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PROJECT PERFORMANCE ASSESSMENT REPORT

UKRAINE

Development of State Statistics System for Monitoring Social and Economic Transformation (Devstat) Project

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1818 H Street NW
Washington DC 20433
Telephone: 202-473-1000
Internet: www.worldbank.org

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PROJECT PERFORMANCE ASSESSMENT REPORT

UKRAINE

DEVELOPMENT OF STATE STATISTICS SYSTEM FOR MONITORING SOCIAL AND ECONOMIC TRANSFORMATION (DEVSTAT) PROJECT

(IBRD-R7290, IBRD-92240)

Human Development and Economic Management
Independent Evaluation Group

Currency Equivalents (annual averages)

Currency Unit = Ukrainian hryvnia (Hrv)

2004	US$1.00	Hrv 05.33
2005	US$1.00	Hrv 05.03
2006	US$1.00	Hrv 05.03
2007	US$1.00	Hrv 05.02
2008	US$1.00	Hrv 04.74
2009	US$1.00	Hrv 07.63
2010	US$1.00	Hrv 07.93
2011	US$1.00	Hrv 07.99
2012	US$1.00	Hrv 08.05
2013	US$1.00	Hrv 08.16
2014	US$1.00	Hrv 11.95

All dollar amounts are U.S. dollars unless otherwise indicated.

Abbreviations and Acronyms

DEVSTAT	Statistics System for Monitoring Social and Economic Transformation
ESCOP	European Statistical Code of Practice
EU	European Union
ICT	information and communication technology
IEG	Independent Evaluation Group
ISDPS	integrated statistical data processing system
MOEDT	Ministry of Economic Development and Trade
NBU	National Bank of Ukraine
PAD	project appraisal document
PIU	project implementation unit
SSCU	State Statistics Committee of Ukraine
SSSU	State Statistics Service of Ukraine
STATCAP	Statistical Capacity Building Program
TPSSD	Third Program of State Statics Development

Fiscal Year

Government: January 1–December 31

Director-General, Independent Evaluation:	Caroline Heider
Director, IEG Human Development and Economic Management:	Auguste Tano Kouame
Manager, IEG Corporate and Human Development Unit:	Marie Gaarder
Task Manager:	Ann Elizabeth Flanagan

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This report was prepared by Ann Elizabeth Flanagan and Chad Leechor, who assessed the project in September 2016. The report was peer reviewed by Rasmus Heltberg and panel reviewed by Judyth L. Twigg. Yezena Yimer provided administrative support.

Appendixes

Principal Ratings

	ICR*	ICR Review*	PPAR
Outcome	Satisfactory	Satisfactory	Moderately satisfactory
Risk to Development Outcome	Moderate	Moderate	Significant
World Bank Performance	Satisfactory	Satisfactory	Moderately satisfactory
Borrower Performance	Satisfactory	Satisfactory	Moderately satisfactory

* The Implementation Completion and Results (ICR) report is a self-evaluation by the responsible World Bank global practice. The ICR Review is an intermediate IEG product that seeks to independently validate the findings of the ICR. PPAR = Project Performance Assessment Report.

Key Staff Responsible

Project	Task Manager or Leader	Practice Manager	Country Director
Appraisal	Neil James Fantom	Deborah L. Wetzel	Luca Barbone
Completion	Svetlana Budagovskaya	Carolina Sanchez-Paramo	Qimiao Fan

IEG Mission: Improving World Bank Group development results through excellence in independent evaluation.

About this Report

The Independent Evaluation Group (IEG) assesses the programs and activities of the World Bank for two purposes: first, to ensure the integrity of the World Bank's self-evaluation process and to verify that the World Bank's work is producing the expected results, and second, to help develop improved directions, policies, and procedures through the dissemination of lessons drawn from experience. As part of this work, IEG annually assesses 20–25 percent of the World Bank's lending operations through fieldwork. In selecting operations for assessment, preference is given to those that are innovative, large, or complex; those that are relevant to upcoming studies or country evaluations; those for which Executive Directors or World Bank management have requested assessments; and those that are likely to generate important lessons.

To prepare a Project Performance Assessment Report (PPAR), IEG staff examine project files and other documents, visit the borrowing country to discuss the operation with the government, and other in-country stakeholders, interview World Bank staff and other donor agency staff both at headquarters and in local offices as appropriate, and apply other evaluative methods as needed.

Each PPAR is subject to technical peer review, internal IEG Panel review, and management approval. Once cleared internally, the PPAR is commented on by the responsible World Bank country management unit. The PPAR is also sent to the borrower for review. IEG incorporates both World Bank and borrower comments as appropriate, and the borrowers' comments are attached to the document that is sent to the World Bank's Board of Executive Directors. After an assessment report has been sent to the Board, it is disclosed to the public.

About the IEG Rating System for Public Sector Evaluations

IEG's use of multiple evaluation methods offers both rigor and a necessary level of flexibility to adapt to lending instrument, project design, or sectoral approach. IEG evaluators all apply the same basic method to arrive at their project ratings. Following is the definition and rating scale used for each evaluation criterion (additional information is available on the IEG website: http://ieg.worldbankgroup.org).

Outcome: The extent to which the operation's major relevant objectives were achieved, or are expected to be achieved, efficiently. The rating has three dimensions: relevance, efficacy, and efficiency. *Relevance* includes relevance of objectives and relevance of design. Relevance of objectives is the extent to which the project's objectives are consistent with the country's current development priorities and with current World Bank country and sectoral assistance strategies and corporate goals (expressed in poverty reduction strategy papers, country assistance strategies, sector strategy papers, and operational policies). Relevance of design is the extent to which the project's design is consistent with the stated objectives. *Efficacy* is the extent to which the project's objectives were achieved, or are expected to be achieved, taking into account their relative importance. *Efficiency* is the extent to which the project achieved, or is expected to achieve, a return higher than the opportunity cost of capital and benefits at least cost compared to alternatives. The efficiency dimension is not applied to development policy operations, which provide general budget support. *Possible ratings for outcome:* highly satisfactory, satisfactory, moderately satisfactory, moderately unsatisfactory, unsatisfactory, highly unsatisfactory.

Risk to Development Outcome: The risk, at the time of evaluation, that development outcomes (or expected outcomes) will not be maintained (or realized). *Possible ratings for risk to development outcome:* high, significant, moderate, negligible to low, not evaluable.

World Bank Performance: The extent to which services provided by the World Bank ensured quality at entry of the operation and supported effective implementation through appropriate supervision (including ensuring adequate transition arrangements for regular operation of supported activities after loan or credit closing, toward the achievement of development outcomes). The rating has two dimensions: quality at entry and quality of supervision. *Possible ratings for World Bank performance:* highly satisfactory, satisfactory, moderately satisfactory, moderately unsatisfactory, unsatisfactory, highly unsatisfactory.

Borrower Performance: The extent to which the borrower (including the government and implementing agency or agencies) ensured quality of preparation and implementation, and complied with covenants and agreements, toward the achievement of development outcomes. The rating has two dimensions: government performance and implementing agency(ies) performance. *Possible ratings for borrower performance:* highly satisfactory, satisfactory, moderately satisfactory, moderately unsatisfactory, unsatisfactory, highly unsatisfactory.

Preface

This Project Performance Assessment Report (PPAR) assesses the Development of State Statistics System for Monitoring Social and Economic Transformation (DEVSTAT) project in Ukraine. This project was one of two pilot projects (along with Burkina Faso) supported under the Statistics Capacity Building Program (STATCAP).

DEVSTAT was approved by the World Bank on March 25, 2004. The original closing date of the project, December 31, 2009, was extended three times due to delays in the ratification of the loan agreement, delays in the procurement of advanced information communication technology, and to allow for the national rollout of the integrated statistical data processing system (ISDPS). The project closed on December 31, 2013.

Total project cost was estimated to be $37.94 million, of which $32 million would be financed by the World Bank and $5.94 million by borrower contributions. Additional Financing of $10 million was granted in December 2012, at which time the statement of objectives was formally revised. The revised objective aligned the statements of objectives in the loan agreement and the project appraisal document. Actual total cost at project closure was $45.19 million, financed by a loan of $42 million from the World Bank and a contribution of $3.19 million from the borrower.

The report was prepared by Chad Leechor, consultant to the Independent Evaluation Group (IEG) and Ann Elizabeth Flanagan, economist, IEG. The findings are based on a field visit to Ukraine, September 7–23, 2016. The PPAR mission was conducted concurrently with an evaluation mission that contributed to IEG's evaluation of Data for Development. The team met with a broad range of stakeholders, including in government, research institutions, and the private sector.

IEG is grateful for the cooperation and assistance provided by all the concerned stakeholders and the support provided by the World Bank country office staff in Kyiv.

Following standard IEG procedures, a copy of the draft report was sent to the relevant government officials and agencies for their review and feedback. No comments were received.

Summary

Formerly a subnational of the Union of Soviet Socialist Republics, Ukraine gained its independence in 1991 when the Soviet Union collapsed. The country has since undergone rapid social and economic transformation. But it has also experienced political upheavals, including corruption scandals, the Orange Revolution (2006), disputes with the Russian Federation and disruptions of natural gas supply (2006 and 2009), the Euromaidan Revolution (2014), and border conflicts with Russia in Crimea and Eastern Provinces (2014). Today, territorial tensions remain high.

In 2003, the government approached the World Bank to request assistance for financing comprehensive modernization of the national statistical system, also known as the Third Program of State Statistics Development (TPSSD) covering the period from 2003 to 2008. It was meant to concentrate on organizational changes among data producers and to upgrade data quality, the data dissemination framework, and the efficiency of data production.

The objective of this project was "to build a sustainable state statistical system, which would efficiently and effectively collect, process, and disseminate accurate, timely, coherent, and trustworthy statistical data concerning the economy and social conditions of the borrower required by the government, business, and society to make informed decisions, and encompassing a comprehensive reform of the State Statistical System of Ukraine, primarily through the modernization of the State Statistical Committee." In December 2012, the objective was revised and became "to build a sustainable state statistical system, which efficiently provides timely and accurate data for policy evaluation and decision making." The revised objective was broadly similar to the original objectives, but with somewhat narrower scope: providing accurate and timely data primarily to the government under the revised objectives, with the requirements of business and society deleted from consideration.

The original statement of objectives was unbundled to assess progress made in the following areas: (i) building a sustainable system, (ii) ensuring efficiency of the system's operations, and (iii) providing accurate and timely data for decision making by government, business, and society. The revised statement of objectives emphasized the government in (iii) above—providing accurate and timely data for policy evaluation and decision making primarily for the public sector.

The original objectives were substantially relevant and well aligned with the priorities of the government and the World Bank, both at the time of approval and at project closure. With respect to the government, the project was in alignment with the TPSSD 2003–08 and with the 2010 Economic Reform Program (Prosperous Society, Competitive Economy). With respect to the World Bank, the project was consistent with both the country assistance strategy for 2004–07 (World Bank 2003) at approval and the country partnership strategy for 2012–16 (World Bank 2012a) at project closure.

The original project design is rated modest. Based on STATCAP's international best practice, the capacity building program was comprehensive and integrated, encompassing institutional reforms, upgrades of statistical infrastructure and communication equipment,

data development, and harmonization with international standards as well as funding for project management activities. The assistance was provided to three principal data producers—including the State Statistics Committee of Ukraine (SSCU, which subsequently was renamed the State Statistics Service of Ukraine [SSSU]), the Ministry of Finance, and the National Bank of Ukraine—as well as a major user of official statistics—the Ministry of Economic Development and Trade (MOEDT). The results framework did not adequately spell out some of the dimensions of the outcomes, including (i) operational autonomy and (ii) the needs of government, business, and society.

Following the revision of objectives, the relevance of design is rated substantial. The revision of objectives took place in December 2012, shortly before project closure in December 2013. Some of the outcomes, especially meeting the data needs of the private sector, were no longer applicable under the revised objectives.

Project implementation (2005–13) took place during a time of major social and political turmoil. National emergencies and warfare took a toll on public finance and budgetary allocations to statistical work. In addition, government actions took away operational autonomy of the central statistics office (SSSU) in 2013. SSSU staff's pay scale was eroded by inflation and it became uncompetitive with other public sector agencies. Nonetheless, project activities were largely implemented as planned, but with some delays both at the beginning and at the end of implementation.

The objective of sustainability was modestly achieved under the original and revised objectives. The institutional and organizational reforms improved efficiency and raised the organizational profile of the SSSU. However, many challenges have been encountered including the loss of staff and the lack of resources for staff training and for upgrades of information and communication technology (ICT) equipment. As indicated above, a reversal in the SSSU's status as an autonomous agency occurred near the time of project closure (end of 2013). The SSSU is now a unit of the MOEDT, with the loss of its independence in budgetary control and the ability to set staffing and development priorities. In addition, the resources allocated for statistical work are barely sufficient for day-to-day operations, with no provisions for maintenance, staff training, and equipment.

Progress on the efficiency objective was substantial at project closure and remains substantial today. Organizational restructuring, new enterprise architecture, more advanced data production methodologies, and the availability of ICT equipment reduced staffing needs and costs. The national rollout of the ISDPS system in 2013 added to efficiency gains in data processing.

Progress on the objective of data accuracy and timeliness was substantial at the time of project closure and remains so today. Much of the gains in data quality was derived from the efforts to comply with the European Statistical Code of Practice, which provided a unifying theme for far reaching reforms across the board, including broadening of data coverage, wider use of sampling procedures, greater reliance on sampling frames and business registry, and more advanced techniques for estimating missing information.

Efficiency in the use of project resources is rated substantial. Although no standard cost-benefit or rate-of-return analysis was provided, the project (i) adopted cost-saving practices, including pursuing a large procurement of technical assistance with a consortium of national statistical offices instead of multiple small tenders and (ii) showed administrative efficiency, such as relying on one central project implementation unit housed in the implementing agency and maintaining staff continuity to limit handovers of responsibilities.

When assessed against the original objectives, the outcome is rated moderately satisfactory. The relevance of objectives is substantial; relevance of design is modest. The achievement of both the efficiency objective and accuracy and timeliness objective was substantial, but the achievement of the sustainability objective was modest. Efficiency was substantial.

When assessed against the revised objective, the outcome is rated satisfactory. Both the relevance of objectives and design are substantial. The achievement of sustainability objective was modest, but the achievement of both the efficiency objective and accuracy and timeliness objective were substantial. Efficiency remained substantial. The outcome of the operation is rated moderately satisfactory before the revision of objectives and satisfactory after the revision of objectives; the overall outcome is therefore rated moderately satisfactory.

The risk to development outcomes is rated significant, due to the absence of independence of the SSSU and inadequate resources, including uncompetitive pay for staff. In addition, government decisions could also aggravate the risk, as with further delays or rejection of the proposed amendments of the National Law on Statistics.

The performance of the World Bank is rated moderately satisfactory. Quality at entry was moderately satisfactory. It could have been improved by a more realistic assessment of up-front risk and better stipulation of some of the outcomes. Supervision was satisfactory, supervision was carried out as scheduled, procurement and financial management were fully integrated as part of implementation support, and documentation of findings and issues was timely and adequate.

The borrower performance is rated moderately satisfactory. The government's performance was mixed, with strong commitment up front, but its support for the project was weakened by political instability. In addition, the government took away the independence of the statistical office along with its leadership, thereby undermining the sustainability of results. Government performance is rated moderately unsatisfactory. The implementing agency (SSSU), by contrast, worked hard and creatively to find solutions and advance project objectives. The implementation agency's performance is rated satisfactory.

The project offers a few lessons for future World Bank operations:

- Bundling a large number of technical assistance activities into one package for procurement saves time and money. In Ukraine, this approach saved time and

money for the participating agencies. Similar arrangements could offer scope for cost saving in other countries.

- There is an argument to be made for long-term engagement in statistical capacity building. While progress is made in one area, deterioration might occur in another. Under the project, much progress has been made on efficiency, accuracy, and timeliness of data, with statistical practices largely harmonized with international standards. On the other hand, operational autonomy of the central statistical agency has been severely compromised by government measures in 2013.
- The national statistical system needs a governing body. One of the key recommendations of STATCAP and part of its template is to establish a governing body responsible for setting strategic direction for the national statistical system as a whole. This omission was unfortunate in the case of Ukraine. Apart from setting strategic direction, the National Statistics Council would be expected to ensure that the prerequisites of such an agency are in place, including its operational autonomy and professional independence.
- Strong safeguards and clear rules for resource allocation and adequate funding for statistics are essential and these were not ensured in the case of Ukraine. In a unitary state like Ukraine, the budgetary priority of statistics is often fragile, reflecting limited demand for, and limited use of, statistics.

Auguste Tano Kouame
Director
Human Development and Economic Management
Independent Evaluation Group

1. Background and Context

Country Background

1.1 Ukraine is a democracy and unitary (as distinct from federal) republic, with a popularly elected president serving as the head of state. The cabinet of ministers, headed by the prime minister, make executive decisions and is accountable to the legislature. With a population of 42.6 million (2016), Ukraine is the second-largest country in Europe and has been known as the breadbasket of the world because of its exceptionally fertile farmlands (known as "black soil").

1.2 Formerly a subnational of the Union of Soviet Socialist Republics, Ukraine gained its independence in 1991, when the Soviet Union collapsed. The country has since undergone rapid social and economic transformation. But it has also experienced political upheavals, including corruption scandals, the Orange Revolution (2006), disputes with Russia and disruptions of natural gas supply (2006 and 2009), the Euromaidan Revolution (2014), and border conflicts with Russia in Crimea and Eastern Provinces (2014). Today, territorial tensions remain high, with the risk of more violence flaring up.

Project Context

1.3 In the early 1990s, when Ukraine began its policy reforms in transition toward a market economy, it had a statistical system that was designed for central planning and relied on full coverage of data collected through administrative mechanisms. The statistical program was determined by users' demands involving production quotas for all (state-owned) enterprises in the country. The statistical system lacked skilled personnel and modern equipment. Methodologies and coverage of data production did not comply with international standards.

1.4 Over the years, the government of Ukraine progressively transformed its statistical practices. The first stage of reforms (1993–97) targeted the system of national accounts, balance of payments, foreign trade, banking, and labor market statistics. Emphasis was placed on collecting data on the financial conditions of enterprises and organizations, including creating a Unified State Register of Enterprises and Organizations of Ukraine. New classifications and data coding were introduced, price indexes were calculated in accordance with international standards, and the central statistics office–the State Statistics Service of Ukraine (SSCU)—began to introduce the use of sampling methods (World Bank 2004b, 115).

1.5 The second phase of reforms (1998–2003) began to modify the approach of data producers, making them more responsive to market demands and more compliant with international standards. Technical assistance was provided by a broad range of external partners, including International Monetary Fund, to comply with its special data dissemination standard; EUROSTAT, under its Technical Assistance to Commonwealth of Independent States program; and the Swedish International Development Cooperation Agency (Sida), among others.

1.6 In April 2002, the International Monetary Fund conducted a review of the observance of standards and codes for the data module. The coverage, timeliness, and periodicity of the main economic datasets were deemed to meet the requirements of the special data dissemination standard. In January 2003, Ukraine became the first country in the Commonwealth of Independent States to subscribe successfully to the special data dissemination standard.

1.7 Later that year, the government approached the World Bank to request assistance for the financing of comprehensive modernization of the national statistical system— the Third Program of State Statistics Development (TPSSD)—covering the period 2003–08. It was meant to streamline the organizational structure among data producers and upgrade data quality, the data dissemination framework, and the efficiency of data production.

1.8 The government's request came at a propitious time. The global community was becoming better aware of the need to upgrade and increase the supply of relevant statistics. Quality data was sought in the quest to improve policy making, enhance governance, and monitor progress. The World Bank was playing a key role in advancing this agenda. In 1999, the Partnership in Statistics for Development in the 21st Century was founded in the context of the United Nations Conference on Trade and Development.

1.9 Soon thereafter, a pool of resources for statistical capacity building was established by the World Bank to provide grants for this purpose. A key eligibility condition under the Statistical Capacity Building Program (STATCAP) was a commitment on the part of the government to implement a nationally owned statistical master plan based on a sound development strategy. Ukraine's TPSSD met the requirement.

2. Objectives, Design, and Relevance

Objectives

2.1 The objective of the project, as stated in the loan agreement, was "to build a sustainable state statistical system which would efficiently and effectively collect, process, and disseminate accurate, timely, coherent, and trustworthy statistical data concerning the economy and social conditions of the borrower required by the government, business, and society to make informed decisions, and encompassing a comprehensive reform of the State Statistics System of Ukraine, primarily through the modernization of the State Statistics Committee" (World Bank 2004a, 15).

2.2 In the project appraisal document (PAD; World Bank 2004b), the project objective was largely the same: "to build a sustainable state statistical system which efficiently provides timely and accurate data for policy evaluation and decision making." The project was to support the implementation of a broad-based poverty reduction strategy to attain job-creating, sustainable economic growth in Ukraine by making available a steady supply of trustworthy and readily available social and economic statistics needed for policy making and monitoring purposes.

2.3 For the Additional Financing, the statement of objectives was formally revised. The new objective was "to build a sustainable state statistical system which efficiently provides timely and accurate data for policy evaluation and decision making." This revised objective was approved by the Board in December 2012. The revision removed the discrepancy between the statements of objectives in the loan agreement and PAD.

2.4 Following the practice of the Independent Evaluation Group, this report uses the statement of objectives in the loan agreement as the basis for assessment. The report will also unbundle the statement of objectives by examining the progress made in the following areas:

- building a sustainable statistical system through comprehensive reforms and modernization of the institutions (sustainability objective);
- ensuring efficiency of the system's operations (efficiency objective);
- providing accurate and timely data for decision making by government, business, and society (accuracy and timeliness objective).[1]

2.5 However, with the revision of objectives in December 2012, Independent Evaluation Group methodology calls for an assessment of the project against the revised objectives. Specifically, the original and revised objectives are assessed separately. The overall outcome is rated as the average of the two assessments, as discussed in appendix B.

2.6 The revised objectives are unbundled as follows:

- building a sustainable state statistical system (sustainability objective);
- ensuring the efficiency of the system's operations (efficiency objective);
- providing accurate and timely data for policy evaluation and decision making, primarily for the public sector (accuracy and timeliness objective).

2.7 Thus, the requirements of business and society that were explicit in the original objectives were deleted from the revised objectives.

Relevance of Objectives

2.8 The objectives of the project, before and after the revision in 2012, were well aligned with the strategies of the government and the World Bank, both at the time of approval and at closure. The project was based on the government's Strategic Master Plan or the TPSSD for 2003–08 developed by the State Statistics Committee of Ukraine (SSCU).[2] The Master Plan entailed a comprehensive and integrated program of modernization, including upgrading the skills and deployment of its workforce, acquiring information and communication technology (ICT) equipment, and expanding the coverage of various data domains, as well as improving the reliability and timeliness of data. An overarching theme was harmonization with European standards, and thus improving Ukraine's chances of becoming a member of the European Union (EU). At project closure, the government's Economic Reform Program of 2010 (Prosperous Society, Competitive Economy), which emphasized the role of transparency and strong institutions, was also supported and enhanced by the project.

2.9 At approval, the World Bank Group considered it a priority to improve the accountability of government—one of seven long-term goals identified by the country assistance strategy for FY2004–07. "Strengthening institutional capacity to collect and process timely and accurate data" was explicitly linked to improvements in service delivery and greater accountability of the government (World Bank 2003, 6, para. 16). At project closure, the country partnership strategy of the World Bank for 2012–16 stated explicitly the intent to address the remaining infrastructure needs of the state statistical system (World Bank 2012a, 21, para. 83).

2.10 The narrower scope of the revised objectives reduces the number and scale of potential beneficiaries, but does not reduce their relevance.

2.11 The relevance of objectives is rated substantial both before and after the revision.

Design

COMPONENTS

2.12 The project was designed as an investment loan with six components.

- **Component 1** (approval $3.91 million, actual $0.67 million) was to focus on organizational management and modernization of the SSSU. It had subcomponents that aimed at increasing the efficiency of collecting, processing, storing, and disseminating data. It also had subcomponents aimed at restructuring the SSSU to modernize its management; reducing staffing and statistical activities of the oblast and rayon levels, which was still designed for monitoring centrally planned production; establishing modern financial, human resource, document management, and quality management systems; establishing statistical training centers for continuous professional development; responding to the needs of users through user surveys and user education; improving dissemination; and establishing a National Statistical Council comprised of public and private representatives.
- **Component 2** (approval $0.85 million, actual unknown, but a total of $4.95 million was recorded for components 2 and 3 combined) to improve statistical infrastructure. Its four subcomponents sought to establish a full-scale household sample frame, create a statistical business register, adopt a unified classification system for data, and improve the legislative basis of the state statistical system.
- **Component 3** (approval $7.17 million, actual unknown, with a total of $4.95 million recorded for components 2 and 3 combined) was the second-largest component at approval. Its aim was to introduce upgrades to existing data collection methods in terms of production, periodicity, and standards. Upgrades included reducing the lengths of survey questionnaires, introducing a multipurpose household survey, consolidating requests into integrated annual surveys, and adopting international standards for major data domains (including economic data).
- **Component 4** (approval $0.87 million, actual $0.77 million) aimed to improve the overall capacity (e.g., hardware, software, methods) of the Ministry of

Economic Development and Trade (MOEDT) to produce economic forecasting and analysis and to use these tools in decision making.

- **Component 5** (approval $22.84 million, actual $34.07 million) was intended to upgrade the information and communication technology (ICT) infrastructure of the SSCU including hardware and software; internal networks; database management and processing; data security, archiving and confidentiality; and data dissemination. SSCU staff were also to be trained to use modern ICT equipment.
- **Component 6** (approval $1.04 million, actual $1.38 million) was to provide support for the project implementation unit (PIU) housed in the SSCU.

Relevance of Design

2.13 The choice of investment lending as the instrument to advance project objectives—primarily training and acquisition of statistical and information communications infrastructure—was appropriate. The provision of financial resources helped the statistical system alleviate binding constraints.

2.14 The approach followed by the project was based on the international best practice as recommended under the STATCAP program. The results framework encompassed a large array of improvements to be achieved under the project, including organizational and legislative reforms; statistical infrastructure; data coverage and reliability; capacity for data use and analysis at the MOEDT; and efficiency of statistical processes (data collection, transmission, and dissemination). These expected results were to be supported by a well targeted and integrated program of actions, including substantial funding, technical assistance, training, and backstopping of international partners.

2.15 The project did not systematically adhere to all of the STATCAP recommendations. Some of the key outcomes expected, as well as the associated causal chains, were not adequately stipulated:

- institutional design of the system, including its governing body and professional independence;
- timeliness of data release;
- data requirements of business and society, i.e., the needs outside the public sector; and
- attributes of the data dissemination framework, including the choice of media and disclosure of anonymized micro datasets.

2.16 There were shortcomings in design and scope for improvements. The revised objectives corrected the omission in the results framework that did not support some of the outcomes (particularly the data needs of businesses and society at large) envisaged in the original objectives.

2.17 The relevance of design is rated modest under the original objectives and substantial under the revised objectives.

3. Implementation

3.1 The project was approved by the Board on March 25, 2004, and the loan agreement was signed on July 15, 2004, but due to delays in the ratification by parliament, the loan did not become effective until June 15, 2005. The project was originally scheduled to close on December 31, 2009, but was extended several times. The first extension was granted for one year (to December 2010) due to initial delays in the ratification of the loan agreement. The second extension (December 2010–December 2012) was made because of delays in the procurement of advanced IT hardware and services required for the integrated statistical data processing system (ISDPS). Finally, the third extension of one year to the end of 2013 was made to allow for the national rollout of the ISDPS.

3.2 The objective of the project was formally revised in December 2012, when the Board approved the Additional Financing for the project (Loan Number 8224-UA). The government's request for increased funding was prompted by the need to launch the ISDPS, which was completed at a time of severe shortfalls in budgetary allocations. The change in objectives involved the support to be given to the private sector ("business and society"), which was envisaged in the original objective, but was later removed from the revised objective (see section 2).

3.3 The implementing agency for the project was the SSCU, which was later renamed State Statistics Service of Ukraine (SSSU) in 2013. The Ministry of Finance, National Bank of Ukraine (NBU), and the MOEDT were project beneficiaries with programs designed for their own needs. A PIU was established within the SSCU to manage and coordinate project implementation of all the beneficiaries: MOEDT, Ministry of Finance, NBU, and SSSU. An Inter-Agency Working Group was also created (by the cabinet of ministers) as a higher-level coordinating body to monitor results and provide remedial actions.

3.4 At appraisal, the total project cost was estimated to be $37.94 million, of which $32 million would be financed by the World Bank and $5.94 by borrower contributions. Additional Financing of $10 million was granted in December 2012. Actual total cost at project closure was $45.19 million, financed by a loan of $42 million from the World Bank and a contribution of $3.19 million from the borrower.

Implementation Experience

3.5 The project was implemented during a time (2005–13) when the country suffered from social turmoil and political instability. These upheavals brought about economic distress and fiscal stringencies that affected the entire public sector, entailing budget and staff cuts, along with insufficient funding for conducting day-to-day business. In the case of the SSSU, there were additional setbacks at the agency level, as discussed below. Despite the surrounding turbulence, the project was largely implemented as planned, except for some delays and a few shortfalls in outputs.

3.6 During the project's life, the SSSU was also supported by many international partners. Among the most important were the EU,[3] International Monetary Fund, and the

U.K. Department for International Development. They provided technical assistance essential for the government's modernization efforts including harmonization of standards, improvements in data quality and statistical operations, along with backstopping, assessment services, and periodic peer reviews. None of these partners, however, offered financial assistance to support work programs and investments. The World Bank was the exception, with the Development of State Statistics System for Monitoring Social and Economic Transformation (DEVSTAT) project providing what was not available from the government or other partners.

3.7 For more than five years, financial support from DEVSTAT enabled the SSSU to carry out its work program and invest in capacity building. In 2011, it became clear that budgetary allocations would not be adequate to support the planned nationwide rollout of a new data production capability (the ISDPS), after a pilot module was tested. The government requested additional funding of $10 million to cover the shortfalls. In November 2012, the World Bank approved the Additional Financing requested. Nonetheless, the tight budget created a delay in some of the activities. The deadline was thus extended by one year to December 2013.

3.8 In 2013, the cabinet of ministers decided to reorganize and consolidate some of the agencies, including placing the SSCU under the jurisdiction of the MOEDT and renaming it the SSSU. Under the new arrangement, the SSSU would report to the Minister of the MOEDT and seek approval for its work program, including its budget, operational procedures, and statistical methodologies. Thus ended the operational autonomy and professional independence that the SSCU had enjoyed since 1993.

3.9 Furthermore, following the Euromaidan Revolution in early 2014, the parliament approved new legislation (the "lustration law") disqualifying from public service any senior officials, including agency heads and deputies, who had served under the Yanukovych presidency (2010–14). As a result, the SSSU lost its most senior leaders. It was a major blow to an agency that had also suffered an erosion of its most talented staff due to an uncompetitive pay scale.

SAFEGUARDS COMPLIANCE

3.10 The project financed organizational reforms, staff training, new data collection mechanisms, and modern ICT equipment and software. No safeguard policies were triggered. The project's environmental rating was Category C.

FINANCIAL MANAGEMENT AND PROCUREMENT

3.11 No significant irregularities were found during project implementation. Early on, the SSSU was unable to recruit a financial manager for the PIU. Financial management was rated moderately unsatisfactory in 2007, but was upgraded a year later to moderately satisfactory. Acceptable audit reports were late on a few occasions. The procurement plan was initially deemed too complex but was later significantly revised.

4. Achievement of the Objectives

4.1 The project had the following original objectives:

- building a sustainable state statistical system (sustainability objective);
- ensuring the efficiency of the system's operations (efficiency objective);
- providing accurate and timely data for policy evaluation and decision making primarily for the government, business, and society (accuracy and timeliness objective).

4.2 In December 2012, these objectives were formally revised. The new objectives were "to build a sustainable state statistical system which efficiently provides timely and accurate data for policy evaluation and decision making." As indicated above, the revised objectives could be subdivided into the following:

- building a sustainable state statistical system (sustainability objective);
- ensuring the efficiency of the system's operations (efficiency objective);
- providing accurate and timely data for policy evaluation and decision making primarily for the public sector (accuracy and timeliness objective).

4.3 This section reviews progress in achieving project objectives. Efficacy of the project is rated in two separate stages. First, it is rated against the original objectives; and second, against the revised objectives.

Assessing Achievements against the Original Objectives

OBJECTIVE 1: SUSTAINABILITY

4.4 When the project started, the SSCU, (which was later renamed SSSU) was already an autonomous public sector agency with its own budget and operational autonomy. The comprehensive reform program undertaken as part of STATCAP was designed to build sustainability of the SSSU. Sustainability was implicitly linked to the wide-ranging program encompassing institutional reforms and modernization, raising the organizational profile and public awareness of statistical services, and improving operational efficiency.

Outputs

4.5 The major outputs delivered included the following:

- creating press centers equipped with video conference facilities to engage external partners, data sources, and data users. The facilities were primarily for public relations but they also enabled the SSSU to improve efficiency by reducing the number of business trips;
- simplifying the contents and reducing of the number (from 181 to 26) of survey forms and questionnaires;

- engaging data users through workshops organized for data users of different statistical domains. Multiple workshops have been held annually since the project became effective;
- training staff with an emphasis on proficiency in the English language and translation of European standards, manuals, and statistic codes of practice for use by central staff; and
- establishing new online "help desks" and consultation centers to provide guidance and clarifications to data users.

Outcomes

4.6 The outcomes attributable to the project included the following:

- Relations with respondents and other stakeholders improved as the burden of reporting and processing diminished. The change was illustrated by a reduction in the number of required forms by 12 percent under the project, while the response rate rose from 72 percent to more than 80 percent.
- Accessibility of data was facilitated, to some extent, as more websites and e-mail services became available to staff in all regional offices.
- Visibility of the statistical office rose through wider engagements with the public, through seminars at regional and district offices and through online data dissemination and consultations. Users' satisfaction surveys, however, were not being carried out annually.
- Operational effectiveness was enhanced by new certification of 892 professional staff and by an increase of 29 percent in statistical domains that achieved full compliance with EU statistical standards.
- Modernization of organizational management was carried out, as new and better qualified managers were recruited, more training made available, and a new management information system developed for human resource and time management.
- Improvements in operational efficiency and data quality, as discussed below, resulted from the program supported by the project.

4.7 Together, the outcomes contributed to the credibility and sustainability of the statistical office.

4.8 When the project closed at the end of 2013, much progress had been made in raising institutional capacity and sustainability of the state statistical system. Since then, however, a reversal in institutional capacity has occurred, including

- **Decline in operational autonomy**. As discussed in section 3 above, operational autonomy of the SSSU, the principal statistical office, was significantly compromised in 2013, when the agency was subordinated to the MOEDT, with the loss of control over its own budgets, staffing, and managerial decisions on statistical operations.
- **Uncompetitive pay**. Despite demanding professional requirements for staff, the SSSU has not been able to offer competitive salaries. Its pay scale is restricted by its legacy status of an autonomous agency. Today, the SSSU reports to the

MOEDT, but the pay scale of the SSSU has not been adjusted and remains lower than that of MOEDT. Apart from competitiveness, pay in the public sector generally has not kept pace with the raging inflation in 2014 (25 percent) and 2015 (44 percent), which further depressed its purchasing power.

- **Inadequate resources**. Reflecting severe macroeconomic constraints due to national emergencies in recent years, budgetary allocations to the SSSU have not been adequate for continuing the modernization efforts. They are barely sufficient to sustain day-to-day operations, with no allowances for maintenance of facilities, staff training, or developmental expenses.

4.9 The achievement of this objective reflects primarily the erosion of institutional capacity that has occurred since the project closed. Furthermore, it should be noted that the backsliding, and thus the rating downgrade, is not attributable to the project or the World Bank. It has largely been shaped by government policy and broader geopolitical forces beyond the stakeholders' control.

4.10 Overall, the achievement of this objective is rated modest.

OBJECTIVE 2: EFFICIENCY

4.11 Efficiency gains represented a key objective of modernization and institutional reforms under the project. During appraisal, there was a large number of legacy personnel especially at the oblast and rayon levels, and data production procedures were costly and burdensome. Reducing the number of staff was accomplished by (i) recruiting more skilled professionals; (ii) redefining tasks, workflows, and allocation of responsibilities among organizational tiers; and (iii) introducing more advanced techniques and ICT equipment.

Outputs

4.12 The major outputs delivered included the following (see also table 4.1):

- streamlining the two-tier system (from rayon to oblast) by redefining tasks and reallocating responsibilities, with a large number of rayon offices liquidated. The change was meant to trim legacy activities and staffing that had become increasingly less relevant as the market economy took hold. The process started in 2006; 24 district offices closed in the first year and the process continues to today;
- completing the development, testing, and rollout of the ISDPS, including:
    - modernizing hardware and software of oblast and rayon offices;
    - training staff to use upgraded ICT systems, databases, and statistical techniques;
    - piloting the new ISDPS, testing, and rolling-out across the country;
    - training and applying sample-based surveys, replacing censuses; and
    - acquiring and training staff, and using mobile devices for data collection.

Outcomes

4.13 The outcomes attributable to the project included the following:

- Organizational efficiency improved, as excess facilities and personnel were progressively cut. By the time the project closed, 24 of the 27 regional (oblast) offices had completed the reengineering of workflows, shifts in responsibilities, and reduction or liquidation of redundant units (World Bank 2014, section F).
- Data production became less costly, as the use of sample-based surveys increased by 36 percent between 2005 and 2013, while the number of censuses fell correspondingly (World Bank 2014, section F). Data processing became less labor intensive and increasingly more automated with the rollout of the ISDPS in 2013.
- Data collection and processing became less time consuming. Along with the use of the ISDPS, the application of electronic methods (mainly tablets, cell phones, and new video conference facilities) saved time and cut expenses. In addition, the new practice reduced errors and narrowed the time lags between the end of period and date of data release.

4.14 Overall, the improvement in operational efficiency is rated substantial.

Table 4.1. Selected Indicators of Efficiency Gains

Indicator	Baseline Value	Original Target	Revised Target	Actual Results
Indicator	**Improved efficiency by reallocation of functions between central and local offices through two-tier organizational model across the country.**			
Value	No	Yes	Yes	Yes
Date achieved	12/31/2005	11/24/2010	11/20/2012	12/31/2013
Date achieved	12/31/2005	06/15/2005	11/20/2012	12/31/2013
Indicator	**Increased number of surveys using electronic collection methods.**			
Value	0%	79%	85%	85%
Date achieved	12/31/2005	06/15/2005	11/20/2012	12/31/2013
Indicator	**Number of surveys transferred from census to sample based.**			
Value	14	20	—	19
Date achieved	11/20/2012	11/20/2012	12/03/2013	12/31/2013
Indicator	**ISDPS completed and rolled out.**			
Value	No	Developed	Rolled out	Completed
Date achieved	12/31/2005	06/15/2005	11/20/2012	12/31/2013
Indicator	**Regional offices that meet the requirements of ISDPS.**			
Value	41%	92%	—	100%
Date achieved	11/20/2012	11/20/2012	12/03/2013	12/31/2013

Source: World Bank 2014.

Note: — = not available. ISDPS = integrated statistical data processing system.

OBJECTIVE 3: ACCURACY AND TIMELINESS

4.15 While the statement of objectives highlighted accuracy and timeliness, the agenda of the project was more broadly based, targeting methodologies for data collection, data

processing, and estimation procedures. The guiding principle was to achieve full compliance with the European Statistical Code of Practice (ESCOP) in all dimensions, including institutional framework, data infrastructure, data coverage, and technologies.

4.16 Improved accuracy and timeliness of relevant data was meant to inform decisions by the government, business, and society. The emphasis of the project was on economic and social data, which is used primarily by government, but not solely by the public sector.

Outputs

4.17 The major outputs from a very large program (involving components 2, 3, and 5, as shown in section 2) included the following:

- establishing a statistical register of enterprises, accompanied by legislative reforms, staff training, and implementation;
- adopting a new universal classification system with an automated system of classification maintenance;
- designing and implementing new household surveys;
- upgrading enterprise statistics based on EU standards;
- developing new industrial production data to comply with the EU;
- developing new estimates for the household sector of the National Accounts, including expanded input-output tables;
- collaborating with the Ministry of Finance on upgrading public finance statistics;
- collaborating and supporting the NBU on monetary and banking statistics;
- improving foreign trade statistics, including unofficial trade and balance of payments statistics in support of the NBU;
- developing new methods for calculating demographic data, including consumption of well-to-do households, mortality, and migration;
- implementing a census geographic information system; and
- developing previously unavailable data, including municipal labor markets, tourism, foreign investment data, and social services (education and welfare).

Outcomes

4.18 The outcomes attributable to the project included the following:

- Ukraine's statistical legislation was fully harmonized with international standards, including the ESCOP and UN Fundamental Principles of Official Statistics.
- The practice of data collection, processing, and storage of primary data was modernized and achieved full compliance with ESCOP.
- Competency of staff increased as indicated by technical adequacy of staff across the SSSU, and the number of staff that received certified training in core statistical techniques rose from nil to 892.
- In terms of the Partnership in Statistics for Development in the 21st Century statistical capacity building index, Ukraine's system moved from a baseline of 2.9 to 3.5 on a 4-point scale, where 4 is best practice.

- Data dissemination became more timely. As discussed above, with the use of more advanced ICT equipment (including ISDPS), more efficient data collection methods (including more sampling), and more sophisticated analytical procedures, the SSSU was able to reduce the time lags between data collection and data release on a broad range of statistical domains, as illustrated in the examples in table 4.2.
- Coverage and reliability improved, as indicated by the project's outcome indicators, through the use of ISDPS and activities designed to increase institutional capacity, staff skills, and compliance with ESCOP.

Table 4.2. Timeliness of Data Dissemination (time lag in days from end of preceding period)

Data Domain	Baseline (2006)	At Project Completion
Quarterly GDP	90 days	45 days: Flash report 80 days: Revised data
Retail sales (turnover and volume)	30 days	19–21 days
Energy statistics	55–90 days	23–25 days

Source: SSSU through data provided to the Independent Evaluation Group (January 2017).
Note: GDP = gross domestic product.

4.19 Table 4.3 illustrates the results of some of the indicators from the project's system of monitoring and evaluation:

Table 4.3. Selected Indicators of Improvements in Accuracy and Timeliness

	Baseline Value	Original Target	Revised Target	Actual Results
Indicator	Business register established, operational and regularly updated.			
Value	2.7	3.3	3.4	3.4
Date achieved	12/31/2006	11/24/2010	11/20/2012	12/31/2013
Indicator	Automated classification system compliant with EU standards introduced.			
Value	2.8	3.3	3.4	3.4
Date achieved	12/31/2006	11/24/2010	11/20/2012	12/31/2013
Indicator	Full compliance with the international statistical standards achieved.			
Value	2.8	3.5	3.5	3.6
Date achieved	12/31/2006	11/24/2010	11/20/2012	12/31/2013
Indicator	Number of staff that received certified training in core statistical software.			
Value	0	292	892	892
Date achieved	12/31/2005	06/15/2005	11/20/2012	12/31/2013
Indicator	Number of indicators from household surveys with gender breakdown.			
Value	None	104	—	106
Date achieved	12/31/2005	11/20/2012	12/03/2013	12/31/2013

Source: World Bank 2014.
Note: — = not available.

4.20 Since the project closure, however, many of these achievements have encountered significant challenges, including the departure of top management under the 2014 "lustration law," loss of staff who found better jobs elsewhere, inability to recruit new staff, and inadequate resources to maintain and upgrade ICT equipment purchased under the project. At the time of the mission, however, data users and external partners had not reported material decline in data quality or services.

4.21 Overall, improvement in accuracy and timeliness is rated substantial.

Assessing Achievements against the Revised Objectives

4.22 The revised objective was "to build a sustainable state statistical system which efficiently provides timely and accurate data for policy evaluation and decision making." The main difference between the original and the revised objectives is the scope of the data needs to be served by the project. The original scope was broad and all-inclusive, including the government, the business sector, and society at large. The revised scope was narrower, targeting only the needs of the public sector.

4.23 The revision removed the discrepancy between the statements of objectives in the loan agreement and PAD. The revision was approved by the World Bank Group approximately one year before the project closed. No significant change took place in the design or implementation of the project.

4.24 As with the original objectives, the statement could be unbundled into three distinct objectives:

- building a sustainable state statistical system (sustainability objective);
- ensuring the efficiency of the system's operations (efficiency objective);
- providing accurate and timely data for policy evaluation and decision making primarily for the public sector (accuracy and timeliness objective).

4.25 The revision of objectives narrowed the scope of the audience, targeting primarily the MOEDT.

OBJECTIVE 1: SUSTAINABILITY

4.26 As discussed above, the achievement of the sustainability objective was substantial at the time of project closure, but at the time of the mission in September 2016, there had been significant erosion of institutional capacity.

4.27 Efficacy of this objective is rated modest.

OBJECTIVE 2: EFFICIENCY

4.28 Significant achievements were made on operational efficiency. These results remained fully integrated in the operations of participating agencies.

4.29 Efficacy of this objective is rated substantial.

OBJECTIVE 3: ACCURACY AND TIMELINESS

4.30 The accuracy and timeliness objective was clarified in the revised statement of objectives. The quality of the data was now specifically targeted to public sector decision making.

4.31 Along with the accomplishments noted above, the project provided an integrated program of assistance to the MOEDT to help develop analytical capacity and procure ICT equipment. With the help, MOEDT was able to identify an expanded range of data requirements and to use new tools for policy evaluation and decision making. Participating data producers were also better able to respond more promptly and accurately to the specific requirements of the MOEDT.

4.32 The achievement of this objective is rated substantial.

5. Efficiency

5.1 Neither the PAD nor Implementation Completion and Results Report presents traditional cost-benefit or rate-of-return analysis, arguing that there is little scope for capturing cost recovery or financial returns in the production of a public good like statistics.

5.2 Nonetheless, project resources were used efficiently relative to standard practice in project management. Administratively, project activities were centralized and coordinated by a small PIU housed in the SSSU. The PIU was able to develop new modalities to provide cross support to four autonomous agencies that historically did not work jointly across agency boundaries. Procurement was simplified substantially by making one large contract with a consortium of European national statistical agencies, which was more efficient than negotiating a large number of small contracts. Organizationally, both the World Bank and the government showed considerable continuity in project staffing, despite the upheavals in the country during the project. This continuity helped limit the delays and disruptions of activities often associated with recruitment and handovers of tasks. One unexpected slowdown, nonetheless, resulted from the procurement of a complex ICT system, the ISDPS, which made it necessary to extend the closing date but did not increase the cost.

5.3 The efficiency of the project is rated substantial through the duration of the project.

6. Ratings

Outcome Rating

RATING OUTCOME BASED ON THE ORIGINAL OBJECTIVES

6.1 The objectives, which dovetailed with the government and World Bank priorities, were substantially relevant. The design was modestly relevant for achieving the objectives as stated in the original objectives. However, some of the outcomes pertaining

to the data needs of the private sector were not adequately supported by the results framework.

6.2 Progress in achieving the sustainability objective, which was substantial at project closure, is now modest due to erosion of the system's operational autonomy and resources that have occurred since 2013. Achievement in improving efficiency (second objective) was substantial at project closure and remains substantial today. Progress in upgrading the accuracy and timeliness of data for use by the government, business, and society (third objective) is rated substantial. Efficiency of resource use and project management is also substantial.

6.3 Together, the outcome based on the original objectives is rated moderately satisfactory.

RATING OUTCOME BASED ON THE REVISED OBJECTIVES

6.4 Both the objectives and design were substantially relevant. To some extent, the design was of greater relevance to the revised objectives than to the original. The achievement of the sustainability objective was modest, but the achievement of the efficiency objective and data quality objective (accuracy and timeliness for public sector decision making) was substantial. Efficiency was also substantial. Together, the achievement of revised objectives is rated satisfactory.

6.5 As discussed in appendix B, the ratings of outcomes are the same before and after the revision of objectives. The weighted average is thus moderately satisfactory.

6.6 The overall outcome rating is moderately satisfactory.

7. Risk to Development Outcome

7.1 External risks such as political instability due to a social divide that separates Ukrainians into pro-EU and pro-Russia camps are threats to sustainability. This divide has led to periodic social turmoil and violence. The issue is further aggravated by continuing border tensions. These concerns have weighed down the economy, with negative implications for budgetary resources and their allocations to essential but not security-related functions such as statistics. Meanwhile, the needs for resources among data producers have grown with the acquisition of modernization equipment, while budgetary compressions in recent years have added to the volume of deferred maintenance.

7.2 Within the government, additional risk arises from changes in policies such as the reversal of operational autonomy from the SSSU in 2013 and forced departure of top management in 2014. Meanwhile, the status and pay scale of the SSSU staff remain unequal to that of the MOEDT to which it has belonged in recent years. In addition, the proposed amendments to the National Law on Statistics, which would help the SSSU recover autonomy and is in line with international best practice, await submission to parliament for approval three years after the SSSU became a unit of the MOEDT.

7.3 In the medium term, however, the risk could be mitigated somewhat by additional financial support from the World Bank. The funding would help slow the departure of the most qualified statisticians and alleviate the deterioration of physical equipment and facilities until order is restored to public finance. The government submitted a request to the World Bank for a follow-on statistical capacity building project, but the loss of institutional leaders at the SSSU in 2014 may have interrupted the initiative. As the new management arrives, securing the next World Bank program in statistics would constitute a major step to enhance sustainability.

7.4 The risk to development outcomes is rated significant due primarily to external factors.

8. World Bank Performance

Quality at Entry

8.1 The project pursued relevant objectives with an adequate (modest then substantial) design, as discussed above. The approach drew on the template of the STATCAP program, which was considered international best practice. The system of monitoring and evaluation was adequately designed and calibrated. Implementation arrangements were appropriate, with four participating agencies and a centralized PIU housed in the SSSU, the primary implementation agency. Procurement capacity was facilitated by setting up a separate tender committee in each of the participating agencies. The project team, however, underestimated the role of the parliament in launching the operation and as a result experienced a delay of almost one year to achieve effectiveness.

8.2 There were shortcomings in the assessment of external factors and risks during appraisal. The project team considered the effects of (i) shortfalls in resources, (ii) failures of data producers to collaborate (iii) limited absorptive capacity at SSCU, (iv) rejection of organizational change by employees, and (v) inability to retain skilled staff. The risk of political instability was underestimated, impacting the SSCU's budget.

8.3 The project team considered the risk of a decline in government commitment and budgetary allocation to be modest. Political instability and its implications, however, were not taken into account. In hindsight, this risk turned out to be serious. However, at the time of appraisal in 2003, there were no precedents of social and political turmoil. At that time, few if any would have foreseen the onset of Orange Revolution (2006) or border conflicts with Russia in Crimea and Eastern Provinces (2014).

8.4 The project team did not consider it likely that the consolidation of the statistical work into one unified program would fail to materialize. The project envisaged a National Statistical Council to be created to guide all data work across ministerial lines and to eliminate the need for a patchwork of bilateral agreements between the statistics office and other data producers. In hindsight, this assessment was optimistic.

8.5 The quality at entry is rated moderately satisfactory.

Quality of Supervision

8.6 Supervision was carried out as scheduled, with a team of competent staff and specialists. Attention was given to key results including the rebalancing of responsibilities between oblast and rayon offices. Procurement and financial management were fully integrated as part of implementation support. Documentation of findings and issues was timely and adequate, with 18 implementation status and results reports, accompanied by aide memoires. Relations with counterparts in the government were cordial based on responsiveness and quality of advice of World Bank staff.

8.7 The quality of supervision is rated satisfactory.

8.8 Overall, World Bank performance is rated moderately satisfactory.

9. Borrower Performance

Government Performance

9.1 At the national level, government performance was mixed. It started out with strong interest and commitments, including a track record of building statistical capacity including harmonizing the legislative framework and practices with international standards. It requested World Bank support and met the requirements for funding under the STATCAP program. It enabled the implementing agency (SSSU) to secure the agreements from other agencies needed for project implementation.

9.2 Support for the project, however, diminished over time. Without targeting the project or the implementing agency, funding for statistics became unpredictable and insufficient as social turmoil and political instability took a toll on public finance. The planned 2010 population census was postponed several times and then canceled. Expected funding for the rollout of the ISDPS did not materialize; additional funding for the rollout of the ISDPS was provided by the World Bank in 2012. More adverse measures followed in 2013 and 2014 with the removal of operational independence and top management from the SSSU, as discussed above.

9.3 Government performance is rated moderately unsatisfactory.

Implementing Agency Performance

9.4 During the life of the project, stability at the SSSU and PIU was much needed in a country enmeshed in social upheavals and political turmoil. Despite severe setbacks, including shortfalls in budgetary support, low pay for staff, and loss of leadership and operational independence, the SSSU staff and PIU staff worked hard and applied creativity to find solutions and delivered results.[4]

9.5 Reforms were implemented (i) to upgrade organizational efficiency, including introducing new sampling techniques, redesigning forms and questionnaires, and reallocating work between regional and district offices; and (ii) to improve operational effectiveness, including learning new languages and statistical procedures, harmonizing

standards and statistical methodologies, as well as reducing the burden on stakeholders. Procurement and financial management, including cross support for three other participating agencies, were carried out according to World Bank guidelines. The system of monitoring and evaluation, as discussed below, was implemented and used as planned.

9.6 The performance of the implementing agency is rated satisfactory.

9.7 Overall, borrower performance is rated moderately satisfactory.

10. Monitoring and Evaluation

Design

10.1 The monitoring and evaluation system was broadly adequate, with sufficient indicators to capture most of the outcomes envisaged. The responsibilities for implementation were delineated. It could have been improved, however, by expanding the scope of coverage beyond the SSSU and including better tracking of results associated with the Ministry of Finance, NBU and the MOEDT. Within the purview of the SSSU, some of the outcomes could have been better stipulated, including the establishment and functioning of a governing body, operational independence of data producers, data users' satisfaction, and the extent to which the data dissemination framework is harmonized with the EU standards.

Implementation

10.2 The monitoring and evaluation system was implemented and updated as required. Baseline data and tracking results were collected and monitored as planned. Quarterly and annual progress reports were submitted as scheduled to the World Bank. In 2012, as Additional Financing was being provided above and beyond the estimates at appraisal, new indicators were added to capture new results, including the extent to which sample-based surveys replaced censuses and the number of indicators for which gender breakdown was available. Meanwhile, the target values of some indicators were raised to reflect new activities being supported (World Bank 2012b, 11).

Utilization

10.3 The monitoring and evaluation system informed project supervision conducted by the World Bank. The quarterly and annual progress reports were also used by SSSU management and the Inter-Agency Working Groups.

10.4 Overall, the project monitoring and evaluation system is rated substantial.

11. Lessons

11.1 **Cheaper by the dozen**. One of the discoveries made under this project was that it made sense to bundle a large number of technical assistance activities into one package for procurement. The PIU compiled and consolidated the requirements of the participating agencies. It then initiated a tendering process by announcing its

requirements and inviting service providers to offer proposals, including a consortium of European national statistical offices. A review conducted for the Implementation Completion and Results Report confirmed that this approach saved time and money for the participating agencies. It was more efficient than carrying out a large number of tenders each for a separate and small-scale activity. In addition, the consortium that won the bidding offered a one-stop shop for statistical expertise offering a wide range of options for technical support as needed. The presence of the network of European national statistics agencies facilitated this approach. Ukraine is also conveniently located within close proximity of many technical advisers.

11.2 **Progress and reversal.** This project offers a stark contrast in different dimensions of the outcomes. On the one hand, much progress has been made on data quality, with statistical practices largely harmonized with international standards. On the other hand, operational autonomy of the central statistical agency has been severely compromised by government measures taken in 2013. The sustainability of the gains in statistics is now very much in doubt.

11.3 A lesson that might be learned is that the road to development is not a one-way street. While progress is made in one area, deterioration might occur in another. There is an argument to be made for long-term engagement in statistical capacity building.

11.4 **Importance of the National Statistics Council.** One of the key STATCAP recommendations and part of its template is to establish a governing body responsible for setting strategic direction for the national statistical system as a whole. By design, such a council is to be composed of senior public officials and eminent citizens, most of whom would represent data users. By putting data users in the driver's seat, the arrangement helps ensure the relevance of the agency's work program. In practice, however, few of the countries supported by STATCAP actually implemented it. Most of the operations did not even set up activities to support its creation.

11.5 This omission was particularly unfortunate in the case of Ukraine. As the governing body of the state statistical system, the National Statistics Council would be expected to ensure that the prerequisites of such an agency are in place, including its operational autonomy and professional independence. Unfortunately, the SSSU did not have such a governing body or a voice when it was converted into a unit of the MOEDT.

11.6 **Federation or unitary state**. Another issue threatening the sustainability of project outcomes in Ukraine is its budget support. In a unitary state like Ukraine, the budgetary priority of statistics is often fragile, reflecting stable demand and limited competition in the use of statistics. Fiscal exigencies, including periods of financial and political turmoil, invariably disrupt or depress allocations for the national statistical system.

11.7 In a federation, by contrast, the demand for data is generally strong and vocal, especially when it comes to territorial data needed for the determination of revenue sharing among subnational governments. Data production is generally regarded as a state priority, with intense scrutiny on data quality. Budgets for statistical work are generally assured.

11.8 The case of Kenya is instructive. In 2010, during the life of a STATCAP project, the country amended its constitution and converted its unitary state into a federation. Interest in territorial data, especially population figures for subnationals, rose dramatically. Budgetary allocations for the Kenya National Bureau of Statistics enjoyed unprecedented support in parliament. Going forward, resources earmarked for statistics are likely to be more stable and adequate.

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[1] In some cases, the accuracy and timeliness of data provision are treated as separate objectives. In this operation, however, timeliness of data was not designed as a separate causal chain with its own independent supporting activities. Instead, improvements in timeliness were regarded as a by-product—an outcome resulting from the modernization of data processing and enhancements of operational efficiency.

[2] The agency was renamed the State Statistical Service of Ukraine (SSSU) in 2013.

[3] Through EUROSTAT under its Technical Assistance for the Commonwealth of Independent States program. In addition, the SSSU made use of twinning arrangements with national statistical offices within the EU to gain technical support.

[4] For example, to cope with inadequate funding, some of the district and city offices generated extra revenue to pay for utilities by leasing out unused space.

Appendix A. Basic Data Sheet

UKRAINE: DEVELOPMENT OF THE STATES STATISTICS SYSTEM FOR MONITORING THE SOCIAL AND ECONOMIC TRANSFORMATION PROJECT (IBRD-47290, IBRD-82240)

Key Project Data
(amounts in US$, millions)

	Appraisal Estimate	Actual or Current Estimate	Actual as % of Appraisal Estimate
Total project costs	32.00	31.70	99.01
Loan amount	41.43	41.43	100.00

Cumulative Estimated and Actual Disbursements

	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14
Appraisal estimate (US$, millions)	n.a.	8.79	20.79	27.12	30.04	32.00	32.00	32.00	32.00	32.00-	32.00
Actual (US$, millions)	n.a.	n.a.	n.a.	4.46	12.61	17.03	20.81	25.89	30.46	41.39	41.40
Actual as % of appraisal	n.a.	n.a.	n.a.	16.44	41.98	53.21	65.02	80.90	95.23	129.36	129.38
Date of final disbursement: July 8, 2014											

Project Dates

	Original	Actual
Initiating memorandum	09/13/2001	09/13/2001
Negotiations	05/13/2003	05/13/2003
Board approval	03/25/2004	03/25/2004
Signing	07/15/2004	07/15/2004
Effectiveness	06/15/2005	06/15/2005
Closing date	12/31/2009	12/31/2013

Staff Time and Cost

Stage of Project Cycle	Staff Time and Cost (World Bank budget only)	
	Staff weeks (number)	US$, thousands (including travel and consultant costs)
Lending		
FY02	13.56	45.05
FY03	29.07	105.36
FY04	18.61	38.44
FY05	-0.01	-0.03
FY06	0.00	0.00
FY07	0.00	0.00
FY08	0.00	0.00
Total	**61.23**	**188.82**
Supervision/ICR		
FY02	0.00	0.00
FY03	0.00	0.00
FY04	7.28	4.54
FY05	24.19	40.92
FY06	30.38	78.42
FY07	31.38	80.06
FY08	32.09	97.50
FY09	39.33	116.55
FY10	34.83	92.22
FY11	35.76	87.02
FY12	30.38	106.76
FY13	26.84	63.87
FY14	—	—
Total	**292.91**	**767.86**

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Task Team Members

Names	Title	Unit	Responsibility/ Specialty
LENDING			
Misha Belkindas	Economist	ECSP3	
Svetlana Budagovskaya	Senior Economist	ECSP3	
Neil James Fantom	Senior Statistician	DECDG	Task Team Leader
Richard Gargrave	Procurement Specialist	ECSO2	
Timothy Heleniak	Consultant	ECSH2	
Olga Ivanova	Economist	ECSP3	Task Team Leader
Vitaly Kazakov	Financial Management Specialist	ECSO3	
Maria Koreniako	Program Assistant	ECCUA	
Galina S. Kuznetsova	Senior Financial Management Specialist	ECSO3	
Ganna Musakova	Senior Program Assistant	ECCUA	
Craig R. Neal	Senior Public Sector Specialist	ECSP4	
Jonathan David Pavluk	Senior Counsel	LEGOP	
SUPERVISION/ICR			
Anarkan Akerova	Counsel	LEGCF	
Irina Babich	Financial Management Specialist	ECSO3	
Oleksiy Balabushko	Public Sector Specialist	ECSP4	
Misha Belkindas	Consultant	ECSP3	
Svetlana Budagovskaya	Senior Economist	ECSP3	Task Team Leader
Cem Dener	Senior Public Sector Specialist	PRMPS	
Mustafa Dinc	Senior Economist/Statistician	DECDG	ICR Task Team Leader
Neil James Fantom	Senior Statistician	DECDG	Task Team Leader
Gulnara Febres	Senior Operations Officer	CFPTO	
Richard Gargrave	Procurement Specialist	ECSO2	
Vitaly Kazakov	Financial Management Specialist	ECSO3	
Tetiana Komashko	Program Assistant	ECCUA	
Maria Koreniako	Senior Program Assistant	ECCUA	
Tetiana Kovalchuk	Team Assistant	ECCUA	
Knut J. Leipold	Senior Procurement Specialist	ECSO2	
Jozef Olenski	Consultant	ECSP3	
Craig R. Neal	Consultant	ECSP4	
Irina Shmeliova	Procurement Specialist	ECSO2	
Rajeev Kumar Swami	Senior Financial Management Specialist	ECSO3	
Yulia Tomilenko	Program Assistant	ECCUA	
Anna L Wielogorska	Senior Procurement Specialist	ECSO2	

Appendix B. Rating the Outcome of a Project with Revised Objectives

The Independent Evaluation Group (IEG) guidelines state that "for projects whose project objectives (as encompassed by the stated [project development objectives] and key associated outcome targets) have been formally revised–through approval by the [World] Bank authority that approved the original loans/credits/grants–project outcome will be assessed against both the original and revised project objectives. To assist in arriving at an overall outcome rating following this principle, separate outcome ratings (against original and revised project objectives) will be weighted in proportion to the share of actual loan/credit disbursements made in the periods before and after approval of the revision."

According to IEG and Operations Policy and Country Services guidelines, the final outcome rating for restructured projects is determined according to the percentage of International Bank for Reconstruction and Development funds that had disbursed before and after restructuring. The loan had disbursed $32 million, or 76 percent of the total, at the time of restructuring.

1. Rating against the original objective.

The outcome rating as discussed in section 6 is moderately satisfactory, with a score of 4 points on the 6-point rating scale. The relevance of objectives was substantial; relevance of design was modest. Efficiency was substantial. Efficacy was substantial on two out of three objectives (efficiency and accuracy and timeliness). Efficacy on the third was modest (sustainability). The outcome is rated moderately satisfactory.

2. Rating against the revised objective.

The outcome rating as discussed in section 6 is satisfactory, with a score of 5 points on the 6-point rating scale. Relevance of objectives, design, and efficiency and two objectives were substantially achieved and another objective modestly achieved. The outcome is rated satisfactory.

Final Rating of Outcome: Weighted Average of Before and After Ratings

	Before Revision	After Revision	Weighted Average
Rating score	4	5	4
Disbursement (US$, millions)	32	10	n.a.
Share of disbursement	0.76	0.24	1.00
Disbursement weighted rating	3	1	4

Appendix C. List of Persons Met

Viktoria Kolosova	Director, International Institutions Cooperation Department	Ministry of Finance
Vadym Pishcheyko	Former Deputy Chairman	State Statistics Service of Ukraine (SSSU)
Iryna Zhuk	Acting Chairperson	SSSU
Olena Vyshnevska	Director, Information Dissemination and Communications Department	SSSU
Galina Pashinska	Head, Main Statistics Division, Zhitomir Oblast	SSSU
Tatiana Golub	Head, Statistics Division, Berdychiv City	SSSU
Iryna Kumina	Head, DEVSTAT Implementation Unit	World Bank
Neil Fantom	Former TTL, DEVSTAT	World Bank
Mustafa Dinc	Author, DEVSTAT ICR	World Bank
Faruk Khan	Macro and Fiscal Program Leader	World Bank
Anastasia Golovach	Economist	World Bank
Svetlana Budagovskaya	Team Task Leader, DEVSTAT Project	World Bank
Irina Babich	Senior Financial Management Specialist	World Bank
Irina Shmeliova	Procurement Specialist	World Bank
Yulia Kovaliv and a Large Team		Ministry of Economic Development and Trade (MOEDT)
Yaschuk Valentyna Vitaliyivna	Director of the Department of Financial Policy	Secretariat of the cabinet of ministers
Zabara Leonid Mykolaiovych	Deputy Director, Dept for Economic Development and Regulatory Policy	Secretariat of the Cabinet of Ministers
rii Polovnov	Director, Statistics and Reporting Department	National Bank of Ukraine
Konstantin Fastovets	Senior Macro Fixed-Income Analyst	Adamant Capital
Mychailo Golubchykob	Head, Center of Medical Statistics	Ministry Health
Olena Doroshenko	Health Economist	World Bank
Andrii Piskun	Director, E-Government	Office of Pr. Minister
Voitenko Valeriia	Deputy Director, Dept. of Economic Strategy and Macroeconomic Forecasting	MOEDT
Ishchenko Vira	Head, Economic Modeling Sector, Macro Analysis and Forecasting Dept	MOEDT
Onishchenko Pavlo	Head, Directorate of Economic Strategy, Macro Analysis and Forecasting Department	MOEDT
Dubrovina Olena	Deputy Head, Directorate of Economic Strategy, Macro Analysis Department	MOEDT
Dmytrenko Svitlana	Deputy Head, Department of Economic Security and Statistics, Macro Analysis Department	MOEDT
Olena Levchuk	Deputy Director, Coordination of International Programs	MOEDT