



# Project Information Document (PID)

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Concept Stage | Date Prepared/Updated: 03-Jun-2019 | Report No: PIDC27162

**BASIC INFORMATION****A. Basic Project Data**

Country Somalia	Project ID P171160	Parent Project ID (if any)	Project Name Somali Integrated Statistics and Economic Planning Capacity Building (P171160)
Region AFRICA	Estimated Appraisal Date Sep 09, 2019	Estimated Board Date Dec 18, 2019	Practice Area (Lead) Poverty and Equity
Financing Instrument Investment Project Financing	Borrower(s) Somalia	Implementing Agency Ministry of Planning, Investment & Economic Development	

**Proposed Development Objective(s)**

To strengthen the governance and capacity of the National Planning, Statistical and M&E Systems to fill statistical data gaps; design and implement the NDP/IPRSP; and regularly assess, analyze and improve their public policies performance and results.

**PROJECT FINANCING DATA (US\$, Millions)****SUMMARY**

<b>Total Project Cost</b>	25.00
<b>Total Financing</b>	25.00
<b>of which IBRD/IDA</b>	25.00
<b>Financing Gap</b>	0.00

**DETAILS****World Bank Group Financing**

International Development Association (IDA)	25.00
IDA Grant	25.00



Environmental and Social Risk Classification

Moderate

Concept Review Decision

Track II-The review did authorize the preparation to continue

Other Decision (as needed)

## B. Introduction and Context

### Country Context

1. While progress has been made in rebuilding Somalia after decades of conflict, Somalia remains one of the poorest countries in the world. Sixty-nine percent of the population lives on less than US\$1.90 per day per capita, in 2011 purchasing power parity. Poverty is even more prevalent and deeper among hard to reach populations such as rural residents and nomads. Given their remoteness and mobility, their poverty is also multidimensional due to lower access to basic services such as education and improved water and sanitation. The levels of achievement in the country remain low in many domains. For instance, only one third of primary school-aged children are enrolled, half of the population is literate, and women have less educational attainment than men across virtually all age-groups. Natural disasters, conflict and displacement continue to affect large fractions of the population, leaving internally displaced persons to face unique challenges beyond poverty including tenure insecurity and dislocation from social networks and former livelihoods. With most Somalis vulnerable to many forms of shocks, especially those related to climate change, building resilience is essential.
2. Due to high and unsustainable debt, enormous challenges lie ahead for poverty reduction and shared prosperity in Somalia. Somalia is heavily indebted with US\$4.6 billion of external debt.<sup>1</sup> Debt restricts Somalia from borrowing from International Financial Institutions for projects that can produce lasting positive development change. The Federal Government of Somalia (FGS) is currently preparing the new Development Plan (NDP) 2020-2025, which will serve as an Interim Poverty Reduction Strategy Paper (I-PRSP) and is an important step for debt relief under a World Bank and IMF initiative known as Heavily Indebted Poor Countries (HIPC).
3. The preparation of a full Poverty Reduction Strategy Paper (PRSP), which is necessary to obtain full debt relief, requires a sustainable and reliable statistical system to track the poverty reduction strategy, macroeconomic and structural reform programs. However, the existing statistical system is weak, eroded by years of conflict, fragmented and lacking coordination while the statistical infrastructure is missing thus jeopardizing Somalia's aspiration for full debt relief if not addressed. It is therefore urgent for Somalia to invest in rebuilding the national statistical system (NSS). A strong and well-coordinated statistical system will be better placed to generate needed basic statistics necessary for policy-making that will support conditions for inclusive growth and poverty reduction.

<sup>1</sup> IMF, 2018. Second and Final Review Under the Staff Monitored Program and Request for a New Staff Monitored Program—Press Release and Staff Report. IMF Country Report No. 18/212.



## Sectoral and Institutional Context

4. However, the National Statistical System is weak—eroded by years of conflict—fragmented and lacks coordination institutionally and technically creating a difficult context to produce statistics thus jeopardizing Somalia’s aspiration for full debt relief if not addressed. The institutions currently responsible for the production of official statistics are young, fragile and under-resourced. There is limited capacity and resources to coordinate the NSS and provide technical support to statistics units in the line ministries, departments and public agencies (MDAs) in the Federal Member States (FMSs). Some FMSs do not have well-established statistical units to contribute to the wider statistical system. Coordination structures and tools are limited or non-existent.
5. Statistical capacity remains weak as reflected in the Statistical Capacity Indicator (SCI).<sup>2</sup> According to the World Bank’s 2017 Country Statistical Information Database, Somalia has an overall score of 23, which is far below the Sub-Saharan Africa (SSA) average of 61. Somalia ranks the lowest among all countries in SSA due to limited data availability, quality and periodicity. The low statistical capacity is specifically reflected in source data and methodology where it scores 10 out of 100 points for both categories, below the 56 and 44-point average for SSA respectively. The weakness of the source data is, among others, due to outdated agricultural and population censuses and limited data from administrative systems. The weakness of methodology is due to the limited adherence to internationally recommended standards and methods. Deprivation in data coverage, quality, and accessibility to inform policy are also among the weaknesses of the statistical system.
6. Somalia has significant data gaps and lacks adequate and reliable statistical information—especially in economic statistics—to inform policies and programs aimed at fostering economic growth and reducing poverty. Basic macroeconomic and development indicators are either not available, are dated, or exclude large parts of the population such as nomads.
7. First, national accounts are limited due to data source and human resources limitations. The staff constraint, coupled with data sources, has made the compilation of national accounts statistics very difficult. These shortfalls provide an incomplete and unreliable picture of the economy. Somalia has no production-based estimates of GDP given the absence of economic censuses and surveys as well as a comprehensive set of administrative data in terms of geographic coverage and coverage of indicators. For instance, there is currently no structured compilation of agricultural administrative records and existing records are limited in scope, coverage and quality. Records from the Revenue Authority are either incomplete or missing (excise duty and VAT). Information from Central Bank, Ministry of Finance and umbrella bodies are not systematically feeding into the statistical system. In addition, MDAs generally do not apply international standards and methodology (classification) for the collection and compilation of data. Therefore, the available data is inconsistent and unreliable. The lack of economic surveys and administrative data must be addressed to improve national accounts.
8. Second, Somalia has no nationally-representative consumer price index (CPI). This impedes the ability of decision-makers to track inflation, which is a key economic variable. Without the accuracy of statistics that incorporate price statistics, macroeconomic statistics (such as real GDP) and poverty statistics are undermined. The current challenges to producing a CPI for Somalia include incomplete geographical coverage of price data

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<sup>2</sup> SCI is a composite score assessing the capacity of a country’s statistical system. It is an average score based on three categories (methodology, source data, and periodicity) on a scale of 0 to 100. Information on the 25 indicators covering these areas are derived either from publicly available information and/or country input.



collection, lags between collection, processing and dissemination, limited know-how of price data compilation, especially among statistical departments in some of the FMSs.

9. Third, Somalia has no system to support the government to respond quickly to new and more immediate data needs for policy. Although an essential output of the statistical system, traditional surveys require significant amounts of time for preparation and are less agile to quickly respond to new data needs. The 2017-18 drought highlighted the need to be able to respond quickly to shocks and disasters. Insecurity in part of the country also continues to hinder data collection requiring less conspicuous methods of data collection. Somali policy makers are operating in a volatile context with very limited data, thus a system that can rapidly provide information to support timely policy responses is important. The lack of timely and reliable data impedes an effective allocation of resources at federal state and local levels, and a proper designing, implementing, and evaluation of public programs.
10. Fourth, there is a low capacity in the planning system and a weak link with statistical system to effectively support policy formulation at the highest levels in government. The recently formed Economic Policy Analysis Unit (EPAU) lacks the capacity to conduct social, economic and financial analyses necessary for policy formulation. As a newly formed unit, the EPAU has yet to fully establish its capacity to successfully conduct objective and sound analysis to inform policies. The EPAU is tasked with supporting the President and the Government on the formulation and execution of sound economic and financial policies and reforms. This requires the EPAU to deliver sound analysis and policy alternatives to be debated in the newly formed National Economic Council (NEC) which is tasked with advising the government on economic and financial policies. The statistical system must closely be linked to this analytical unit to provide the needed inputs for analysis.
11. The national Monitoring and Evaluation (M&E) system has weaknesses and challenges that impede it from fulfilling its role of assessing progress in achieving expected results, spotting bottlenecks in implementation, and highlighting any unintended effects from the implementation of FGS's public policies. From the monitoring perspective, better indicators and targets at the program level are needed, as well as improvements in the quality of administrative data from line ministries that feed into those indicators. From the evaluation perspective, beyond the yearly report prepared by the President's office, regular national and/or sectoral evaluation reports of main public interventions are needed. Additionally, there is not an evaluation agenda for coordinating and funding the evaluation of public programs. The national planning and M&E systems of public policies and programs should be improved simultaneously. Nonetheless, Somalia has a national M&E policy, and a specialized unit aimed to coordinate the national M&E system, the M&E Directorate at MOPIED.
12. Despite these challenges, there have been steps to improve the statistical system in the last five years and growing awareness of the importance of quality statistical data for policymaking and monitoring progress. The period 2014-2016 was marked by reforms to the legislative and regulatory framework of statistical activities to improve the organizational structure and operation of the system as well as steps to improve the human and logistical capacities. The Department of Statistics was upgraded into a Directorate of National Statistics (DNS) in 2014 and the Statistical Act was reviewed in 2015. In 2018, the National Strategy for the Development of Statistics was designed, providing a strategic vision for statistical development for Somalia. Furthermore, statistical infrastructure and policies for dissemination have been developed. New household survey data has been produced—providing updated poverty and socioeconomic statistics—and a health survey is currently being implemented. Recently, the FGS is establishing units to support planning and policymaking.



#### Relationship to CPF

13. The project is closely aligned with the objectives of the recent Country Partnership Framework (CPF) for Somalia for the period FY19-FY22. CPF Focus Area 1, which aims at strengthening institutions to deliver services, identifies Statistics and Economic Planning as a proposed operation. This recognized the paucity of quantitative data upon which to monitor poverty, socioeconomic indicators, and evaluate macroeconomic development identified in the Somalia Systematic Country Diagnostic 2018.
14. Access to quality data and statistics is essential for the design, management and monitoring of effective development strategies, policies and programs. The FGS needs statistics to prepare the IPRSP—which is being developed in the context of the NDP 2020-25—and the full PRSP for debt relief under the HIPC initiative. Statistics and a capacitated M&E department are also critical for the government to track the NDP. Statistics are needed to inform analysis emanating from the EPAU.
15. This project will support the World Bank Group’s commitment to fill the data gaps that are key to monitoring progress on Poverty and Shared Prosperity and the SDGs.

#### **C. Proposed Development Objective(s)**

To strengthen the governance and capacity of the National Planning, Statistical and M&E Systems to fill statistical data gaps; design and implement the NDP/IPRSP; and regularly assess, analyze and improve their public policies performance and results.

#### Key Results (From PCN)

16. Key results are to:
  - a. Enhance public confidence in socio-economic official statistics
  - b. Fill main statistical data gaps identified
  - c. Improve Somalia Economic Policy Analysis and Planning, promoting new and redesigned public policies and evaluation
  - d. Increase accessibility of socio-economic official statistics
  - e. Increase timeliness of relevant socio-economic official statistics

#### **D. Concept Description**

17. **The project has four components:** (1) A **policy analysis and planning component**, (2) A **statistical system component**, (3) A **monitoring and evaluation component**, and (4) A **project management component** to oversee and supervise the activities covered in the component 1-3. The World Bank’s support is planned for five years (2019-2023).
18. **Integrated approach:** Given the capacity constraints faced by FGS and MOPIED, an integrated approach that combines capacity building of both statistics and economic policy analysis and planning is important to reduce transaction costs and, at the same time, to maximize synergy between the two areas—in terms of enhancing



evidence-based policymaking and planning (from statistics to economic policy analysis and planning) and developing areas for improvements in the national statistical system in formulating economic policies (from economic policy analysis and planning to statistics).

19. **Project focus:** This project will support: (i) key time-sensitive activities of FGS to fill critical gaps in statistics and economic policy analysis/planning relating to the HIPC process; and (ii) activities to initiate longer-term (phased) capacity building programs.
20. **Complementarity and coordination:** The proposed project complements ongoing TA provided by other development partners including Statistics Sweden.

### *Component 1 Building Economic Policy Planning, Analysis Capacity (US\$5.0 million)*

21. This component seeks to support the Somali authorities in developing economic policies, rebuilding institutions of economic management, and enhancing institutional capacity necessary for policy formulation and implementation. The component aims to promote evidence-based planning and strengthen core government institutions and functions for enhanced service delivery, economic growth, and poverty reduction. The Component activities will constitute: (i) Supporting NEC and Economic Policy Analysis Unit (EPAU) operations; (ii) supporting the preparation of Medium-term National Development Plan 2020-24 (NDP9) and Long-term Vision 2040; (iii) TA on macroeconomic-fiscal analysis, forecasting & reporting particularly in the macroeconomics and revenue departments of the MoF and MOPIED.

#### *Sub-component 1.1 Supporting the operations of NEC and Economic Policy Analysis Unit (EPAU)*

22. The FGS has requested donor support for NEC to execute its mandate and responsibilities. Therefore, this project sub-component seeks to support the Council to deliver on their mandate in key selected areas of focus particularly in areas where the World Bank has a comparative advantage. The sub-component targets the following result areas:
  - a. Core Staffing – NEA and EPAU
  - b. Policy Research and Studies
  - c. Policy Forums
  - d. Publications, Dissemination & Networking
  - e. Office Operating Cost
23. This result area seeks to cater for the operational costs for the Council's office particularly office supplies and equipment (including computers, printers, utilities, internet & other communication costs, and related equipment).

#### *Sub-component 1.2 Supporting the preparation of national planning documents*

24. This sub-component aims to provide support the FGS in the preparation of the NDP9 and the long-term vision 2040. The areas of support in the preparation and implementation process of the NDP9 have been identified and selected in line with government's request as well as World Bank's comparative advantage – accelerating poverty reduction and promoting shared prosperity especially among the Somali poor groups. These will include technical



assistance to (i) ensure the NDP9 is well linked to policy, planning, and financing; (ii) identify priority pillars under NDP9; (iii) develop sound macroeconomic and fiscal framework with output targets towards accelerate economic growth and transformation; (iv) prepare a well costed pillars priorities' matrix with output targets and outcomes indicators; (v) prepare implementation framework with clear Monitoring and Evaluation (M&E) strategy and systems, and; (vi) with other stakeholders, ensure NDP9 preparation and implementation is undertaken through a consultative process at internal and external levels.

### Sub-component 1.3 Supporting macroeconomic and fiscal programming

25. This sub-component seeks to promote evidence-based policy planning and implementation. The sub-component aims to strengthen macro-fiscal analysis, monitoring and forecasting within the Economic and Planning Units of the MoF and MOPIED in the FGS and the FMS. This will be through providing the staff in these Units with the necessary skills-set to formulate, implement and monitor macroeconomic, fiscal and financial policies; to analyze, monitor and evaluate bilateral and multilateral economic and financial relations; and promote transparency and accountability on the use of public resources. This is a data-driven sub-component and will focus on developing the local capacity in the following key areas: (i) overall Somalia economy components and outlook (GDP, inflation/CPI, monetary and fiscal policies, external account, and debt); (ii) revenue reporting and forecasting, and (iii) development of private sector (private investment, business climate, and infrastructure development).

### Component 2 Strengthening the National Statistical System (US\$15 million)

26. This component provides TA to DNS as well as relevant offices in FMS in strengthening the National Statistical System (NSS) to collect data for poverty and macroeconomic monitoring (national accounts/GDP/sector growth, inflation, poverty, employment, etc.). This component provides statistical capacity building to the DNS through specific trainings, learning by doing processes, as well as a rapid assessment of the DNS' organizational and managerial model to produce and disseminate statistics, providing practical recommendation for the improvement of its performance.

#### Sub-component 2.1 Somali Integrated Household Budget Survey

27. The proposed activity will design and implement the Somali Integrated Household Budget Survey (SIHBS) for monitoring welfare, providing macroeconomic baselines and establishing a baseline survey for a rapid data collection system. SIHBS will serve multiple objectives. The primary objective of SIHBS is to collect detailed information on household expenditures and consumption incurred on goods and services to monitor household welfare. In addition to welfare data, SIHBS will collect other socio-economic information relevant for monitoring the living conditions of private Somali households such access to basic assets, facilities and services. SIHBS also will collect data to improve Gross Domestic Products (GDPs) and the Consumer Price Index (CPI) while it will serve as baseline for a rapid monitoring system.

#### Sub-component 2.2 National Consumer Price Index

28. This activity will strengthen the coordination of price data collection and strengthen the skills of the statistical



authorities. Staff skills and expertise will be expanded through training and development on price collection and CPI. This activity will support the hiring of a price data collection coordinator. This activity will also provide support to the NSO for collecting price data via CAPI installed in tablets connected to servers. Like SIHBS, the use of CAPI will improve monitoring of the data collection process, resulting in high quality price data. Tablets and servers that will be procured for SIHBS will be used for this activity.

### Sub-component 2.3 National Accounts

29. This sub-component aims to improve the quality of national accounts statistics that meet the System of National Accounts 2008 (SNA2008) and other international statistical standards. A high and immediate priority is constructing production/supply-side national accounts (i.e., value-added by industry). GDP is currently estimated using expenditure/demand-side statistics alone which also needs to be improved. Having both supply and demand sides will enable improved estimation of GDP. Production statistics are also essential for the analysis of sources of economic growth that informs NDP9 and other national planning documents. This subcomponent will improve the quality of national accounts by supporting the mainstreaming of economic statistics in relevant government bodies, addressing key data gaps needed to produce production-based GDP estimates, strengthening human and physical capital.

### Component 3 Strengthening Monitoring and Evaluation Capacity (US\$2.5 million)

30. This activity aims to strengthen the National Monitoring & Evaluation Department at MOPIED. Although there is a national M&E policy, and a specialized unit aimed to coordinate the national M&E system (M&E Directorate at MOPIED), the national M&E system has weaknesses and challenges that impedes the system complies its role on learning on assessing if progress is made in achieving expected results, to spot bottlenecks in implementation, and to highlight whether there are any unintended effects (positive or negative) from the implementation of FGS's public policies. From the monitoring perspective better indicators and targets at programs level should be improved, as well as an improvement of the quality of administrative data from line ministries that fed those indicators. Related to the evaluation side, beyond the yearly report for the president's office, there are not regular national and/or sectoral evaluation reports of main public interventions. Additionally, there is not an evaluation agenda to coordinate and fund the evaluation activities for public programs. A better coordination for the M&E policy implementation at federal state level should be developed.
31. The activity will support the hiring of specialized staff to support the National M&E Department. This Department is in charge for the overall monitoring, review and evaluation of national plans, programs and projects to determine if they are achieving their intended objectives. It tracks the progress prior to the implementation of national plans, programs and projects through systematic monitoring, reviews, assessments and evaluations. To identify the specialized staff and TA required by this Department, a rapid assessment of its institutional capacity is being doing. This activity will strengthen coordination for M&E among government agencies and donors. This project will improve the M&E framework and evaluation agenda to coordinate disperse existing M&E initiatives and funds.



### Sub-component 3.1 Improving performance monitoring of main public programs

32. This activity aims to improve performance monitoring of public programs. It is required to monitor regularly the progress of public programs and policies (efficacy, efficiency and quality), through a standardized way to define indicators and targets, and having timely and reliable data (mainly administrative records) from the line ministries. This monitoring process will be closely linked with information of the budgetary process. A revision of the budgetary process structure will be done to align the budget allocation with the specific indicators and targets at policies and programs level. Producing regular performance reports, including clear recommendations and follow up mechanisms is needed. Specialized training will be developed for the M&E Directorate and Planning General Direction at MOPIED, and MoF, to lead the development process of M&E reports. A basic **dashboard** to compare efficacy, efficiency and quality of public programs and policies by pillars and sectors under the new NDP will be developed under this TA. Monitoring tools related to budgetary data could be also promoted, such as WB Boost. Different options to assess regularly the quality of public services will be explore, such as quarterly surveys, compliance with standards, etc.

### Sub-component 3.2 Improving evaluation of public programs

33. The activity aims to improve the M&E reports development process, through a better coordination and integration of planning, programing, budgetary, and performing information at programs and pillars levels. This activity aims to improve the quarterly M&E reports of public programs. Current quarterly M&E reports are more focused on public finances and budget information, and less in performing indicators and results in terms of the situation of specific welfare conditions such as education, health, nutrition, etc. The development of key indicators and targets by pillars, will lay the foundation for M&E reports. Evaluating annually the progress of on the SDGs indicators and targets will be done as result of the M&E activities. Different evaluation methodologies to assess the performance and results attained of prioritized public programs will be developed. A pilot of few methodologies in some public agencies will be done during the first two years of this project. This activity considers the updating process of the national monitoring and evaluation policy, including the establishment of a national evaluation agenda, involving other stakeholders such as NEC; EPAU, General Audit. Donors, NGOs, and other lines ministries, as well as the inclusion of new M&E tools developed, and roles defined for M&E stakeholders.

### Component 4 Project Management (US\$2.5 million)

34. Successful implementation of the project requires a dedicated Project Implementation Unit (PIU) within MOPIED to manage the financial resources. The PIU will be staffed with a project coordinator as well as specialists in financial management (FM), procurement, information and communication technology (ICT), human resources (HR), and monitoring and evaluation (M&E). This project component will provide funding for those functions and their implementation. The unit could be supported by international consultants, if needed, with a focus on building the capacity of the unit over the initial phase of the project.



Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

#### Summary of Screening of Environmental and Social Risks and Impacts

There are no anticipated negative environmental risks or impacts. There are moderate social risks associated with ensuring that there is social inclusion of disadvantaged and vulnerable groups, including those in difficult-to-access areas as well as IDPs.

**Note** To view the Environmental and Social Risks and Impacts, please refer to the Concept Stage ESRS Document.

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**APPROVAL**

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