10 with respect to financial management. The policies and procedures requires borrower maintain, or causes to be maintain, for Project implementation, financial management arrangements that are acceptable to the Bank and that, as part of the overall arrangements in place for implementing the Project, provide reasonable assurance that the proceeds of the Investment Project Financing are used for the purposes for which they are granted. Financial management arrangements are the planning, budgeting, accounting, internal control, funds flow, financial reporting, and auditing arrangements of the borrower and entity or entities responsible for Project implementation. The financial management assessment considers the degree to which (a) the budgeted expenditures are realistic, prepared with due regard to relevant policies, and executed in an orderly and predictable manner, (b) reasonable records are maintained and financial reports produced and disseminated for decision-making, management, and reporting, (c) adequate funds are available to finance the Project, (d) there are reasonable controls over Project funds, and (e) independent and competent audit arrangements are in place. The assessment also included the identification of key perceived financial management risks that may affect program implementation and proceeded to develop mitigation measures against such risks. The assessment was conducted at the CSA.
2. The project financial management arrangements will be coordinated and managed by the Central Statistical Agency (CSA). The FM risk for the project is rated as Substantial and is expected to reduce to Moderate when mitigating actions are implemented. The main strengths of the Project are CSA has a strong internal control and financial management system which is documented in the financial management manual and that CSA has experience working with Bank operations including FM requirements. The main weaknesses for the FM arrangements delays in submission of audit report and Interim Financial reports (IFRs). Action plans that encompass the mitigation measures for the risks and weaknesses are prepared and agreed.
3. The project will prepare and submit quarterly unaudited Interim Financial reports (IFRs). The contents and formats of the IFRs were agreed during Negotiations. Disbursements will be made on traditional based disbursement method using SOEs the details of which will be stated in the Disbursement letter. All disbursement methods are allowed for the project (advance, reimbursements, direct payment and special commitment). For the advance method, the project will open a segregated USD Designated Account. In addition, local currency accounts at federal level and in branches as appropriate will be opened for the project purposes.

4. The project in coordination with Office of Federal Audit General (OFGA) is required to have the project auditor selected within 3 months of effectiveness and the project will have annual audit conducted. The project will then submit project audited financial statements to the Bank in a form and content satisfactory to the Bank. The audit TORs were agreed during Negotiations.

5. FM-related covenants include maintaining satisfactory financial management system throughout the life of the project, submission of IFRs of the project for each fiscal quarter within 45 days of the end of the quarter; and submission of annual audited financial statements and audit report including the management letter, within 6 months of the end of each fiscal year.

6. Based on the assessment conducted, it is the conclusion of the Bank's FM assessment that the FM arrangements meet the IDA's requirements as per OP/BP 10. It is adequate to provide, with reasonable assurance, accurate and timely information on the status of the project required by the Bank.

### **Country Issues**

7. The Government of Ethiopia (GoE) has been implementing a comprehensive public financial management (PFM), with support from development partners, including the Bank for the last twelve years through the Expenditure Management and Control sub-program (EMCP) of the government's civil service reform program (CSR). This was being supported by the IDA financed Public Sector Capacity building Support Program (PSCAP), Protection of Basic Services (PBS) and other donors financing as well as Government own financing. These programmes have focused on strengthening the basics of PFM systems: budget preparation, revenue administration, budget execution, internal controls, cash management, accounting, reporting and auditing. With the basics increasingly in place, the Government is beginning to increase its focus on strengthening the linkages between public policy objectives and expenditure. In this context, GOE has embarked on a programming/performance budgeting framework within MOFED.

8. The May 2011 Ethiopia PEFA PFM performance measurement framework assessment covered the federal government in form of Ministries and Agencies as well as some regions. The study notes that Ethiopia has made significant progress in strengthening PFM at both federal and regional levels. Improvements have been noted in budgeting and accounting reform. The predictability in the composition of expenditure improved sharply, the variance in excess of the aggregate deviation falling to 5.7 percent. The budget is reasonably realistic and is reasonably implemented as intended, and performance in this regard has improved marginally since the period covered by the first PEFA assessment.

9. Comprehensiveness and transparency improved during the period covered by the 2010 PEFA assessment. Other notable areas of improvement are: Increase in the amount of budgetary documentation submitted to House of Peoples' Representatives (HPR), strengthened reporting on donor projects and programs, improved transparency in inter-governmental fiscal relations, through greater timeliness in the provision of information to regional governments on the size of the budget subsidies that they will receive, and improved access by the public to key fiscal

information through audit reports. An issue remaining to be addressed is for the Government to make available to the public information on the incomes and expenditures of extra-budgetary operations.

10. Weaknesses were noted in internal audit which necessitate increased focus on systems audit, and increasing management response to audit findings. Further strengthening of the internal audit function is a key challenge. The full roll-out of IBEX has helped to strengthen the quality of in-year budget execution reports, Annual financial statements prepared for 2006/07-2008/09 (EFYs 1999-2001) included information on revenue and expenditures, financial assets and liabilities, but excluded information on donor-financed projects and programs. A limiting factor continued to be the use of non-IPSAS compliant accounting standards; compliance with IPSAS would require disclosure of information on donor-financed projects and programs.

11. Overall performance of external audit has improved due to increased coverage and a lessening of the time needed to audit annual financial statements. Audits conducted by OFAG generally adhere to INTOSAI auditing standards and focus on significant issues. The PFM study also notes that regional performance of PFM reform varies from region to region.

### **Risk Assessment and mitigation**

12. The residual overall FM risk rating for the project after the implementation of expected mitigation measures is Moderate. The main strengths and weaknesses are detailed out below:

13. The project financial management is strengthened by the following features:

- The internal control system provides sufficiently for the separation of responsibilities, powers and duties;
- Normal government procedures and manuals will be in use. In addition OM is developed;
- The implementing entity has experience in Bank financed projects;
- Strong budget preparation process;
- The project will employ a qualified financial management specialist under the PIU.

14. The project financial management is challenged by the following features:

- Although finance staff have years of experience, they are not trained with Bank policies and Procedures;
- There were significant delays in preparing and submitting quarterly unaudited Interim Financial Reports of Bank financed projects failing to meet agreement covenants;
- There were significant delays in having the annual audits conducted (of Bank financed projects) and there by leading to significant delays in submitting the Audit Reports failing to meet covenants.

15. The following action plans that encompass the mitigation measures for the risks and weaknesses are prepared and agreed:

	Action to be taken	Expected completion date	Responsible body
1.	Manuals- Detail FM arrangements stated in the OM will be updated or strengthened in the area of Budgeting, accounting, internal control, fund flows, reporting and audit areas consistent with the PAD	Two months after effectiveness	CSA
	Budget Monitoring challenge- An Integrated Work Plan and Budget to be funded by the SFR Program will be produced by CSA and submitted to the SC for approval no later than three months prior to the start of each fiscal year. IFRs will disclose and explain financial performance with emphasis on budget utilization and variance analysis	Regularly	CSA
3	Accounting staffing challenge- a. Recruit FMS at the CSA PIU b. Training will be organized by the FMS in collaboration with the Bank to refresh or re-orient the CSA on FM issues c. Chart of Account- The project will be provided its own chart of account with in the accounting software it is using which can be detailed out in the OM. The existing government chart of accounts will be reviewed to accommodate for the Project which will be mapped with the project budget to meet the project activities. This will help in recording and tracking of expenditures with the budget.	a. 1 months after effectiveness b. As needed c. 2 months after effectiveness	a. CSA b. CSA/WB c. CSA
4	Internal control- a. Internal auditor will perform an audit of the project and report to the management regularly b. Stringent follow up on advances will be exerted if funds are transferred to Branches	a. Semi-annually or annually b. Regularly	CSA
5	Opening of bank accounts at the NBE	One month after effectiveness	CSA
6	Reporting challenges-CSA senior management will provide due attention to reporting deadlines	Ongoing	CSA
7	Regarding Audit a. CSA will recruit external auditors acceptable to the Bank b. CSA will submit audit reports within 6 months of the end of the EFY and will publicly disclose the audited financial statements in a manner acceptable to the Bank	c. Three months after effectiveness d. within 6 months of the end of the EFY	CSA

### Financial Management Implementing entity

16. CSA will be responsible for financial arrangements and through the PIU will assume overall financial management responsibility for project funds, ensuring that: (i) the project financial management activities are carried out efficiently and in accordance with the government accounting standards; (ii) the project financial affairs and administration are carried out as per the Financing Agreement; (iii) qualified accountants are recruited and assigned to handle the project funds; (iv) adequate internal controls are in place and internal auditors provide

regular support to the project; and (v) the project financial transactions are audited by OFAG or an independent external auditor (that may be selected as per agreed upon procurement method from a list of auditors acceptable to audit World Bank financed project that will be provided by OFAG), in accordance with international standards on auditing.

## **Budgeting**

17. CSA will follow the Federal Government of Ethiopia's budgeting procedure. The federal budgeting process usually starts by issuing the budget preparation note to the Budgetary Institutions (BIs). Based on the budget manual, the BIs prepare their budgets in line with the budget ceilings and submit these to MOFED within six weeks following the budget call. The budgets are reviewed at first by MOFED and then by the Council of Ministers. The final recommended draft federal budget is sent to parliament in early June and is expected to be cleared at the latest by the end of the EFY. Budget procedures are documented in the Federal Government of Ethiopia Budget Manual.

18. The budgetary system of CSA lays down the physical and financial targets of the project. It is prepared in sufficient detail for all significant activities to provide a meaningful tool with which to monitor subsequent performance. An Integrated Work Plan and Budget to be funded by the SFR Program will be produced by CSA and submitted to the SC for approval no later than three months prior to the start of each fiscal year. There are procedures in place to plan project activities and collect information from the units in charge of the different components.

19. The Program Coordinator in the CSA will use Integrated Work Plan and the Budget to guide their day-to-day activities and as a basis for gauging and reporting on the implementation process at SC meetings. Statistics for Result (SFR) program Coordinator is responsible for updating and revising plans and budgets to reflect changed circumstances or issues arising during implementation. CSA SFR PIU will prepare a comparison of the actual expenditure with that of the budget and avails the explanation for significant variations from the budget. IFRs will also include requirement to compare actual performances with budget and to provide an explanation for the variances.

20. The Projects OM will reflect detail requirements in budget preparation and budget monitoring.

## **Accounting**

### ***Staffing***

21. The finance department of CSA is directly responsible to the General Director. Currently the accounts department is staffed with eighteen personnel at its head office and at least with five staff members (Accountants) at its twenty five branches. The finance staff has varying qualification and years of experience. The department has adequate accounting staff. All staffs are employed on a permanent basis. CSA staff has adequate experience in implementing Bank financed projects and at present CSA is implementing Bank financed projects such as PBS and LSMS. However, there is work load observed leading to delays in reporting and also the staff has not obtained training on Bank financed project on FM issues.

22. The project will employ a full time Financial Management Specialist (FMS) under the PIU within one month of effectiveness of the project. The FMS will be responsible for all FM aspects of the project and will work in collaboration with CSA finance Department. The FMS will be responsible for day to day accounting of the project transaction. He will also be responsible for preparation of monthly, quarterly and annual financial reporting. In addition he will be the focal person for the audit of the project financial statements and submission of the audit reports to the Bank. The Bank will invite staff that work on the project for trainings related to FM whenever such are available and would help build the capacity.

#### ***Accounting policies and procedures***

23. CSA follows the Government's accounting policies and procedures for accounting for its day to day transactions. The Ethiopian Government follows a double entry bookkeeping system and modified cash basis of accounting. This is documented in the government's accounting manual (Annex 8). This has been implemented at the federal level and in many regions. The main elements of the accounting reform are the adoption of (i) comprehensive Chart of Accounts consistent with the budget classification; (ii) a system of ledgers accommodating all types of accounts (including transfers, assets, liabilities and fund balance in addition to revenues and expenditures); (iii) double entry book-keeping (thus, self-balancing set of accounts); (iv) a system of control of budgetary commitments (recording commitments as well as actual payments); (v) modified cash basis transaction accounting; and (vi) revised monthly report formats to accommodate double-entry book-keeping and commitment control and permit better cash control. The government's accounting manual provides detailed information on the major accounting procedures and this is annexed to this report. In addition to the government's accounting manual, the project has developed an Operation Manual where FM aspects are covered as well which will be strengthened by effectiveness.

24. CSA uses the Integrated Budget and Expenditure (IBEX) software for the government funds. For the different projects CSA is handling, it is using spreadsheet to summarize the accounting entries. The project will use the same IBEX software or other soft wares if needed in preparing the accounts of this project and project financial reports will be produced from the accounting software.

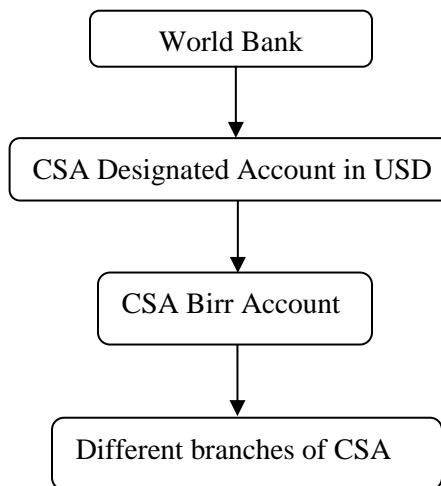
25. The existing government chart of accounts will be reviewed to accommodate for the Project which will be mapped with the project budget to meet the project activities. This will help in recording and tracking of expenditures with the budget. This review and mapping exercise will be completed within two month after effectiveness of the project.

#### **Fund Flow including Disbursement arrangements**

26. CSA will open a new segregated Designated Account denominated in US Dollars at the National Bank of Ethiopia. Local Account in Birr will also be opened to receive transfer from the USD account. These bank accounts would finance all eligible project expenditures as per the financing agreement. The authorized ceiling of the Designated Account would be stated in the disbursement letter.

27. The disbursement methods the project will employ are: Advances to the designated account, Direct Payments, Reimbursements and Special Commitment. At the beginning of the project, initial advances will be transferred to the designated account were determined and stated in the disbursement letter during negotiations. Subsequent replenishments to this designated account will be made on the basis of statements of expenditures (SoEs). This project will use traditional or SOE based disbursement arrangements. Thresholds will be set and will be stated in the disbursement letter.

28. The fund flow arrangement for the project is summarized in the following chart.



29. Withdrawals from the grant above the stated thresholds will involve the submission of not only SoEs but supporting documents. Documentation supporting expenditures claimed against SoEs will be retained by the Implementing Agency and will be available for review during supervision missions.

30. The minimum value for direct payment and special commitment were determined during the grant negotiations and were documented in the Disbursement letter.

31. CSA shall open a separate bank account for this project (within one month of effectiveness) as follows:-

- a. USD Segregated Designated bank account at the National Bank of Ethiopia to be managed by the CSA at the Federal level for this project CSA will nominate and inform the World Bank on signatories for this designated account.
- b. Local currency accounts to be managed by the CSA at the Federal level and bank accounts at the Branches as appropriate.

32. **Retroactive Financing:** CSA has requested retroactive financing for up to 5% of the total amount of financing for all eligible expenditures that has been incurred on or after April 21, 2014 and up to the date of the financing agreement signing, total amount of which will be USD

500,000 equivalent. This retroactive financing is intended to finance the following activities: inter alia, (a) hiring of FM and procurement experts and for set up of project management office; (b) hiring of construction experts to meet the needs of the ESMF; and (c) hiring of consultant to prepare an updated user satisfaction index. Upon effectiveness, the CSA would resubmit a separate withdrawal application for the retroactive financing indicating the amount and financing agreement categories that it relates to and with all pertinent documents to substantiate the requirement of the retroactive financing.

### **Other offices and implementing entities.**

33. CSA has 25 branches throughout the country participating in the implementation of the project. There is a specified procedure for flow of funds, financial information, accountability and audits in relation to these branches. For government transactions, since CSA follows a decentralized system, fund will be transferred to each branch and each branch is responsible for the expenditures and filling of the documents. The branches will send to CSA monthly financial reports on monthly basis but retain all source documents with themselves. Documents to the external auditors will also be available at the branch level.

34. The project will make use of existing structures of CSA, including its branch offices situated in different parts of the country. The CSA Branch Offices will also be responsible for providing oversight and follow-up for the implementation of the project.

35. Within the four branch offices (in Ambo, Hawassa, Bahir Dar and Mekelle) where the first set of new office buildings are expected to be constructed a branch level Project Implementation Unit (PIU) will be established. The PIU, among others, will be responsible for following-up on the infrastructure development and rehabilitation work that will be undertaken through a contracted construction firm, thereby ensuring that the recommended environmental and social mitigation measures are being implemented during the construction work.

36. There will be some small fund transfer to the branch offices based on the need to facilitate implementation. These funds will be treated as a receivable and settled at the PIU.

### **Internal Control**

37. Internal control comprises the whole system of control, financial or otherwise, established by management in order to (i) carry out the project activities in an orderly and efficient manner; (ii) ensure adherence to policies and procedures; (iii) ensure maintenance of complete and accurate accounting records; and (iv) safeguard the assets of the project. Regular government systems and procedures would be followed, including those relating to authorization, recording and custody controls.

38. For this project CSA will use the government's system and procedures to ensure that policies and procedures are adhered to, payments are effected with the proper processing procedures, segregation of duty is maintained and safeguard over assets is in place. In addition to the accounting manual, the project has developed an Operation Manual where FM aspects are covered as well which will be strengthened by effectiveness.

39. The review of Bank financed projects (LSMS and PBS II) audit reports noted some internal control weaknesses. These include weakness in cash management (failure to count cash on a regular basis), repeated recording and posting errors, failure to settle liabilities including tax liabilities on time, long outstanding debtors, instances of ineligible expenditures. Efforts must be strengthened to ensure that these issues are given due attention in this project. The role of internal audit is important here to identify and resolve issues on a timely basis and it is agreed that internal audit of CSA will review the Bank financed projects.

40. On the other hand, CSA has a system to safeguard assets from fraud, waste and abuse although implementation of the procedures is questioned due to the above audit issues. Subsidiary records of fixed assets and stocks are kept up to date and reconciled with their respective control accounts. Physical inventories of fixed assets and stock is conducted on an annual basis.

41. Because this project has a component on infrastructure, it is important that the Project follows up on contract management issues. From FM aspect, the FMS will monitor payments and will work with other team members of the PIU to follow up, supervise on contracts.

### **Internal Audit**

42. CSA has an internal audit department composed of twelve internal auditors with different qualifications and year of experience. As per the organizational chart of CSA, the internal audit department reports directly to the General Director. Their reports will also be sent to MoFED. The management of CSA takes the necessary action on the internal audit findings.

43. There is weakness in the past where Bank financed projects have not been adequately supervised by the internal auditor of CSA. It is therefore agreed that, the internal audit department will include this project in its work program and conduct the audit accordingly. The audit will be conducted semi-annually or annually and the internal audit report will be shared with the Bank during supervisions.

### **Financial Reporting**

44. Based on MoFED's reporting format and requirements, CSA prepares financial statements on a monthly basis for the government funds. CSA has been preparing quarterly Interim Financial Reports (IFRs) for the National strategy for the development of statistics project and Living studies measurement study (LSMS). CSA has experience in Bank financed projects and was able to submit financial reports but with significant delays.

45. For this project, CSA/PIU will prepare and submit a project IFR on a quarterly basis (following EFY) to be submitted to the World Bank within 45 days of the end of the quarter. The format of the IFR will be agreed by Negotiation. The IFR for the project will generally include: (a) a Statement of sources and uses of funds, opening and closing balances for the quarter and cumulative; (b) Statement of sources and uses of funds that shows actual expenditures. These are appropriately classified by main project activities (categories, components and sub-components).

They will also include an actual versus budget comparisons for the quarter and cumulative; (c) a statement on the movement of project's Designated Account including opening and closing balances and the movements (inflows and outflows) (d) Notes and explanations on financial performance and (f) Other supporting schedules and documents as needed.. The IFR formats were discussed and agreed.

### **External audit**

46. The Office of Auditor General (OFG) is the responsible auditor to audit external assisted public projects. As such the project financial statements will be audited by OFAG or an independent external auditor (that may be selected as per agreed upon procurement method from a list of auditors acceptable to audit World Bank financed project) that will be provided by OFAG). As per the Bank's standards, the audit report, along with the management letter, will be submitted to World Bank not later than six months after the end of the fiscal year. The audit of the project will be carried out in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC). Terms of references for the external audit will be agreed by Negotiation.

47. In accordance with the Bank's policies, the Bank requires that the borrower disclose the audited financial statements in a manner acceptable to the Bank; following the Bank's formal receipt of these statements from the borrower, the Bank makes them available to the public in accordance with The World Bank Policy on Access to Information.

48. There was considerable delay in submitting audit report for Bank financed project - Living studies measurement study (SMS). The audit report for the LSMS for the year ended 7 July 2013 has been submitted to the Bank in July 2013 after six months delay from the deadline. In order to avoid this delay and facilitate the audit process CSA will recruit external auditors acceptable to the Bank three months after effectiveness.

### **Financial covenants**

49. Key financial covenants include: - CSA shall submit audited project financial statements including management letter no later than six months after the close of each fiscal year. CSA submit Interim Financial Reports 45 days after the end of each calendar quarter.

### **Supervision plan**

50. Considering the nature of the project and the risk level, the Bank's full FM supervision mission should be once a year. The supervision will review the Project's financial management systems and capacity, including but not limited to the operation of Designated Account, evaluating quality of budgets, financial reports, statement of expenditures, internal controls, reporting and follow up of audit and mission findings. However, quarterly desk reviews on IFRs an annual review of the audit report will be conducted. Implementation supports will be provided to all stakeholders.

## **Annex 9: Benefits of Good Statistical Information**

### **Ethiopia Statistics for Results Facility Project**

1. Although the benefits of high quality statistical information as a public good are obvious, it is difficult to use the traditional cost-benefit analysis to calculate the return on investment in public sector statistical projects. From an institutional point of view, quality statistics can contribute to evidence-based policy-making through five broad areas: 1) identification of issues critical to the overall poverty reduction objective; 2) informing the design and choice of policies; 3) forecasting the future; 4) monitoring policy implementation, and 5) evaluating policy impact and adjusting policies based on the findings.<sup>28</sup>
2. Statistics can also increase the transparency of the policy environment and provide reliable and cost effective information to private investors and citizens. International experience indicates that good statistics and reliable information helps attract potential private foreign investors when they are faced with alternative investment destinations. Dependable statistics are also good for the development of social capital and democratic processes.
3. Quality statistics are also important to the financial system, as according to a recent IMF study, they tend to reduce the cost of borrowing from private capital markets. The study indicates that countries that subscribe to the IMF Special Data Dissemination Standard (SDDS) and participate in the General Data Dissemination System (GDDS) initiatives registered a positive impact on their sovereign borrowing in private capital markets—that is, they experienced a reduction in the launch spreads of sovereign borrowing by 0.20 to 0.50 percentage points. These positive impacts or discounts are also evident when launch yields are analyzed in sovereign bond issues.<sup>29</sup>
4. Currently Ethiopia is at an important juncture of its economic development. It has experienced record high growth and plans to maintain and expand these development efforts. Its expanding development agenda requires its ready access to a larger and broader set of statistical information. For example, Ethiopian household surveys seem to indicate variations in poverty reduction between urban and rural areas. Improved data development could help inform policy makers in adjusting and fine tuning development policies that target poverty alleviation, thereby enhancing the importance of the timely provision of statistics. For example, in the 1990s, Ghana's Living Standard Surveys helped reveal variations in poverty trends between northern rural areas and the rest of the country, resulting in Poverty Reduction Strategy (GPRS) adjustments.
5. Also, timely household survey data collection via e-surveys and GIS agriculture survey tools can guide public investment decisions for making services more accessible to rural and vulnerable populations. These tools have helped international entities such as the World Food Program in Malawi to conduct Vulnerability Analysis and Mapping to select projects sites by

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<sup>28</sup> Scott, 2005, Measuring Up to the Measurement Problem, the Role of Statistics in Evidence-based Policy Making, Paris 21.

<sup>29</sup> Cady, John, and Anthony Pellechio, 2006, Sovereign Borrowing Cost and the IMF's Data Standards Initiatives, IMF Working Paper, WP/06/78.

ranking them according to levels of vulnerability defined as exposure to risk and ability to cope with shocks.

6. Under the proposed project, the CSA, with its improved data collection and analytical skills, will be able to publish more nuanced statistics to guide social sector policies. For example, the gaps in access to public services such as education and improved water are wide between rural and urban populations. Since the proposed project will also increase policy focus on achieving MDGs, setting targets for the post 2015 agenda and helping fulfill GTP requirements, the benefits to public institutions and citizens are expected to be substantial.

## **Annex 10: National Partnership Group -- Draft Terms of Reference (ToR)**

### **Ethiopia Statistics for Results Facility Project**

1. **Background:** Ethiopia is seeking support from the Statistics for Results Facility – Catalytic Fund administered by the World Bank and to meet its requirements it has (a) already in place a National Statistical Development Plan (NSDS); and (b) establish a multi-stakeholder group – a **National Partnership Group in statistics**, to promote improved collaboration and coordination in the area of statistics. The meeting of the NPG took place on 31 May 2012 with representatives from many agencies (see Table below with list of participants).
2. Ethiopia's National Strategy for Development of Statistics (NSDS) was established in 2008/09 and originally covers the implementation period 2009/10 to 2013/14, but was amended by one more year to align with GTP to 2014/15. The NSDS incorporates 6 strategic themes to strengthen the overall National Statistical Systems (NSS), which is led by the Central Statistical Agency (CSA). Based on the NSDS themes, the SRF program concept identified three main categories of challenges. It aims to address those challenges identified in the NSDS, which are currently underfunded and/or without funding: First, there is weak institutional capacity within CSA and statistics producing Government ministries, departments and agencies (MDAs); second, there are data gaps to be filled; and third, there are coordination problems within the NSS and in its interactions with stakeholders and partners.
3. **Objective:** The purpose of the NPG in Ethiopia is to support and oversee the program components of the SRF activities, and more generally to provide a means to increase overall coordination in the implementation of the NSDS and strengthen the alignment and harmonization of donor support.
4. **Areas of activities:** The main responsibilities of the NPG are:
  - i. To oversee and monitor the implementation of the NSDS.
  - ii. To coordinate donor and government support to statistics and establishing joint monitoring.
  - iii. To review, at least once a year, the efforts in capacity building in support of the NSDS in general and the SRF in particular.
  - iv. To help measure improvements in statistical capacity and the extent to which users' needs are met, using clearly defined outputs and outcome indicators.
  - v. To assist the CSA to identify priorities for the NSS in general, and to coordinate implementation activities of the NSDS.
  - vi. To consider any other action needed to improve the effective functioning of the NSS in Ethiopia.
  - vii. To help develop and agree on the activities to be supported by the Catalytic Fund program based on observed and present gaps in the implementation of the NSDS.
5. The NPG will work under the overall framework of the Statistical Law of Ethiopia (2005).
6. **Members:** The NPG will be co-chaired by the CSA and DfID, a lead donor in statistics in Ethiopia and active supporter of the SRF. At least one other government representative - from

MoFED - is a member of the Group. The NPG for Ethiopia is open to any members interested in the development of statistics either from government, development partners involved in statistics, academia and/or civil society. The first meeting of the NPG included members from the CSA and DFID as well as CGIAR, EU, IMF, Netherlands, UNDP, UNFPA, UNICEF and the World Bank.

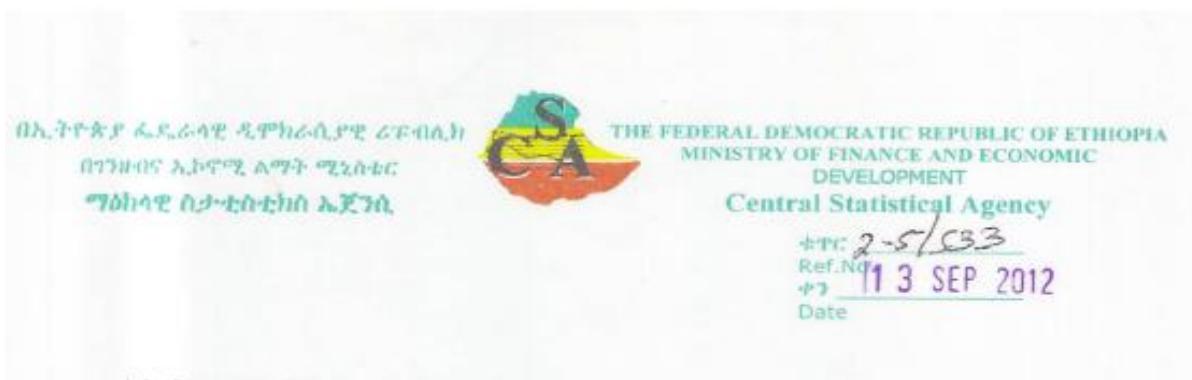
7. **Secretariat:** CSA will provide secretarial services to the NPG, supported by the World Bank.

8. **Meetings:** The NPG will meet at least once in every 6 months, and, if needed, additionally on a virtual basis.

**Table with NPG Meeting Participant List May 31, 2012**

Name	Title and Institution	Tel	Email	Interested in Future Meetings
Samia Zekaria	CSA, Director General		<a href="mailto:samiaz@ethionet.et">samiaz@ethionet.et</a>	YES
Kenny Osborne	Resident Adviser, DFID	Cell: 251-911-203080	<a href="mailto:k-osborne@dfid.gov.uk">k-osborne@dfid.gov.uk</a>	YES
Haile Kibre	United Nations Development Programme	<a href="tel:251-115-515177">251-115-515177</a> ext. 34482 or +251-115-444482	<a href="mailto:haile.kibret@undp.org">haile.kibret@undp.org</a>	YES
Fasika Kelemework	Monitoring & Evaluation Manager Delegation of the European Union to Ethiopia	251 11 66 12 5 +251 91 16 23 43911	Fasika.KELEMEWORK@eeas.europa.eu,	
Seyoum Taffesse, Alemayehu	Senior Research Fellow Ethiopia Strategy Support Governance Division International Food Policy Research Institute (IFPRI)	251 11 6 172552 +251 11 6462922	<A.SeyoumTaffesse@cgiar.org>	YES
Meron Tewfik	Population and Development Programme Officer UNFPA Ethiopia	251-115-444358	<meron@unfpa.org>	YES
Yumi Matsuda	Monitoring and Evaluation Specialist, UNICEF	Off 251 11 518 4162 Cell 251 920310075	<a href="mailto:yamatsuda@unicef.org">yamatsuda@unicef.org</a>	YES
Zeneganaw Abiy	IMF	Off 251 11 5176162 Cell 251 0921332924	<a href="mailto:zabiyailu@imf.org">zabiyailu@imf.org</a>	
Roger Pearson	UNICEF Senior Social Policy Officer	Off: +251 11 518 4162 Cell: +251 920310075	<a href="mailto:rpearson@unicef.org">rpearson@unicef.org</a>	
Marta Kibur	UNICEF, M&E specialist	Cell: 0911876968	<a href="mailto:mkibur@unicef.org">mkibur@unicef.org</a>	YES
Benoit Kalasa	UNFPA Representative	Off: 251115444028 Cell: 251 911229837	<a href="mailto:kalasa@unfpa.org">kalasa@unfpa.org</a>	YES
Messay Teferi	UNFPA, Monitoring and Evaluation PO	Off: 2511115994327 Cell: 251911241583	teferi@unfpa.org	YES
Michael Geiger	World Bank, Economist		<a href="mailto:mgeiger@worldbank.org">mgeiger@worldbank.org</a>	YES
Mesfin Girma	World Bank, Economist	Cell: 251-252731	<a href="mailto:mbezagawag@worldbank.org">mbezagawag@worldbank.org</a>	YES
Alemayehu A. Ambel	World Bank, Economist Development Economics Research Group	269-267-0969 (cell) 202-473-1880	aambel@worldbank.org	YES
Wendm Mekasha	World Bank, PBS	Cell: 251-911-767847	wmekasha@worldbank.org	YES
Benedetto Musillo	Economic Attaché , EU	Cell: 251-913-547085	Benedetto.musillo@ees.europe.eu	YES
Victoria Chioala	PM specialist DAG/UNDP	Cell: 251-911-505211	<a href="mailto:Victoria.chisala@undp.org">Victoria.chisala@undp.org</a>	YES
NOTE: Mr. Fisseha Aberra, MoFED, has been nominated in the NPG as representative of the GOE in addition to Ms. Samia Zekari, DG CSA				

**Letter of Endorsement by the National Partnership Group for the Proposed Project:**



**Mr.GuangZhe Chen**  
Country Director for Ethiopia  
The World Bank  
Addis Ababa, Ethiopia

**Re: Statistics for Results Facility (SRF) Catalytic Fund – Proposed Ethiopia Program**

Dear Mr. Chen:

We are writing on behalf of the SRF National partnership Group for Ethiopia and we recommend that the Concept Note and Grant Application for a SRF Program in Ethiopia be submitted to the World Bank management group for consideration.

We confirm that all NPG members (see annex to the Minutes of the first NPG meeting on 31 May 2012 in Addis Ababa) reviewed the design of this concept note and confirmed their ongoing commitment to the SRF Ethiopia Program as well as to participate in the subsequent project appraisal phase.



Kenny Osborne  
Results Adviser  
Department for International Development  
British Embassy, Addis Ababa, Ethiopia

**Annex 11: Team Composition**  
**Ethiopia Statistics for Results Facility Project**

**World Bank staff who worked on the project includes:**

Name	Title	Unit
Michael Geiger	Senior Economist	AFTP2
Waleed Haider Malik	Senior Public Sector Management Specialist	AFTP2
Lars Moller	Lead Economist and Sector Leader (PREM)	AFTP2
Grant James Cameron	Manager	DEC DG
Alexandra Bezeredi	Regional Environmental and Safeguards Advisor	AFTSG
Andrew L. Dabalen	Lead Poverty Specialist	AFTP M
Antoine A. Simonpietri	Senior Statistician	
Barbro E. Hexeberg	Senior Economist	DEC DG
Alemayehu Ambel	Economist	DEC PI
Mesfin Girma Bezawagaw	Economist	AFTP2
Asferachew Abate Abebe	Environmental specialist	AFTN3
Abiy Demissie Belay	FM specialist	AFT ME
Tafesse Freminatos Abrham	FM specialist (Consultant)	AFT ME
Binyam Bedelu	Procurement Specialist	AFT PE
Abiy Tessema	Sr Operational and IT Consultant	AFTP2
Hikru Kitai	Sr Infrastructure Specialist Consultant	
Melat Assefa	Planning and Facilities Design Consultant	AFTP2
Senait Yifru	Program Assistant	AFTP2
Hanna Ketselamaryam Hailu	Team Assistant	AFCE3
Patricia de la Hoyes	TFO Coordinator	
Mohammad Nadeem	Legal Department	LEGAM
Candace Gebre	HR Consultant	AFTP2
Martin Buchara	Team Assistant	AFTP2
Misako Hiraga	Gender specialist	DEC DG
Xiao Ye	Senior Economist	PREM Statistics TM
Thomas Danielowitz	Peer Reviewer	DEC DG
Kenny Osborne (Invited)	Peer Reviewer - External	DFID
Singh (Invited)	Peer Reviewer	IMF
Yusuf Murangwa	Peer Reviewer - External	(Director General National Institute of Statistics - Rwanda)

## Annex 12: Country at a Glance

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### Ethiopia at a glance

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Key Development Indicators (2012)	Ethiopia	Sub-	Low	Age distribution, 2012
		Saharan Africa	income	
Population, mid-year (millions)	91.7	911	846	
Surface area (thousand sq. km)	1,104	24,262	16,198	
Population growth (%)	2.6	2.7	2.3	
Urban population (% of total population)	17	37	28	
GNI (Atlas method, US\$ billions)	34.7	1,230	499	
GNI per capita (Atlas method, US\$)	380	1,350	590	
GNI per capita (PPP, international \$)	1,110	2,227	1,383	
GDP growth (%)	8.5	4.3	6.3	
GDP per capita growth (%)	5.7	1.5	4.0	
<i>(most recent estimate, 2005–2012)</i>				
Poverty headcount ratio at \$1.25 a day (PPP, %)	31	48	48.3	
Poverty headcount ratio at \$2.00 a day (PPP, %)	66	70	74.3	
Life expectancy at birth (years)	63	56	62	
Infant mortality (per 1,000 live births)	47	64	56	
Child malnutrition (% of children under 5)	29	21	22	
Adult literacy, male (% of ages 15 and older)	49	69	69	
Adult literacy, female (% of ages 15 and older)	29	51	54	
Gross primary enrolment, male (% of age group)	86	104	111	
Gross primary enrolment, female (% of age group)	72	96	106	
Access to an improved water source (% of population)	52	64	69	
Access to improved sanitation facilities (% of population)	24	30	37	
<b>Net Aid Flows</b>				
	1980	1990	2000	2012
<i>(US\$ millions)</i>				
Net ODA and official aid	211	1,009	687	3,261
<i>Top 3 donors (in 2012):</i>				
United States	19	50	130	733
United Kingdom	4	35	11	421
European Union Institutions	32	109	69	226
Aid (% of GNI)	3.4	8.4	8.5	7.9
Aid per capita (US\$)	6	21	10	36
<b>Long-Term Economic Trends</b>				
Consumer prices (annual % change)	4.5	5.2	0.7	22.8
GDP implicit deflator (annual % change)	4.3	3.3	5.8	34.2
Exchange rate (annual average, local per US\$)	2.1	2.1	8.1	17.7
Terms of trade index (2000 = 100)	131	151	100	100
<i>1980–90    1990–2000    2000–12 (average annual growth %)</i>				
Population, mid-year (millions)	35.2	48.0	66.0	91.7
GDP (US\$ millions)	7,269	12,083	8,098	41,605
<i>(% of GDP)</i>				
Agriculture	60.7	54.3	48.7	48.8
Industry	10.6	11.1	12.3	10.1
Manufacturing	4.9	4.8	5.8	3.6
Services	28.8	34.5	39.0	41.1
Household final consumption expenditure	80.0	77.2	69.8	76.6
General govt' final consumption expenditure	9.8	13.2	19.1	7.0
Gross capital formation	14.5	12.9	23.1	34.6
Exports of goods and services	7.6	5.6	12.1	14.0
Imports of goods and services	11.9	8.8	24.2	32.2
Gross savings	10.8	11.9	19.0	28.3

Note: Figures in italics are for years other than those specified. ... indicates data are not available.

Development Economics, Development Data Group (DECDG).

## Ethiopia

<b>Balance of Payments and Trade</b>		2000	2012	<b>Governance indicators, 2000 and 2012</b>	
<i>(US\$ millions)</i>					
Total merchandise exports (fob)		486	89	Voice and accountability	~15
Total merchandise imports (cif)		1,611	8,750	Political stability	~15
Net trade in goods and services		-976	-7,738	Regulatory quality	~15
Current account balance as a % of GDP		-335	-2,800	Rule of law	~25
		-4.1	-6.7	Control of corruption	~35
Workers' remittances and compensation of employees (receipts)		53	624		
Reserves, including gold		363	1,781		
<b>Central Government Finance</b>				Source: Worldwide Governance Indicators ( <a href="http://www.govindicators.org">www.govindicators.org</a> )	
<i>(% of GDP)</i>				■ 2012	Country's percentile rank (0-100) higher values imply better ratings
Current revenue (including grants)		15.8	13.6	■ 2000	
Tax revenue		9.6	8.4		
Current expenditure		20.8	7.8		
Overall surplus/deficit		-9.5	-4.1		
Highest marginal tax rate (%)					
Individual		35	35		
Corporate		30	30		
<b>External Debt and Resource Flows</b>				<b>Technology and Infrastructure</b>	
<i>(US\$ millions)</i>				2000	
Total debt outstanding and disbursed		5,509	10,462	Paved roads (% of total)	12.0
Total debt service		139	431	Fixed line and mobile phone subscribers (per 100 people)	0
Debt relief (HIPC, MDRI)		2,696	2,089	High technology exports (% of manufactured exports)	0.1
Total debt (% of GDP)		68.0	25.1	2012	
Total debt service (% of exports)		13.9	7.2	Agricultural land (% of land area)	31
Foreign direct investment (net inflows)		135	279	Forest area (% of land area)	13.7
Portfolio equity (net inflows)		0	0	Terrestrial protected areas (% of land area)	17.7
<b>Composition of total external debt, 2012</b>				Freshwater resources per capita (cu. meters)	1,744
<i>US\$ millions</i>				Freshwater withdrawal (% of internal resources)	4.6
Private, 2,723				CO2 emissions per capita (mt)	0.09
Bilateral, 3,106				GDP per unit of energy use (2005 PPP \$ per kg of oil equivalent)	1.4
IMF, 484				Energy use per capita (kg of oil equivalent)	382
Other multi-lateral, 1,311				<b>World Bank Group portfolio</b>	
IBRD, 0			2000		
IDA, 2,801			IBRD		
Short-term, 37			Total debt outstanding and disbursed	0	
<b>Private Sector Development</b>		2000	2012	Disbursements	0
Time required to start a business (days)		—	15	Principal repayments	0
Cost to start a business (% of GNI per capita)		—	135.3	Interest payments	0
Time required to register property (days)		—	41	2012	
Ranked as a major constraint to business (% of managers surveyed who agreed)		2000	2012	IDA	
n.a.		72.2	..	Total debt outstanding and disbursed	1,779
n.a.		59.2	..	Disbursements	137
Stock market capitalization (% of GDP)		..	..	Total debt service	34
Bank capital to asset ratio (%)		..	..	<b>IFC (fiscal year)</b>	
				Total disbursed and outstanding portfolio of which IFC own account	0
				Disbursements for IFC own account	0
				Portfolio sales, prepayments and repayments for IFC own account	0
					4
<b>MIGA</b>				<b>MIGA</b>	
				Gross exposure	0
				New guarantees	0
					17
					3

Note: Figures in italics are for years other than those specified.  
.. indicates data are not available. — indicates observation is not applicable.

3/13/14

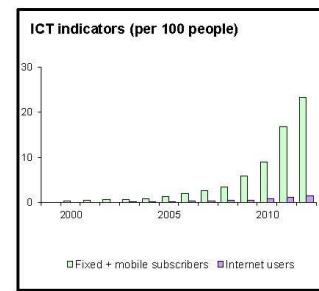
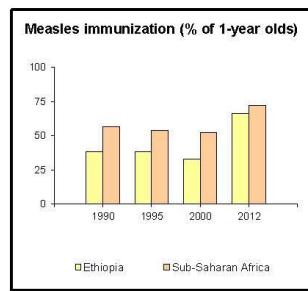
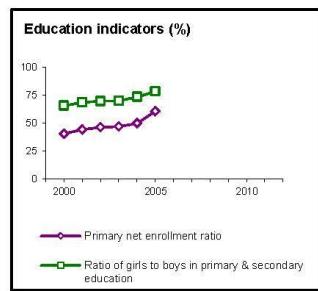
Development Economics, Development Data Group (DECDG).

## Millennium Development Goals

Ethiopia

*With selected targets to achieve between 1990 and 2015  
(estimate closest to date shown, +/- 2 years)*

	Ethiopia			
	1990	1995	2000	2012
<b>Goal 1: halve the rates for extreme poverty and malnutrition</b>				
Poverty headcount ratio at \$1.25 a day (PPP, % of population)	..	60.5	55.6	30.7
Poverty headcount ratio at national poverty line (% of population)	..	45.5	44.2	29.6
Share of income or consumption to the poorest quintile (%)	..	7.2	9.2	8.0
Prevalence of malnutrition (% of children under 5)	43.3	..	42.0	29.2
<b>Goal 2: ensure that children are able to complete primary schooling</b>				
Primary school enrollment (net, %)	29	22	40	61
Primary completion rate (% of relevant age group)	23	14	22	43
Secondary school enrollment (gross, %)	14	11	14	25
Youth literacy rate (% of people ages 15-24)	..	34	..	55
<b>Goal 3: eliminate gender disparity in education and empower women</b>				
Ratio of girls to boys in primary and secondary education (%)	69	64	65	78
Women employed in the nonagricultural sector (% of nonagricultural employment)	..	..	41	42
Proportion of seats held by women in national parliament (%)	..	2	8	28
<b>Goal 4: reduce under-5 mortality by two-thirds</b>				
Under-5 mortality rate (per 1,000)	204	175	146	68
Infant mortality rate (per 1,000 live births)	121	106	90	47
Measles immunization (proportion of one-year olds immunized, %)	38	38	33	66
<b>Goal 5: reduce maternal mortality by three-fourths</b>				
Maternal mortality ratio (modeled estimate, per 100,000 live births)	950	880	700	350
Births attended by skilled health staff (% of total)	..	..	6	10
Contraceptive prevalence (% of women ages 15-49)	5	3	8	29
<b>Goal 6: halt and begin to reverse the spread of HIV/AIDS and other major diseases</b>				
Prevalence of HIV (% of population ages 15-49)	1.3	3.1	3.7	1.3
Incidence of tuberculosis (per 100,000 people)	367	419	421	247
Tuberculosis case detection rate (% of all forms)	50	11	33	64
<b>Goal 7: halve the proportion of people without sustainable access to basic needs</b>				
Access to an improved water source (% of population)	13	19	29	52
Access to improved sanitation facilities (% of population)	2	3	8	24
Forest area (% of land area)	15.2	14.4	13.7	12.2
Terrestrial protected areas (% of land area)	17.7	17.7	17.7	18.4
CO2 emissions (metric tons per capita)	0.1	0.0	0.1	0.1
GDP per unit of energy use (constant 2005 PPP \$ per kg of oil equivalent)	1.3	1.3	1.4	2.4
<b>Goal 8: develop a global partnership for development</b>				
Telephone mainlines (per 100 people)	0.3	0.2	0.4	0.9
Mobile phone subscribers (per 100 people)	0.0	0.0	0.0	22.4
Internet users (per 100 people)	0.0	0.0	0.0	1.5
Households with a computer (%)	..	..	0.1	2.1



Note: Figures in italics are for years other than those specified. .. indicates data are not available.

3/13/14

Development Economics, Development Data Group (DECDG).

### Annex 13: Map of Ethiopia

