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Report No: PAD2232

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

IN THE AMOUNT OF SDR 7.4 MILLION
(US\$ 10.0 MILLION EQUIVALENT)

TO THE

CENTRAL AFRICAN REPUBLIC

FOR A

DATA FOR DECISION MAKING PROJECT

9 March 2017

Poverty and Equity Global Practice
Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective 31 January 2017)

Currency Unit =

US\$1 = CFAF 614

US\$ 1.36 = SDR 1

FISCAL YEAR

January 1 - December 31

ABBREVIATIONS AND ACRONYMS

ADP	Accelerate Data Program
AFR	Africa Region of the World Bank
AFRITAC	Africa Regional Technical Assistance Center
CAPI	Computer Assisted Personal Interview
CEMAC	Central African Economic and Monetary Community
CPF	Country Partnership Framework
CQS	Consultant's Qualification
CS-REF	Monitoring Unit for Economic and Financial Reforms <i>(Cellule Chargée du Suivi des Réformes Economiques et Financières)</i>
DA	Designated Account
DG	Director General
DHS	Demographic and Health Survey
ECASEB	Central African Survey to Monitor Well-Being <i>(Enquête Centrafricaine pour le Suivi-Evaluation du Bien-être)</i>
ENMC	National Survey for Communal Monographies <i>(Enquête Nationale sur les Monographies Communales)</i>
EOI	Expression of Interest
FAO	Food and Agriculture Organization
FM	Financial Management
GDDS	General Data Dissemination Standard
GDP	Gross Domestic Product
GIS	Geographic Information System
GPN	Global Procurement Notice
GRS	Grievance Redress Services
HDI	Human Development Index
IBRD	International Bank of Reconstruction and Development
ICASEES	Central African Institute of Statistics and Economic and Social Studies <i>(Institut Centrafricain des Statistiques, des Etudes Economiques et Sociales)</i>
ICB	International Competitive Bidding
IFR	Interim Financial Report
IMF	International Monetary Fund
IPF	Investment Project Financing

IT	Information Technology
LCS	Least Cost Selection
MEP	Ministry of Economy, Planning, and International Cooperation
M&E	Monitoring and Evaluation
MICS	Multiple Indicator Cluster Survey
NA	National Accounts
NCB	National Competitive Bidding
NSI	National Statistical Institute
NSCI	National Commission for Statistical Information
NSDS	National Strategy for the Development of Statistics
NSS	National Statistical System
PARIS 21	Partnership in Statistics for Development in the 21st Century
PBF	Performance Based Financing
PFM	Public Financial Management
PIU	Project Implementation Unit
PPA	Project Preparation Advance
PPI	Producer Price Index
PPSD	Project Procurement Strategy for Development
PURSeP	Emergency Project for the Rehabilitation of Public Services <i>(Projet d'Urgence de Restauration des Services Publics)</i>
QBS	Quality Based Selection
QCBS	Quality Cost Based Selection
RAS	Reimbursable Advisory Services
REOI	Request for Expression of Interest
RPBA	Recovery and Peace Building Assessment
SBD	Standard Bidding Document
SCI	Statistical Capacity Index
SNA	System of National Accounts
SSA	Sub-Saharan Africa
STATA	Data Analysis and Statistical Software
TFSCB	Trust Fund for Statistical Capacity Building
TTL	Task Team Leader
WAEMU	West African Economic and Monetary Union
WBG	World Bank Group
XAF	Central African CFA Franc

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Task Team Leader(s): Johannes G. Hoogeveen and Roy Katayama



BASIC INFORMATION

Is this a regionally tagged project? No	Country(ies)	Lending Instrument Investment Project Financing
<input type="checkbox"/> Situations of Urgent Need of Assistance or Capacity Constraints <input type="checkbox"/> Financial Intermediaries <input type="checkbox"/> Series of Projects		
Approval Date 03-Apr-2017	Closing Date 31-May-2022	Environmental Assessment Category C - Not Required
Bank/IFC Collaboration No		

Proposed Development Objective(s)

To increase the capacity of the national statistical institute (ICASEES) to produce and publicly disseminate statistics through data recovery, institutional development and support to data production.

Components

Component Name	Cost (US\$, millions)
Statistical recovery, rehabilitation, professionalization and modernization of ICASEES	1.50
Data collection, production and dissemination	8.50

Organizations

Borrower : Ministry of Economy, Planning, and Cooperation
Implementing Agency : ICASEES



<input type="checkbox"/> Counterpart Funding	<input type="checkbox"/> IBRD	<input type="checkbox"/> IDA Credit <input type="checkbox"/> Crisis Response Window <input type="checkbox"/> Regional Projects Window	<input checked="" type="checkbox"/> IDA Grant <input type="checkbox"/> Crisis Response Window <input type="checkbox"/> Regional Projects Window	<input checked="" type="checkbox"/> Trust Funds	<input type="checkbox"/> Parallel Financing
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Total Project Cost: 10.49	Total Financing: 10.49	Financing Gap: 0.00
	Of Which Bank Financing (IBRD/IDA): 10.00	

Financing (in US\$, millions)

Financing Source	Amount
IDA-D1710	10.00
Trust Fund for Statistical Capacity Building	0.49
Total	10.49

Expected Disbursements (in US\$, millions)

Fiscal Year	2017	2018	2019	2020	2021	2022
Annual	0.48	3.51	3.50	2.00	0.50	0.50
Cumulative	0.48	3.98	7.49	9.49	9.99	10.49

INSTITUTIONAL DATA

Practice Area (Lead)

Poverty and Equity



Contributing Practice Areas

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

Gender Tag

Does the project plan to undertake any of the following?

a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF

No

b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment

No

c. Include Indicators in results framework to monitor outcomes from actions identified in (b)

No

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● High
2. Macroeconomic	● Substantial
3. Sector Strategies and Policies	● High
4. Technical Design of Project or Program	● Low
5. Institutional Capacity for Implementation and Sustainability	● High
6. Fiduciary	● High
7. Environment and Social	● Low
8. Stakeholders	● Low
9. Other	● Low
10. Overall	● Substantial



COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

Yes No

Does the project require any waivers of Bank policies?

Yes No

Safeguard Policies Triggered by the Project

Yes

No

Environmental Assessment OP/BP 4.01

✓

Natural Habitats OP/BP 4.04

✓

Forests OP/BP 4.36

✓

Pest Management OP 4.09

✓

Physical Cultural Resources OP/BP 4.11

✓

Indigenous Peoples OP/BP 4.10

✓

Involuntary Resettlement OP/BP 4.12

✓

Safety of Dams OP/BP 4.37

✓

Projects on International Waterways OP/BP 7.50

✓

Projects in Disputed Areas OP/BP 7.60

✓

Legal Covenants

Sections and Description

The Recipient shall, not later than three (3) months after the Effective Date, cause ICASEES to recruit a procurement specialist, a financial management specialist, a project assistant and an assistant accountant, each with terms of reference, qualifications and experience acceptable to the Association. (Schedule 2.I.A.4(b))

Sections and Description

The Recipient shall, not later than five (5) months after the Effective Date, cause ICASEES to recruit an external auditor, with terms of reference, qualifications and experience acceptable to the Association. (Schedule 2.I.A.4(c))

Sections and Description

The Recipient shall, not later than five (5) months after the Effective Date, install a computerized accounting



system. (Schedule 2.II.B.4)

Conditions

Type Effectiveness	Description The Recipient has adopted the Project Implementation Manual in form and substance acceptable to the Association.
Type Effectiveness	Description The Cofinancing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.
Type Disbursement	Description No withdrawal shall be made under Category 2 of the Finance Agreement until the Recipient has adopted the Performance Based Financing Manual.

PROJECT TEAM

Bank Staff

Name	Role	Specialization	Unit
Johannes G. Hoogeveen	Team Leader(ADM Responsible)		GPV07
Roy Shuji Katayama	Team Leader		GPV07
Haoussia Tchaoussala	Procurement Specialist(ADM Responsible)		GGO07
Tahirou Kalam	Financial Management Specialist		GGO26
Aissatou Diallo	Team Member		WFALN
Cheikh A. T. Sagna	Safeguards Specialist		GSU01
Erik Reed	Safeguards Advisor		GEN07
Gervais Chamberlin Yama	Team Member		GHN07
Jessica Diane Adler	Team Member		GPV01
Mamadou Diedhiou	Safeguards Advisor		GSU01
Marie Roger Augustin	Team Member		LEGAM



Senait Kassa Yifru	Team Member		GPV01
Siele Shifferaw Ketema	Team Member		GPV07
Siobhan McInerney-Lankford	Counsel		LEGAM
Extended Team			
Name	Title	Organization	Location



CENTRAL AFRICAN REPUBLIC
DATA FOR DECISION MAKING

TABLE OF CONTENTS

I. STRATEGIC CONTEXT	9
A. Country Context	9
B. Sectoral and Institutional Context	10
C. Higher Level Objectives to which the Project Contributes	11
II. PROJECT DEVELOPMENT OBJECTIVES	11
A. PDO.....	11
B. Project Beneficiaries.....	11
C. PDO-Level Results Indicators.....	11
III. PROJECT DESCRIPTION	12
A. Project Components.....	12
B. Project Cost and Financing.....	17
C. Lessons Learned and Reflected in the Project Design	18
IV. IMPLEMENTATION	18
A. Institutional and Implementation Arrangements.....	18
B. Results Monitoring and Evaluation	19
C. Sustainability	19
D. Role of Partners.....	20
V. KEY RISKS	20
A. Overall Risk Rating and Explanation of Key Risks.....	20
VI. APPRAISAL SUMMARY	21
A. Economic and Financial (if applicable) Analysis.....	21
B. Technical.....	21
C. Financial Management.....	22
D. Procurement	23
E. Social (including Safeguards).....	25
F. Environment (including Safeguards)	25
G. Other Safeguard Policies (if applicable).....	25



H. World Bank Grievance Redress.....	25
VII. RESULTS FRAMEWORK AND MONITORING	26
ANNEX 1: DETAILED PROJECT DESCRIPTION	32
ANNEX 2: IMPLEMENTATION ARRANGEMENTS	39
ANNEX 3: IMPLEMENTATION SUPPORT PLAN.....	50



I. STRATEGIC CONTEXT

A. Country Context

1. The Central African Republic (CAR) is a large landlocked, scarcely populated country with a population of approximately five million. CAR is located at the crossroads of the African continent and is bordered to the north by Chad, to the northeast by Sudan, to the east by South Sudan, to the south by the Democratic Republic of Congo and the Republic of Congo and to the west by Cameroon. The country has ample natural resources (arable land, water, timber, gold, diamonds and many other minerals), is barely urbanized and has known political instability ever since Independence in 1960.
2. The latest bout of insecurity started late 2012 with a Séléka insurrection in the north of the country. It led to three years of violence, destruction of property and great human suffering and left an estimated one fifth of the population displaced. In May 2015, the “Bangui Forum” was organized. It discussed the country’s peace-building program and paved the way for elections. After another major outbreak of violence in September 2015, the conflict came to an end with the Presidential and legislative elections which were successfully concluded early 2016.
3. CAR already was one of the poorest countries in the world before the 2012 conflict, with poverty rates reaching 62 percent in 2008¹. In 2014, the GNI per capita of US\$600 (PPP) was the lowest in the world. The State’s absence and chronically low revenue have resulted in the vast majority of the population lacking access to public services, including security, justice and social services. The maternal mortality ratio is amongst the highest in the world, estimated at 882 deaths per 100,000 live births in 2015. An estimated 68 percent of 15-24 year olds did not complete primary education. The public sector is riddled with clientelist practices.
4. The present operation is part of the broad World Bank strategy to address post-conflict needs in CAR thanks to exceptional IDA resources mobilized through the Turnaround Regime endorsed in October 2016. In 2014 the World Bank supported an early crisis response with a US\$100 million package in emergency operations. This support was provided through the restructuring of the existing portfolio and the frontloading of IDA-17 lending, and was presented in an update to the Board of Executive Directors on January 21, 2014. A Country Engagement Note (CEN)² was presented to the Board of Executive Directors in July 2015, presenting the need for a continuation of the crisis response and the next steps for recovery and development over an 18-month period. This strategy comprises two phases: (i) support to stabilization in order to assist international efforts to break the cycle of violence and maintain confidence in the fragile transition; and (ii) preliminary support to recovery and development. Following the successful elections and a donor roundtable in Brussels in November 2016, the World Bank is providing US\$250M in additional support from the Turnaround Regime to help break the cycle of violence.
5. The conflict has left the statistical system, which was reasonably developed prior to 2012, in poor shape. Many staff of the national statistical institute disappeared, and its offices were pillaged wiping out much of the country’s statistical memory. In response, the proposed project is part of the Turnaround Regime Package endorsed by the Board in October 2016. It aims to rebuild the statistical system by preserving what remains in the scattered archives

¹ Based on the last, 2008, nationally representative living conditions survey (ECASEB).

² Report No: 96209-CF.



and different computers and by generating new data to inform decision makers and monitor the recovery and peace building process. The proposed project will also invest in institutional development to put the statistical system on robust footing going forward.

B. Sectoral and Institutional Context

6. The Central African Institute of Statistics and Socio Economic Studies (*Institut Centrafricain des Statistiques, des Etudes Economiques et Sociales*, ICASEES) is the national statistical institute. Despite existing statues and decrees enabling its legal autonomy, ICASEES currently operates under the administrative supervision of the Ministry of Economy, Planning, and International Cooperation and lacks financial autonomy. A Board of Directors for ICASEES was first appointed in December 2016.

7. During the crisis, pillaging of ICASEES offices undermined much of the statistical infrastructure. Servers with master data files were lost, and the digital cartography of the 2003 census disappeared (although most paper maps were saved). The physical archive of paper documents, while largely salvaged, is in complete disarray. This has resulted in a situation where copies of datasets and documentation need to be recuperated from personal computers and hard drives to reconstruct collections of data files. Some data appear to have been completely lost. Archiving in remote servers (i.e. the cloud) is desirable to prevent future losses – particularly since security is not assured.

8. ICASEES officially comprises about 43 staff, mostly trained statisticians, demographers, sociologists and economists etc. In addition there is a substantial complement of well-trained ‘volunteers’ who get hired as occasional labor when opportunities arise. Staff who remain at ICASEES are motivated and technically competent in their areas of specialization. Nevertheless, statistical production is limited – largely as a result of the crisis and the lack of financial resources. In addition to conducting national surveys and producing core statistical indicators, ICASEES is tasked with coordinating the broader national statistical system which encompasses the production of statistics by different line ministries, but this function is executed to only a limited degree.

9. Most databases are out-of-date or even obsolete and need to be updated to be useful for decision making. For instance, the Consumer Price Index (CPI) was last rebased in 1981 (i.e. 35 years ago) using 1975 expenditure data to define the composition and weights of the index. The last agricultural census, a critical component in estimating national accounts, dates from 1985. The last population census was carried out in 2003, and the last living conditions survey needed to measure poverty was fielded in 2008. The last definitive national accounts were produced in 2012. Furthermore, the crisis profoundly altered the economic conditions and demographic distribution within the country, with the destruction of entire villages and massive internal displacement, such that most existing databases do not accurately reflect the current reality of the country. In addition, the sampling frame needs to be updated to improve the quality of future surveys.

10. With appropriate support and incentives, there is scope to rebuild the statistical system rapidly. Doing so requires a three pronged approach: (i) recovery (digital archiving and physical rehabilitation); (ii) institutional development (professionalization and modernization, staffing, staff incentives, coordination); and (iii) data production and dissemination. These elements will need to be accompanied by capacity building, focused on updating technical skills in selected areas and strengthening general management.

C. Higher Level Objectives to which the Project Contributes

11. The Country Engagement Note (CEN) presented to the Board of Executive Directors in July 2015 describes the need to continue with crisis response and potential next steps for recovery and development over an 18-month period (July 2015 - end 2016). The strategy identifies two phases: (i) support to stabilization in order to assist international efforts to break the cycle of violence and maintain confidence in the fragile transition; and (ii) preliminary support to recovery and development. The main focus has been on the first phase of the strategy thus far; with the Turnaround Regime in place attention currently starts to shift towards the implementation of the second phase of the strategy.

12. As the country engages in the second phase, the emphasis remains on stabilization, reconstruction and economic recovery, but improving the planning capacity of the state –including though the production of data relevant to decision makers, is recognized as foundational to successful prioritization. To this end, this statistics project has been programmed for delivery in FY17 with the aim of informing the design of pipeline projects and various strategic exercises (Strategic Country Diagnostics (SCD), Country Partnership Framework (CPF)), and creating a basis for monitoring progress and in the follow up to the Brussels Donor Roundtable.

II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

13. To increase the capacity of the national statistical institute (ICASEES) to produce and publicly disseminate statistics through data recovery, institutional development and support to data production.

B. Project Beneficiaries

14. The main beneficiary of the project is ICASEES. Other government and international institutions (e.g. Ministry of Agriculture; Ministry of Health; United Nations International Children's Emergency Fund (UNICEF), Food and Agricultural Organization (FAO), World Bank, etc.) that conduct national surveys will benefit from updated sampling frames. In addition, the project will benefit numerous stakeholders in the government, donor institutions, academia, NGOs, and civil society who need up-to-date and reliable data for strategic planning, program design, monitoring and analytical work.

C. PDO-Level Results Indicators

15. The project development objective will be assessed by the relevance and quality of the output/outcome obtained by ICASEES. The main expected outcomes of the project are the following:

- (i) A secure electronic data archive exists (yes/no).
- (ii) Rebased national accounts are being published (yes/no)
- (iii) Statistical data sets are publicly disseminated online (number)

III. PROJECT DESCRIPTION

A. Project Components

16. The project comprises two components (1) statistical recovery, project management and professionalization and modernization of ICASEES' management, and (2) data collection, production and dissemination.

17. Capacity building is an integral aspect of the project, with staff receiving training tailored to the activities for which they are responsible, preferably from peers, particularly those from the sub-region. No Project Implementation Unit (PIU) is created at ICASEES to facilitate the implementation of the project. Instead procurement, financial management and project management functions are integrated as routine activities in the agency as part of the institutional reform process, with the objective of serving this project and other financiers (State; donors).

18. In the selection and definition of project activities, particular attention was paid to the fact that the CAR is expected to remain insecure during the implementation period and government revenue limited. Consequently, the purchase of assets and durable goods is minimized to reduce potential losses in the event of elevated insecurity, while remote supervision (CAPI) and use of the cloud for data storage and archiving are encouraged. The project pays particular attention to value for money by seeking to combine data collection activities where feasible and by providing disaggregated estimates in accordance with administrative planning and implementation capacity. The project adheres to open data principles and all data produced with World Bank funding will be made publicly available, provided it meets confidentiality standards.

COMPONENT 1. STATISTICAL RECOVERY, REHABILITATION, AND PROFESSIONALIZATION AND MODERNIZATION OF ICASEES (US\$1.5 million equivalent)

Subcomponent 1.1. Data Recovery (US\$0.2 million equivalent)

19. **Data recovery consists of recuperating (to the extent possible) lost databases, archiving databases, and making them publicly accessible online.** A first activity is the restoration of the 2003 census cartography. Any population census starts with a cartographic exercise in which enumeration areas (i.e. the area that one enumerator can cover during the implementation of the census) are delineated. These maps contain valuable information on roads, bridges, location of villages, hamlets and encampments, as well as transhumance routes and the official commune, sous-prefecture and prefecture borders, and form the basis for sampling. These maps will be digitized and made available on-line as public-use files.

20. **A related activity is the digital archiving of statistical publications.** Documents that have been preserved during the crisis will be scanned, indexed and made available on-line (much as documents are available as google-books), along with the recovery of remaining digital data bases from different storage devices (computers, laptops, CDs etc.). Once digitized and indexed all these data bases will be archived and made accessible online, implying investments in web design, secure digital data storage in the cloud, as well as in training ICASEES staff in archiving and web-site maintenance.



Subcomponent 1.2. Rehabilitation of ICASEES' physical and data infrastructure (US\$0.7 million equivalent)

21. **ICASEES physical infrastructure is dilapidated and does not offer a productive work environment.** Of the two buildings that are currently in use, one has a leaking roof. A large part of the other available building is used for storing field materials (scales, measure boards etc.). Electrical wiring is aged (over 40 years old), there is no functional intranet, the generator is broken, and staff lack space to work. Some of the most basic tools are missing.

22. **This subcomponent aims to rectify this situation by investing in physical recovery.** Renovations will be informed by an engineering study and is expected to include replacing the roof, renewing the electrical wiring, and local area computer network, improving the perimeter wall, creating storage space using a shipping container, painting, safe room, repair of (and a service contract for) the generator and finishing the half-finished building on the plot. All renovations will be done within the existing ICASEES perimeter and do not include an expansion of the existing infrastructure footprint. Once renovations are completed and the network restored, ICASEES will be connected to the internet. This rehabilitation component will also cover investments in hardware, computers, tablets, stabilizers, photocopiers, office furniture (including safes), transport means and software. These investments will be informed by an inventory of existing assets and a needs assessment and will only be executed once a system of asset management has been put in place (see subcomponent on professionalization and modernization). The rehabilitation works are not expected to have any negative environmental or social impacts. The component will also complement non-salary funding to facilitate the daily functioning of ICASEES.

Subcomponent 1.3. Professionalization and modernization of ICASEES' management (US\$0.6 million equivalent)

23. **Satisfactory functioning of ICASEES is hindered by the lack of or inadequate adherence to procedures in all areas:** general management, human resources, procurement and fiduciary controls and by a lack of management autonomy. Years of ad hoc management under severe budget constraints, a difficult external environment and erratic demands for data have created a culture in which ad hoc fixes are norm. Execution and control functions are not clearly separated, paper trails are incomplete, and transparency is limited. This is further complicated by the fact that ICASEES lacks dedicated procurement and fiduciary staff.

24. **The first pillar of the professionalization of ICASEES aims to establish effective management practices through the adoption of clear administrative rules and the hiring of specialists.** Administrative manuals defining the policies and procedures for general operations, financial management, accounting, procurement, and personnel management will be prepared and adopted. These manuals will reflect relevant country systems and international standards. A Performance Based Financing (PBF) manual will also be prepared presenting deliverables, verification mechanisms, associated pay and its distribution. Data dissemination policies will be revised and the quality control function revamped. The manuals and procedures will not only cover this project but the overall management of ICASEES. This will be complemented with the hiring of (i) a procurement specialist; (ii) a financial management specialist; (iii) an assistant accountant; and (iv) a project assistant. These four project staff will train dedicated ICASEES staff to take over their functions during the course of the project so as to ensure a full integration of fiduciary and management functions within the agency.

25. **A second pillar aims to incentivize higher quality data and efficiency through the introduction of Performance Based Financing (PBF).** Currently, there are few incentives for producing high quality data, reducing costs, or delivering results faster. Instead, perverse incentives exist to maximize per diems by attending workshops, by creating overly large samples or to pursue other rent-seeking opportunities. Introducing PBF in the statistics



domain offers a way to reorient incentives towards improving data quality and value for money, critical for any statistical operation. ICASEES is a good candidate for PBF. It produces outputs that can be readily evaluated, the size of the agency is relatively small (simplifying the introduction of reforms), and ICASEES directors are motivated to break away from old practices. PBF requires identification of products that are purchased, their unit price, the verification mechanism that will be followed and a clear set of rules defining how good performance will be rewarded. In the PBF manual, each of these aspects will be defined for each activity. Activities that lend themselves to a PBF approach include all data production activities included in subcomponent 2.1. Prior to the start of each data production activity the PBF manual will be updated taking into account past experiences and the details of the activity under consideration. Table A1 Annex 4 present illustrations of how PBF works with respect to statistics.

26. The introduction of PBF is expected to be cost neutral. Allowances for committee meetings will be replaced by bonuses paid for quality work delivered, thus emphasizing outputs rather than process. More importantly activities will be rationalized, contracts negotiated at sharper rates, incentives to inflate data collection efforts reduced and the need for ‘corrective data cleaning’ measures will be less as data quality improves. The project will introduce well-specified performance criteria for the payment of premiums and for contracted services in the PBF manual.

27. A third pillar aims to strengthen the capacity for management autonomy, a critical aspect in increasing the legitimacy of a statistical agency. Autonomy helps insulate data production from political pressures and facilitates the creation of a conducive work environment. Although ICASEES has the underpinnings for legal autonomy, it lacks financial autonomy due to its tiny operational budgets and the absence of adequate financial management systems. Achieving true autonomy requires a professionalized management structure and demonstrated financial management capacity. A first step in this direction has been taken by appointing the members of the Board of Directors. This Board will need to oversee the professionalization of ICASEES and replace the oversight function of the Ministry of Economy. Achieving full autonomy will only be possible once ICASEES is in a position to execute its own budgets and hire its own staff, and if the authorities allocate sufficient budget for its activities. ICASEES is envisaged to be ready for this towards the end of the project at which point public finances are expected to have recovered sufficiently to permit adequate public funding for statistics. This sub-component will finance studies, (legal) consultants, Board meetings, and training of Board members and ICASEES staff to prepare for management autonomy. Full autonomy (budget execution and personnel management) are condition for considering any request for additional financing or for a follow up project.

28. A fourth pillar aims to improve short and medium-term coordination and planning of data production. This comprises three aspects: agreement and adoption of the National Statistical Development Strategy (NSDS), coordination of statistical activities across different sectors, and donor coordination. These three aspects are related in that the NSDS identifies priority data collection activities to which all (including donors) should adhere. This requires donor coordination and recognition that many data production activities do not yield official statistics. As such they can just as well be produced by private entities, thus preserving the limited capacity of official institutions in the National Statistical System (NSS) for official statistics. This sub-component finances the coordination of the NSS, adoption and regular updating of the national statistical strategy, and collaboration on RPBA (Recovery and Peace Building Assessment) monitoring.

29. Subcomponent 1.4: Technical assistance in support of urgent data access, recovery and renewal (US\$ 0.494 million equivalent). There are a number of activities that need to be undertaken with urgency in the first years of the project. These activities which comprise short term internet connectivity (prior to the rehabilitation of the



building), recovery of lost data sets, restoring the library (digitally), the revision of the CPI (except for the budget survey which is covered under part 2.1) as well as the design and population and hosting of the website of ICASEES. The Trust Fund for Statistical Capacity Building (TFSCB) has agreed to fund these activities provided they are implemented during the first two years of the project, in accordance with the urgency of the activities at hand.

COMPONENT 2: DATA COLLECTION, PRODUCTION AND DISSEMINATION (US\$8.5 million equivalent)

30. In accordance with the principles described above funding for data production is separated into two sub-components: collection of critical data using a PBF approach and capacity development in support of data production and dissemination.

Subcomponent 2.1: Data collection using a PBF approach (US\$8.0 million equivalent)

31. National Accounts are at the heart of any statistical system as they are construed from data originating from multiple sources. Strengthening national accounts implies improving critical source data. For the CAR, this includes: price data (CPI; Producer Price Index (PPI)), consumption data and information on the informal sector (living conditions survey), data on agriculture (agricultural surveys), enterprise data (tax; enterprise survey), mining and information on public spending. Almost all these data serve multiple users: living conditions surveys provide the National Accounts with information about consumption and informal sector activities, but also offer information on poverty and many of the sustainable development indicators. Agricultural surveys provide information about agricultural GDP (approximately 40 percent of the total GDP of CAR), but also information about productivity, availability of inputs etc. Much of the national accounts information is derived from surveys, which in turn depend on up-to-date sampling frames to be accurate and representative.

32. The current sampling frame for household surveys is based on the 2003 census and is outdated. A first and critical step is therefore to produce a new sampling frame. Advances in census cartography and an integrated data collection approach offer a cost-effective alternative (to traditional approaches) and is pursued under this project. This alternative starts with an enhanced census cartography which can subsequently serve as a sampling frame for household welfare as well as agricultural surveys. Moreover, by combining this enhanced cartography with survey data, many, but not all³, indicators provided by population and agricultural censuses can be derived, thereby promoting value for money.

33. **Enhanced Census Cartography (US\$3.0 million equivalent):** This activity includes updating (using GPS) all enumeration area (EA) borders, enumerating the number of households in each EA, and a listing exercise establishing household size and whether households depend on agriculture for a living. In every EA information is also collected on physical characteristics (agro-ecological zone, rivers), infrastructure (settlements, schools, clinics, roads, bridges, markets, transhumance corridors, camps for displaced) as well as economic activities (crops grown). The thus generated data base can be reproduced in the form of maps and offers a complete inventory of all villages, schools, clinics, bridges and markets in the country. The data base offers information on population size by area (commune, sous-prefecture, prefecture, region and nation) and can subsequently be used as sampling frame for household surveys as well as agricultural surveys.

34. **Living Conditions Survey (US\$1.5 million equivalent):** The last welfare survey was conducted in 2008 and

³ So called low frequency events such as maternal mortality require a census to be estimated with any degree of accuracy.



updating welfare and poverty information is urgent. The project will align the CAR with survey practices in other WAEMU and CEMAC countries and generate statistics that are comparable to a large number of countries in West and Central Africa. Survey data harmonization is spearheaded by the WAEMU Commission which has indicated welcoming the participation of the CAR in its harmonization exercise. Participation ensures comparable best practice methods are used for pilot testing, sampling, training, fieldwork, supervision, verification, cleaning, and analysis, and ensures that training materials and pedagogy are effective and of high quality. The envisaged living conditions survey is multi-modular meaning that information on a large number of aspects will be collected, including consumption (critical for poverty estimates), informal sector activities (critical for national accounts) and farming practices.

35. **Annual Agricultural Surveys (US\$1.8 million equivalent):** The last time data to estimate agricultural GDP was collected from farmers was in 1992. Ever since estimates of agricultural GDP were based on projections. The project will address this shortcoming by revamping agricultural data collection. Information on rural households will be collected by the living conditions survey. This will be complemented with information on annual production. Production data will need to be combined with information on prices which will be collected using regular market surveys in selected locations. For Bangui, information collected for the consumer price index can feed the agricultural price system; for other markets other means of collecting price information will need to be developed. Price information collection under this component will be critical for the assessment of food security.

36. **Communal Monographies Survey (US\$0.45 million equivalent):** The RPBA was informed by the “Enquete nationale sur les monographies communales” a survey that collected information on the functionality of communal administrations, as well selected information from households, including subjective information on priorities. Data from this survey form the basis for the RPBA monitoring system and repeating the survey regularly is critical to assess progress made against targets agreed during the Brussels conference of November 17, 2016. The project envisages funding two rounds of this survey, on the assumption that additional rounds will be funded out of the RPBA monitoring system that is being established.

37. **Revised CPI (US\$0.4 million equivalent):** The CPI was last rebased in 1981 making its revision a matter of urgency (as reflected by the fact that this is one of the benchmark indicators for the IMF support program). The project will facilitate CPI revision including by estimating new product weights (necessitating a budget survey), reviewing the outlets from which prices are obtained, updating estimation methodology, software and by supporting price data collection for the duration of the revision (18 months). After the revision, the authorities through budget allocations of regular statistical activities are expected to pay for price data collection.

38. **Revised National Accounts (US\$0.85 million equivalent):** National Accounts face three fundamental challenges. Definitive national accounts for 2013-2016 have not been produced, critical information is not available, and the methodology used is outdated. The project will support the transition of the national accounts to the SNA 2008 methodology (with assistance from AFRITAC) as well as the collection of additional databases critical for the national accounts: enterprise census, trade information, public spending, mining data, and information on the business cycle. The project will support the preparation and publication of the national accounts for 2013-2016 and the subsequent years.

39. An agreed survey calendar is presented in Annex 5.



Subcomponent 2.2: Technical assistance to improve and modernize data production and dissemination (US\$0.5 million equivalent)

40. To modernize data production, computer-assisted personal interview (CAPI) systems will be introduced. These systems which rely on tablets as opposed to paper questionnaires for data collection to improve abilities for remote supervision and instant consistency checks to facilitate corrections while enumerators are still in the field and preclude the need for a separate data entry phase. The introduction of CAPI systems requires extensive training in developing the software applications, in project management, and supervision, as well as in interview techniques.

41. In addition funds will be made available for technical assistance. It involves hiring of specialists to facilitate methodological innovations and operational improvements. A substantial sub-component will be allocated for peer-to-peer learning particularly from other statistical offices in the sub-region. This can be in the form of study visits to these offices. Considering that most staff benefitted from training at the statistical school in Cameroon, twinning arrangements with the national statistical institute in Cameroon offers promising potential for ongoing knowledge exchange.

42. To stimulate analysis and dissemination of data, the project supports the preparation of interactive data dissemination allowing web-users to create their own tables out of survey data bases. In addition, the preparation of an annual statistical yearbook will be supported. Not only does this ensure that data becomes widely available, it also offers a good entry point for ICASEES to engage with the production of sector statistics.

43. To enhance quality control, new mechanisms will be introduced. First, performance based financing will be introduced to align incentives with the production of quality data in a timely and cost-effective manner. Second, the Board of Directors, tasked with oversight of ICASEES performance, will be trained in how to carry out this function. Thirdly, and only for major data production tasks, the project will rely on third party evaluators who assess data quality and make suggestions for improvements.

B. Project Cost and Financing

44. The total project cost is US\$ 10.494 million equivalent and will be financed through an IDA grant in the amount of US\$10 million and the Trust Fund for Statistical Capacity Building in the amount of US\$494,000. The project will be implemented during a period of five years (2017–2022). Table 1 shows the project cost and financing sources for the different components.

Table 1. Project Cost and Financing (US\$ million)

	IDA	TFSCB
Component 1. Statistical recovery, project management and professionalization and modernization of ICASEES	1.5	0.494
Component 2. Data Production, capacity building and dissemination	8.5	
Total	10.0	0.494



C. Lessons Learned and Reflected in the Project Design

45. Capacity building is an integral aspect of the project. Evaluations of past capacity building activities (e.g. Thomas K. Morrisson. 2005. *Statistical Capacity Building. Case Studies and Lessons Learned*. Washington, DC: IMF) have found that workshops or short-term training inputs were useful in introducing new ideas, but did little in improving skills. To avoid similar pitfalls this project will address capacity building not through general training, or broad workshops per se, but by focusing on the requirements of generating well-defined outputs and the skills needed to produce these outputs. Where possible regional collaboration and twinning with well functional statistical institutes will be explored.

46. Integrating the financing of core statistics into the budget will be vital for sustainability. Following the end of the African Development Bank funding of CPI data collection in April 2016, the request for government budget by ICASEES was not granted until October 2016 resulting in a period in which price data were not collected. Since that time, price data collection has resumed. Drawing from this lesson, the project, by increasing the institutional capacity of ICASEES will insist that the government funds routine data collection through the annual budgeting cycle.

47. Hoogeveen and Nguyen (2016. *Statistics Reform in Africa: Aligning Incentives with Results*. Washington DC: World Bank) argue that in many instances poor incentives, as opposed to limited capacity is the main reason for the production of low quality statistics. This project takes this insight into account by paying particular attention to institutional reform (i.e. full autonomy for ICASEES) as well as reforms leading to a better alignment of financial incentives with performance in data production (introduction of PBF).

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

48. ICASEES is the implementing agency for this project. The national statistical institute is at the heart of the national statistical system. Although ICASEES has the legal underpinnings to be autonomous, ICASEES currently operates under the administrative supervision of the Ministry of Economy, Planning, and International Cooperation and lacks financial autonomy. The institute has experience conducting national surveys and censuses, and has the technical capabilities to conduct the data production activities of this project. As mentioned above, the fiduciary capacity of ICASEES will need to be strengthened through Component 1.

49. A new Board of Directors that oversees ICASEES was appointed in December 2016. It is tasked to oversee the professionalization of ICASEES, to review the data production plans and budgets, and to hold the management accountable for delivering results –as such the Board plays a critical role in implementing PBF. The Board is expected to gradually assume the administrative oversight responsibilities currently provided by the Ministry of Economy. The Director General (DG) of ICASEES reports to the Board.

50. To promote transparency and coordination within ICASEES, a Committee of Directors, comprising of the Director General and the departmental Directors of ICASEES, oversees project implementation as well as statistical activities funded by others. This Committee is responsible for planning of activities, approval of implementation plans and budgets for project activities, and evaluation of progress and results. The DG assumes ultimate fiduciary



responsibility. A “Project Assistant” supports the Committee, serving the role of secretary while actively monitoring that the agreed procedures are followed. Once projects are approved by the Committee of Directors, a designated director will oversee its implementation on a day to day basis.

51. Supervision and guidance are provided by the Emergency Project for the Rehabilitation of Public Services (PURSeP, Ministry of Finance and Budget) consistent with arrangements outlined for the Turnaround Regime. During the implementation of the Project Preparation Advance (PPA) and till fiduciary responsibility has shifted to ICASEES, the Project Implementation Unit based in the Ministry of Finance and Budget and Budget (the Monitoring Unit for Economic and Financial Reforms, CS-REF) bears overall fiduciary responsibility for project activities so as to mitigate fiduciary risk. This PIU is responsible for all procurement activities. Technically procurement and financial management tasks will be prepared by a procurement specialist and a financial management specialist hired by the project (required by legal covenants) who reinforce ICASEES’s fiduciary capacity. These specialists operate under the guidance of the PURSep PIU. Only upon a successful review of ICASEES fiduciary capacity, will fiduciary responsibility shift to ICASEES. The transfer of fiduciary responsibility will build institutional capacity at ICASEES and ready the institute for the responsibilities that come with full autonomy.

52. On the World Bank side, the project plans to engage a fixed term staff or full-time consultant in Bangui to enhance supervision of the project and provide implementation support, in particular with respect to the introduction and supervision of the performance based financing.

B. Results Monitoring and Evaluation

53. The project’s monitoring and evaluation framework focuses on accountability for results. The Board of Directors for ICASEES will be critical in monitoring the overall performance of ICASEES with respect to achieving the agreed annual objectives and indicators. In turn, the Committee of Directors will be responsible collectively for monitoring and evaluating the implementation of the portfolio of activities as well as adherence to financial management protocols.

54. With the introduction of PBF, the definition of PBF outputs and associated payments will need to be calibrated to effectively and efficiently incentivize the timely production of high quality data. PBF results will be validated internally and selected results –such as the quality of survey data, will be verified by an independent third party.

C. Sustainability

55. The financing of routine data collection and analysis for core statistics (CPI, national accounts) will need to be integrated into the government budget for the activities to be sustainable. The same holds for welfare surveys which are expected to be implemented every three years, though the substantial outlays required and the precarious budget situation in the country, these may be included in any follow up project or additional financing.

56. The professionalization of ICASEES will not only benefit implementation of this project but also continue beyond this project period. The manuals, operating procedures, and management practices adopted for this project are intended to cover all activities of ICASEES both during and after the project period. The project will be set up such that institutional development such as the Committee of Directors and manuals will continue beyond the end of this project. However, given the precarious financial situation in the country, additional financing may be needed in the future, particularly to support large surveys and censuses and to improve the quality of sector



statistics.

D. Role of Partners

57. The project will actively reach out to partners to collaborate on this project. Coordination among donors on survey planning will help preclude surpassing ICASEES capacity and would ultimately help improve data quality. For data collection efforts that are not related to national statistics, partners (including World Bank) are encouraged to hire private sector agents. Financial contributions will be solicited for supplementary activities such as the monitoring of the RPBA. The fixed term staff / consultant referenced above is expected to play a critical role coordinating partners from Bangui.

V. KEY RISKS

A. Overall Risk Rating and Explanation of Key Risks

58. The overall risk rating for this project is substantial.

59. The political and governance risk is rated high because of the possibility of conflict recurring. Countries emerging from a situation of conflict face a high risk of falling back into conflict (WDR 2011). To reduce the impact of such an eventuality and to avoid the further loss of valuable data, the project invests in digitization, archiving and secure data storage in the cloud. In addition, investments in durable goods is reduced to bare essentials. Furthermore, in light of the continued insecurity and flare-ups of local conflicts, there is a risk that data collection throughout the entire country may not be possible at times, which may lead to delays or less than full coverage.

60. Institutional capacity and sustainability risks are also high due to the limited institutional capacity of ICASEES. The institute will need to go through major management reform to transform itself and to enable the available human capacity to deliver high quality statistical products.

61. Sector strategies and policies are rated as high risk to capture risks existing at the political level resisting management autonomy of ICASEES, and at the institute itself from staff where there is no experience with performance based management. The project will support progress towards management autonomy and invest in capacity building in change management. To this end technical assistance to the management team will be offered.

62. Fiduciary risks are rated as high. At present, ICASEES does not have a unit responsible for financial management and procurement. Through a project preparation advance, this issue will be addressed, including through the hiring of dedicated local specialists and the preparation of an operating manual which is adequate for project management. Prior to the creation of adequate fiduciary capacity at ICASEES, the PURSeP PIU will be responsible for all fiduciary aspects related to the project.



VI. APPRAISAL SUMMARY

A. Economic and Financial (if applicable) Analysis

63. Spending on the production of statistics yields a good return on investment. Research in middle income contexts has demonstrated that the availability of quality, transparent, and timely disseminated macroeconomic and financial data reduces sovereign borrowing costs on international capital markets. Adherence to the Special Data Dissemination Standards (SDDS), for instance, has been found to lower borrowing costs by 50 basis points, by reassuring international investors on the reliability and serviceability of a country's economic and financial data.⁴ There is no reason to believe that in a fragile, low income context the returns would be less. In fact, through its ability to facilitate planning and targeting, the returns on statistics can be expected to be very high. By ensuring that data become publicly available, this project also facilitates accountability, another known route to improved service delivery and greater efficiencies in public spending. These benefits may be hard to quantify but it is evident that the opportunity costs of poor (or no) data are high. In the absence of reliable data, the likelihood that public spending is misallocated increases dramatically as does the ability to assess whether spending is used efficiently.

64. Statistics are a public good. Once produced, statistics can be used by different levels of government, citizens, and businesses to facilitate evidence-based decisions in their spheres of interest. Public investment in statistics thus creates positive externalities. Moreover, the process of planning, policymaking, and monitoring and evaluation of government policies require a wide variety of development, social, and economic statistics, which only the public sector has an incentive to provide. While the private sector can and does collect specific statistics, they are unlikely to invest in the kind of statistics a national agency provides (CPI; national accounts; welfare). Left to the market there would likely be significant underinvestment.

65. The comparative advantage of the World Bank is on the one hand the wide range of technical expertise the World Bank has to offer. Rebuilding statistics will require support in a diverse set of areas spanning institutional reform, human resource development, fiduciary capacity building but also survey implementation, national accounts revision and data archiving and publication. The World Bank has this expertise in-house and is thus able to offer timely support and informed supervision. A second comparative advantage is that the World Bank is the only donor with experience with performance based financing. A final comparative advantage of the World Bank is that as the largest donor in the Central African Republic the World Bank is engaged in most high-level discussion about policy planning and follow up. These processes are data-intensive and the World Bank is in a good position to facilitate data production by ICASEES and data use by decision makers

B. Technical

66. ICASEES has the technical staff to design, organize, and implement the data production activities in this project. ICASEES is comprised of about 43 staff, most of whom are trained as statisticians, demographers, sociologists and economists. Also, the supply of highly qualified graduates from statistical schools continues to exceed the available job opportunities at ICASEES, and the pool of qualified consultants is adequate to field large surveys. Staff who remain at ICASEES are generally motivated and technically competent in their respective statistical specialties. With that said, staff could benefit from learning about new technologies and methodologies

⁴ Cady, J. 2005. "Does SDDS Subscription Reduce Borrowing Costs for Emerging Market Economies?" IMF Staff Paper 52(3). The International Monetary Fund.



in selected areas.

67. With respect to the broader statistical system, technical capacity varies widely across agencies but as a whole is relatively weak. Attempts to improve the entire national statistical system at once is likely to fail given the extent of improvements needed. Instead, focusing on first strengthening the core of the national statistical system, that is ICASEES, would be advantageous in that it could subsequently provide technical assistance to others agencies as well as coordinate activities across line ministries more effectively. In addition, activities such as updating sampling frames and creating an online portal for data dissemination will benefit other agencies.

C. Financial Management

68. Country fiduciary risk was already high prior to the crisis and has not improved since as a consequence of delays in the implementation of critical Public Financial Management (PFM) reforms agreed with donors in 2012. In fact, the recent crisis deepened existing weaknesses and capacity shortages in the fields of financial management and procurement in the country. The 2016 Financial Management (FM) assessment revealed several weaknesses including the absence of a manual of procedures, the lack of accounting software, lack of annual financial statements, and absence of an external auditor. The project will address this and make sure auditing arrangements acceptable to the World Bank are put in place.

69. The ICASEES will have the overall coordinating role under the project. A financial management assessment of ICASEES was conducted during preparation to check whether this entity could manage the proposed Project considering the country's post-conflict status. The objectives of the assessment were to determine whether (a) the fiduciary department (DR) of ICASEES has adequate FM arrangements in place to ensure that the funds will be used efficiently and economically for the intended purposes, and that the entity is capable of correctly and completely recording all transactions and balances related to the Project; (b) the project's financial reports will be prepared in an accurate, reliable, and timely manner; (c) the entity's assets will be safely guarded; and (d) the project will be subjected to auditing arrangements acceptable to the World Bank.

70. The 2016 assessment revealed several weaknesses including the absence of a manual of procedures, the lack of accounting software, lack of annual financial statements, and absence of an external auditor. The FM team at ICASEES is not familiar with World Bank procedures in terms of reporting, auditing and disbursement.

71. The World Bank's principal concern is to ensure that project funds are used economically and efficiently for the intended purposes. Assessment of the risks that the project funds will not be so used is an important part of the FM assessment work. The risk features are determined by two elements: (a) the risk associated to the project as a whole (inherent risk), and (b) the risk linked to a weak control environment of the project implementation (control risk). The World Bank recommendations are:

72. **Elaboration of a Project Implementation Manual (PIM).** Before the project becomes effective, the PIM and the PBF manual (disbursement condition for component 2.1 (data production)) will detail the roles and responsibilities of all involved stakeholders, as well as the project implementation mechanisms. The PIM contains detailed arrangements, procedures and mechanisms for: (i) institutional coordination and project implementation; (ii) the roles and responsibilities of all involvement stakeholders; (iii) project budgeting, accounting, disbursement and financial management; (iv) procurement; (v) monitoring, evaluation, reporting and communication; and (vi)

such other administrative, financial, technical and organizational arrangements and procedures as shall be required for purposes of implementing the project.

73. The following actions have been set as dated covenants: (a) the recruitment of a Financial Officer familiar with World Bank procedures; (b) the recruitment of assistant accountant no later than three months after effectiveness; (c) the recruitment of an external auditor to audit annual financial statements no later than 5 months after effectiveness; and (d) installation or customizing of a computerized accounting system no later than 5 months after effectiveness.

74. **Anticorruption measures.** The risk of irregularities and corruption within the project activities is substantial given the country context and the nature and implementation arrangements of the project activities. Corruption and poor service delivery are recognized as key challenges in CAR's public sector and, more specifically, for a project that involves several entities with relatively diverse interests. In addition, the lack of appropriate oversight and adequate operational tools could jeopardize project implementation. It is thought that the financial management will satisfy the World Bank's minimum requirements under OP/BP 10.00 once mitigation measures have been implemented. An FM Action Plan to enhance the FM arrangements for the project is included in Annex 3. The overall FM risk rating for the project is assessed as Substantial after implementation of mitigation measures.

75. **Reliance on PURSeP PIU.** During the PPA period and prior to the shift of fiduciary responsibility to ICASEES the PURSeP PIU will take responsibility for financial management of the project. The PIU will also offer coaching to fiduciary staff hired by ICASEES to facilitate a timely transfer of responsibilities to ICASEES.

Table 2: Categories of eligible expenditures

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, and consulting services, Operating Costs and Training for the Project other than Parts 1.4 and 2.1 of the Project.	1,100,000	100 %
(2) PBF payments under Part 2.1 of the Project	5,900,000	100%
(3) Refund of Preparation Advance	400,000	Amount payable pursuant to Section 2.07 of the General Conditions
TOTAL AMOUNT	7,400,000	

D. Procurement

76. Procurement for goods, non-consulting, and consulting services for the project will be carried out in accordance with the procedures specified in the "World Bank Procurement Regulations for IPF Borrowers" dated July, 2016 (Procurement Regulations) and the World Bank's Anti-Corruption Guidelines: Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants (revised as of July 1, 2016), as well as the provisions stipulated in the Financing Agreement.

77. All goods and non-consulting services will be procured in accordance with the requirements set forth or referred to in the Section VI. Approved Selection Methods: Goods, Works and Non-Consulting Services of the "Procurement Regulations," and the consulting services will be procured in accordance with the requirements set



forth or referred to in the Section VII. Approved Selection Methods: Consulting Services of the “Procurement Regulations,” the Project Procurement Strategy for Development (PPSD), and Procurement Plan approved by the World Bank. The Procurement Plan, including its updates, shall include for each contract (a) a brief description of the activities/contracts, (b) the selection methods to be applied, (c) the cost estimates, (d) time schedules, (e) the World Bank’s review requirements; and (f) any other relevant procurement information. The Procurement Plan covering the first eighteen (18) months of the project implementation have been agreed by the World Bank at negotiations. Any updates of the Procurement plan shall be submitted to the World Bank’s approval. The Recipient shall use the World Bank’s online procurement planning and tracking tools to prepare, clear and update its Procurement Plans and conduct all procurement transactions.

78. A PPSD was prepared to ensure the procurement activities are packaged and prepared in such a way as to minimize the risk. The PPSD concludes that the environment is favorable for procurement of the activities envisaged under the proposed project. These comprise primarily transport services and consultants. Amongst the latter the PPSD makes a distinction between (i) specialized consultants and (ii) interviewers and data clerks.

79. Procurement Assessment: The overall project risk for procurement is rated high. Due to existing weaknesses in the ICASEES’s procurement system, which tend to cause substantial delay in the procurement process the World Bank team has recommended the following measures: (i) sign a Memorandum of Understanding (MoU) between the ICASEES and the PURSeP PIU based in the Ministry of Finance and Budget (MFB) to manage all the project’s procurement process, including the signing and approval of contracts during the Project Preparation Advance (PPA) and till fiduciary responsibility has shifted to ICASEES. This MoU has already been signed. (ii) Anticipate all procurement activities as mentioned in the PPSD and the Procurement Plan ; and (iii) closely supervise all procurement activities. These measures will be pursued during the PPA period and during implementation.

80. During the PPA period and prior to the shift of fiduciary responsibility to ICASEES the procurement activities of the PURSeP PIU include amongst others (i) the purchase equipment; (ii) hiring respectively a procurement specialist, financial management specialist and a consultant to elaborate the Project Implementation Manual and the PBF manual.

81. Following the PPA period and upon the successful completion of a fiduciary capacity assessment of ICASEES (and the finding that ICASEES is ready to carry the responsibility), will fiduciary responsibility shift to ICASEES, (disbursement will only be allowed once a manual of rules and procedures on general administration, financial management, accounting, and procurement has been approved (effectiveness condition), along with the PBF manual –this is a disbursement condition), while the PIU in the Ministry of Finance and Budget will coach ICASEES staff throughout the duration of the project. The PIU will designate two full time professional staff who will be responsible for procurement activities of the project and he/she will be in charge of coaching daily to daily the ICASEES fiduciary staff, providing support, assistance and training.

82. A summary procurement risk assessment of the PURSeP PIU was carried out and the procurement risk is rated “Moderate”. This PIU was created more than ten years and has good experience working with the World Bank and applying related policies and procedures. In addition, this will be the first project to be implemented in Central African Republic under the World Bank New Procurement Framework.

83. To mitigate risks and build capacity within ICASEES, the following measures are recommended: (a) the creation of a unit within the ICASEES Department of Resources that is charged with procurement and logistics; and (b) revitalization of the Financial and Inventory Management Service by hiring an accountant and establishing a system



to evaluate staff performance. Also, to enhance internal controls, a manual of rules and procedures on general administration, financial management, accounting, and procurement is needed. This should clearly define the role and responsibilities of each department and service, the functional relationship between units, and the modalities and procedures.

E. Social (including Safeguards)

84. Project activities are not expected to have any adverse social impacts. The project is mainly focused on strengthening ICASEES performance and improving data availability, which have low risks with respect to social safeguards. The rehabilitation of the ICASEES buildings will not involve new land acquisition nor any potential for physical resettlement or impediments of access. Guidance will be provided to ensure that basic hygiene and worker health and safety rules are observed during building rehabilitation.

85. Citizen engagement is operationalized by ensuring that data users have an opportunity to make suggestions for the kind of information that should be during the design stage of every major data production activity. In addition, by committing to making data publicly available, citizen engagement with decision making is facilitated.

F. Environment (including Safeguards)

86. While there are some rehabilitation of the ICASEES buildings anticipated under sub-component 1.2, the project activities are not expected to have adverse environmental impacts. The rehabilitation of ICASEES buildings are minor and do not expand the existing 'footprint' of the buildings. This project is designated category C per the World Bank's policy on Environmental Assessment (OP/BP 4.01).

G. Other Safeguard Policies (if applicable)

87. Not applicable.

H. World Bank Grievance Redress

88. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the World Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and World Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.



VII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY : Central African Republic
Data for Decision Making

Project Development Objectives

To increase the capacity of the national statistical institute (ICASEES) to produce and publicly disseminate statistics through data recovery, institutional development and support to data production.

Project Development Objective Indicators

Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Name: A secure electronic data archive exists		Yes/No	N	Y	Annual	PBF results report	Committee of Directors
Description:							
Name: Rebased national accounts are being published		Yes/No	N	Y	Annual	ICASEES website	Committee of Directors
Description:							



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Name: Statistical data sets are publicly disseminated online.		Number	0.00	6.00	Annual	ICASEES website	Committee of Directors
Description:							

Intermediate Results Indicators

Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Name: Newly produced data and documents digitized and stored in a secure, publicly accessible, data archive		Number	0.00	4.00	Annual	ICASEES website	Committee of Directors
Description:							
Name: ICASEES website provides online public access to databases and reports		Yes/No	N	Y	Annual	ICASEES website	Committee of Directors
Description:							



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Name: Survey questionnaires are reviewed by data users and checked for the possibility for gender disaggregation		Yes/No	N	Y	Annual	PBF results report	Committee of Directors
Description:							
Name: Statistical data sets produced in accordance with an agreed data production calendar		Yes/No	N	Y	Annual	Annual work plan	Committee of Directors
Description:							
Name: Board of Directors for ICASEES meets at least twice a year		Yes/No	N	Y	Annual	Minutes of Board of Director meetings	Committee of Directors
Description:							
Name: Physical work environment rehabilitated		Yes/No	N	Y	Annual	PBF results report	Committee of Directors
Description:							



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Description:							
Name: National sampling frame is updated		Yes/No	N	Y	Annual	ICASEES website	Committee of Directors
Description:							



Target Values

Project Development Objective Indicators

Indicator Name	Baseline	YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8	YR9	End Target
A secure electronic data archive exists	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Rebased national accounts are being published	N	N	N	N	N	Y	Y	Y	Y	Y	Y
Statistical data sets are publicly disseminated online.	0.00	1.00	3.00	4.00	5.00	6.00	6.00	6.00	6.00	6.00	6.00

Intermediate Results Indicators

Indicator Name	Baseline	YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8	YR9	End Target
Newly produced data and documents digitized and stored in a secure, publicly accessible, data archive	0.00	1.00	2.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
ICASEES website provides online public access to databases and reports	N	N	Y	Y	Y	Y	Y	Y	Y	Y	Y



Indicator Name	Baseline	YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8	YR9	End Target
Survey questionnaires are reviewed by data users and checked for the possibility for gender disaggregation	N	N	Y	Y	Y	Y	Y	Y	Y	Y	Y
Statistical data sets produced in accordance with an agreed data production calendar	N	N	N	Y	Y	Y	Y	Y	Y	Y	Y
Board of Directors for ICASEES meets at least twice a year	N	N	Y	Y	Y	Y	Y	Y	Y	Y	Y
Physical work environment rehabilitated	N	N	N	Y	Y	Y	Y	Y	Y	Y	Y
National sampling frame is updated	N	N	N	N	Y	Y	Y	Y	Y	Y	Y





ANNEX 1: DETAILED PROJECT DESCRIPTION

COUNTRY : Central African Republic Data for Decision Making

1. The project comprises two components (1) statistical recovery, project management and professionalization and modernization of ICASEES' management, and (2) data collection, production, and dissemination. The project has a total cost of US\$10.494 million equivalent provided through an IDA grant (US\$ 10.0 million equivalent; 7.4 million SDR) and TFSCB trust fund (US\$ 0.494 million equivalent).
2. In the selection and definition of project activities particular attention has been paid to the fact that the CAR is expected to remain insecure during the implementation period and government revenue limited. Consequently the purchase of assets and durable goods is minimized while remote supervision (CAPI), and data collection (use of satellite imagery) and use of the cloud for data storage and archiving are encouraged.
3. Capacity building is an integral aspect of the project. The approach taken is one where staff will received training tailored to the activities for which they are responsible. Preference is given to training by peers, particularly those from the sub-region.
4. The project adheres to open data principles and all data produced with World Bank funding will be made publicly available (provided it meets confidentiality standards).

Component 1. Statistical recovery, project management and professionalization and modernization of ICASEES (US\$1.5 million equivalent)

Subcomponent 1.1. Data Recovery (US\$0.2 million equivalent)

5. ICASEES' buildings, data bases and library show the signs of war and years of neglect. Space is constrained (one of ICASEES buildings was confiscated for use as election center) and in an attempt to protect valuable maps (from the 2003 census) and statistical documents from looters, they have been haphazardly locked into a room for safe keeping.
6. This subcomponent covers restoring, digitizing and archiving (to the degree possible) lost data bases and making them publicly accessible through the ICASEES website.
7. A first activity is the restoration of the 2003 census cartography. Any population census starts with a cartographic exercise in which enumeration areas (i.e. the area that one enumerator can cover during the implementation of the census) are delineated. These maps contain valuable information on roads, bridges, location of villages, hamlets and 'campements', as well as transhumance routes and the official commune, sous-prefecture and prefecture borders, and provide the basis to the sampling framework. These maps will be digitized and made available on-line as public-use files.
8. A related activity is the digital archiving statistical publications. Documents that have been preserved will be scanned, indexed and made available on-line (much as documents are available as google-books) as well as the



recovery of remaining digital data bases from different storage devices (computers, laptops, CDs etc.). Once digitized and indexed all these data bases will be archived and made accessible online, implying investments in web design, secure digital data storage in the cloud, as well as in training ICASEES staff in archiving and web-site maintenance.

Subcomponent 1.2. Rehabilitation of ICASEES' physical and data infrastructure (US\$0.7 million equivalent)

9. ICASEES physical infrastructure is dilapidated. Of the two buildings that are currently in use, one has a leaking roof. A large part of the other available building is used for storing field materials (scales, measure boards etc.). Electrical wiring is aged (over 40 years old), there is no functional intranet, the generator is broken and staff lack space to work. Some of the most basic tools are missing. This subcomponent aims to rectify this situation by investing in physical recovery. Informed by an engineering study, it includes the renovation of ICASEES' building (the building confiscated by MINUSCA was already rehabilitated), including roof, electrical wiring and intranet. Once renovation has been completed and the network restored, ICASEES will be connected to the internet. Renovation of physical infrastructure will involve increasing the security of the compound by strengthening and increasing the perimeter wall, repair of (and a service contract for) the generator and the purchase of storage space (shipping containers).

10. This rehabilitation component also covers investments in hardware, computers, tablets, stabilizers, photocopiers, office furniture (including safes), transport means and software. These investments will be informed by an inventory of existing assets and a needs assessment and will only be executed once a system of asset management has been put in place (see subcomponent on professionalization and modernization). The component will also complement available non-salary funding to facilitate the daily functioning of ICASEES.

Subcomponent 1.3. Professionalization and modernization of ICASEES' management (US\$0.6 million equivalent)

11. Satisfactory functioning of ICASEES is hindered by inadequate adherence to procedures in all areas: general management, HR, procurement and fiduciary controls and by a lack of management autonomy. Years of ad hoc management under severe budget constraints, a difficult external environment and erratic demands for data have created a culture in which pragmatic fixes are the norm. Execution and control functions are not clearly separated, paper trails are incomplete, and transparency is limited. This is further complicated by the fact that ICASEES lacks dedicated procurement and fiduciary staff.

12. The project will modernize and professionalize management of ICASEES starting with the preparation and adoption of administrative manuals. These will cover operational procedures, financial management and accounting, procurement, and personnel management and training. Data dissemination policies will be revised and the quality control function revamped. This will be complemented with the hiring of a procurement and a fiduciary specialist, an assistant accountant as well as with a project assistant, who under the guidance of the Committee of Directors will facilitate oversight over the project and ensure the agreed procedures are put in place and adhered to. These four project staff will train dedicated ICASEES staff to take over their function midway the project.

13. The manuals and procedures that will be adopted will extend their validity beyond project activities and are meant to guide overall management of ICASEES. For instance, the project envisages a Committee of Directors comprising of the directors of ICASEES and the DG that meets every week to monitor progress in project implementation. It is expected that this Committee will also consider all non-project activities at ICASEES.

14. A second pillar to the professionalization and modernization of ICASEES is the introduction of Performance Based Financing for activities with concrete outputs (data rehabilitation, data production). ICASEES offers a good opportunity to introduce PBF into statistics as there exist concrete products that can be purchased, as the size of the agency is relatively small (simplifying the introduction of reforms) and as ICASEES directors are motivated to break with the old ways of doing thing.

15. PBF requires identification of products that are purchased, the unit price, the verification mechanism and a clear set of rules defining how good performance will be rewarded. In the PBF manual, each of these aspects will be defined for each activity. Activities that lend themselves to a PBF approach include those included in subcomponent 2.1., National Accounts, CPI, monthly, quarterly and annual publications as well as survey data collection. Prior to the start of each of these activities the PBF manual will be updated taking into account past experiences and the details of the activity under consideration. See Annex 4 for more details on the PBF approach.

Table A1: Illustration of performance criteria for a household survey

Product	Evaluation criteria	Objective
<i>Sampling plan</i>	Predicted standard error per domain (sampling plan)	Provide incentives for right-sized samples
<i>Survey Instruments</i>	Questionnaires and enumerator manuals prepared in collaborative manner Number of errors in skip patterns Consistency in response categories	Assure various data users have opportunity to offer inputs Assure attention to detail in instrument design Facilitate data harmonization
<i>Trained enumerators</i>	Duration of CAPI interviews during final field test (min, max, average) Errors in household composition (ex post verification by supervisors)	Incentivize deep knowledge of instruments Avoid strategic non-response
<i>Data</i>	Replacement rate Duration of CAPI interviews (min, max, average) Number of data entry errors (CAPI) Percent of interviews carried out at correct location Distribution of household size Overall duration of the survey Ration of supervision to enumerator days	Avoid non-representative samples Align enumerator practices with quality data Assure continued attention to accuracy by enumerators Avoid interviewers filling out instruments without interviewing Avoid strategic omission of critical information Assure efficient survey management Avoid excessive or too little supervision
<i>Dissemination</i>	Anonymized data downloadable from website Report published and disseminated	Data made publicly available

16. The introduction of PBF is expected to be cost neutral. Allowances for committee meetings will be abolished. More importantly activities will be rationalized, contracts negotiated at sharper rates, incentives to inflate data collection efforts reduced and the need for ‘corrective data cleaning’ measures will be less as data quality improves.



17. In addition to PBF the project will introduce well-specified performance criteria for the distribution of PBF payments. For enumerators and providers of transport services (these make up 60 percent of the value of the primary data collection efforts) the introduction of performance criteria implies payments that depend on the quality of service provided.

18. A third pillar of ICASEES' professionalization is strengthening its management autonomy. Management autonomy is critical for a statistical agency. It insulates data production from political pressures and facilitates the creation of a conducive work environment. The 2001 Statistics Act (Loi 01/008) envisages an autonomous statistical agency that operates under the oversight of a Statistics Board with responsibilities for the entire national statistical system. The 2015 Decree sur l'ICASEES indeed creates ICASEES as an autonomous body. However, ICASEES autonomy is mostly de jure and not de facto. Tiny operational budgets and the absence of adequate procurement, fiduciary and management systems hinder the emergence of a fully autonomous ICASEES. Achieving de facto autonomy requires working on multiple aspects. Professionalized management of ICASEES is needed to comfort the Ministry de Tutelle (Ministry of Economy and Planning) and to convince it to let go. As a first, step a Board of Directors was appointed which will oversee the professionalization of ICASEES and replace the oversight function of the Ministry de Tutelle.

19. Achieving full autonomy of ICASEES will only be completed once ICASEES is in a position to execute its own budgets and hire its own staff, and if the authorities allocate sufficient funds to ICASEES. ICASEES is envisaged to be ready for this towards the end of the project. Towards the end of the project public finances, are also expected to have recovered sufficiently to permit adequate public funding of ICASEES. This sub-component thus finances studies, (legal) consultants, the regular functioning of the Board and training leading to assure management autonomy.

20. Full autonomy (budget execution and personnel management) are conditions for considering any request for additional financing or for a follow up project.

21. A fourth pillar is statistical coordination. It comprises three aspects: agreement and adoption of the National Statistical Strategy, coordination of statistical activities across different sectors and donor coordination. These three aspects are interrelated: the National Statistical Strategy identifies priority data collection activities to which all (including donors) should adhere. This requires donor coordination and recognition that many data production activities do not yield official statistics. As such they can just as well be produced by private entities, thus preserving the limited capacity of official institutions in the National Statistical System for official statistics.

22. This sub-component finances the coordination of the NSS and adoption and regular updating of the national statistical strategy.

23. **Subcomponent 1.4: Technical assistance in support of urgent data access, recovery and renewal (US\$0.494 million equivalent).** There are a number of activities that need to be undertaken with urgency in the first few years of the project. These activities which comprise short term internet connectivity (prior to the rehabilitation of the building), digital data recovery, the revision of the CPI (except for the budget survey which is covered under part 2.1), as well as the design, population and hosting of the website of ICASEES. The TFSCB TF has agreed to fund these activities provided they are implemented during the first two years of the project, in accordance with the urgency of the activities at hand.



Component 2. Data Collection, Production, and Dissemination (US\$8.5 million equivalent)

24. In accordance with the principles described above funding for data production is separated into two sub-components: collection of critical data using a PBF approach and capacity development in support of data production and dissemination.

Subcomponent 2.1. Data collection using a PBF approach (US\$8.0 million equivalent)

25. National Accounts are at the heart of any statistical system as they are construed from data originating from multiple sources. Strengthening national accounts implies improving critical source data. For the Central African Republic this includes: price data (CPI; PPI), consumption data and information on the informal sector (living conditions survey), data on agriculture (agricultural surveys), enterprise data (tax; enterprise survey), and information on public spending. Almost all these data serve multiple users: living conditions surveys provide the National Accounts with information about consumption and informal sector activities, but also offer information on poverty and many of the SD indicators. Agricultural surveys provide information about agricultural GDP (approximately 40 percent of the total GDP of CAR), but also information about productivity, availability of inputs etc.

26. Much of the national accounts information is derived from surveys, which in turn depend on up to date sampling frames to be accurate and representative. Sampling frames in use are based on the 2003 census, and are out of date. A first and critical step is therefore to reconstruct new sampling frames. Traditional practice is to derive sampling frames for welfare surveys from the population census, frames for the agricultural surveys from a census of rural households and the frame for enterprise surveys from an enterprise census. As censuses are expensive (the cost of the agricultural census alone has been put at US\$8 million), this practice presents a major obstacle to improved data collection.

27. Advances in census cartography and an integrated data collection approach offer a cost-effective alternative however which is pursued under this project. This alternative starts with an enhanced census cartography which can subsequently serve as sampling frame for welfare as well as agricultural surveys. Moreover, by combining this enhanced cartography with data from surveys most, but not all, indicators provided by population and agricultural censuses can be derived.

28. *Enhanced census cartography (US\$3.0 million equivalent)*: This activity includes updating (using GPS) all enumeration area (EA) borders, enumerating the number of households in each EA, and a listing exercise establishing household size and whether households depend on agriculture for a living. In every EA information is also collected on physical characteristics (agro-ecological zone, rivers), infrastructure (settlements, schools, clinics, roads, bridges, markets, transhumance corridors, camps for displaced) as well as economic activities (crops grown). This data base can be reproduced in the form of maps and offers a complete inventory of all villages, schools, clinics, bridges and markets in the country. The data base also offers information on population size by area (commune, sous-prefecture, prefecture, region and nation) and can subsequently be used as sampling frame for household surveys as well as agricultural surveys.

29. *Living conditions survey (US\$1.5 million equivalent)*: The last welfare survey dates from 2008 and updating welfare and poverty information is urgent. The project will align CAR with survey practices in other WAEMU and CEMAC countries and generate statistics that are comparable to a large section of West and Central Africa. Survey



data harmonization is spearheaded by the WAEMU Commission which has indicated to welcome the participation of CAR in its harmonization exercise. Participation ensures comparable best practice methods are used for pilot testing, sampling, training, fieldwork, supervision, verification, cleaning, and analysis, and ensures that training materials and pedagogy are effective and of high quality. The benefits extend beyond the technical to the political. All of the participating countries will move to the new methodology at the same time, which can be used to explain the disruption in the poverty series to the public. In addition, there is increased credibility for individual countries, particularly in the results are politically unpopular, if there is a common methodology, which then increases the independence and autonomy of the statistics agency.

30. The envisaged living conditions survey is multi-modular implying that information on a large number of aspects will be collected, including consumption (critical for poverty estimates), informal sector activities (critical for national accounts) and farming practices. By combining data from the living condition survey with information from the census cartography poverty maps can be produced as well as estimates on the age distribution of the population and population growth.

31. *Annual agricultural surveys (US\$1.8 million equivalent)*: The last time data to estimate agricultural GDP was collected from farmers was in 1992. Ever since estimates of agricultural GDP were based on projections. The project will address this shortcoming by revamping agricultural data collection. Information on rural households is already collected by the living conditions survey. This will to be complemented with information on annual production collected on the ground in specific areas.

32. Production data will need to be combined with information on prices which will be collected using regular market surveys in selected locations. For Bangui, information collected for the consumer price index can feed the agricultural price system; for other markets other means of collecting price information will need to be developed. Price information collection under this component will be critical for the assessment of food security.

33. *Communal monographies (US\$0.45 million equivalent)*: The RPBA was informed by the “Enquete nationale sur les monographies communales” a survey that collected information on the functionality communal administrations as well selected information from households, including subjective information on priorities. Data from this survey forms the basis for the RPBA monitoring system and repeating the survey regularly is critical to assess progress made against targets agreed during the Brussels conference of November 17, 2016. The project envisages funding two rounds of this survey, on the assumption that additional rounds will be funded out of the RPBA monitoring system that is being realized.

34. *Revised CPI (US\$0.4 million equivalent)*: The CPI was last rebased in 1981 making the revision of price data collection methods a matter of urgency (as reflected by the fact that this one of the benchmark indicators for the IMF support program). The project will facilitate CPI revision including by estimating new product weights (necessitating a budget survey), reviewing the outlets from which prices are obtained, updating estimation methodology, software and by supporting price data collection for the duration of the revision (18 months). Post-revision the authorities, through their funding of regular statistical activities are expected to pay for price data collection.

35. *Revised National Accounts (US\$0.85 million equivalent)*: National Accounts face three fundamental challenges. National accounts for 2013-2016 have not been produced, critical information is not available and the methodology used is outdated. The National Accounts are still based on the 1993 SNA. To address the latter, the project supports

the transition of the national accounts to SNA 2008 (with assistance from AFRITAC) while also supporting and improving the collection of additional data critical for the national accounts: enterprise census, trade information, public spending, information on the business cycle. In addition the project supports the preparation and publication of the national accounts for 2013-2016 and the subsequent years.

Subcomponent 2.2: Technical assistance to improve and modernize data production and dissemination (US\$0.5 million equivalent)

36. To improve data production, and particular survey data collection, CAPI systems will be introduced. These systems which rely on tablets as opposed to paper for data entry improve abilities for remote supervision, instant consistency checks and make data entry redundant. The introduction of CAPI systems requires training in developing the software applications, in project management and supervision as well as in interview techniques.

37. In addition funds will be made available for peer-to-peer learning particularly from other statistical offices in the sub-region. This can be in the form of study tours to these offices, visits by regional specialists or peer review and quality control of outputs.

38. To stimulate analysis and dissemination of data the project supports the preparation of interactive data dissemination allowing web-users to create their own tables out of survey data bases. In addition, the preparation of an annual statistical yearbook will be supported. Not only does this ensure that data becomes widely available, it also offers a good entry point for ICASEES to engage with the production of sector statistics.

39. The total project cost is US\$10.494 million equivalent and will be financed through an IDA grant in the amount of US\$10 million and the Trust Fund for Statistical Capacity Building in the amount of US\$494,000. The project will be implemented during a period of five years (2017–2022). Table 1 shows the project cost and financing sources for the different components.

Table A1.1: Project summary

	IDA	TFSCB
Component 1. Statistical recovery, project management and professionalization and modernization of ICASEES	1.5	
<i>Subcomponent 1.1. Recovery of lost statistics</i>	0.2	
<i>Subcomponent 1.2. Rehabilitation of ICASEES' physical and data infrastructure</i>	0.7	
<i>Subcomponent 1.3. Professionalization and modernization of ICASEES' management</i>	0.6	
<i>Subcomponent 1.4. Technical Assistance in support of urgent data access, recovery and renewal.</i>		0.494
Component 2. Data Production, capacity building and dissemination	8.5	
<i>Subcomponent 2.1. Data collection using a PBF approach</i>	8.0	
Enhanced census cartography	3.0	
Living conditions survey	1.5	
Annual agricultural surveys	1.8	
Communal monographies	0.45	
Revised CPI	0.40	
Revised National Accounts	0.85	
<i>Subcomponent 2.2: Technical assistance in support of data production and dissemination</i>	0.5	
Total	10.0	0.494



ANNEX 2: IMPLEMENTATION ARRANGEMENTS

COUNTRY : Central African Republic
Data for Decision Making

Project Institutional and Implementation Arrangements

1. ICASEES will implement the project on behalf of the Government of Central African Republic. The statistical system is defined in the Law No. 01 / 008 of 16 July 2001 while decree no 16.0127 of 9 March 2016 establishes ICASEES as a national institute with management autonomy. The institute is charged with the coordination of the National Statistical System (NSS) and secretary to the National Board of Statistics. ICASEES is led by a Director General (DG). The DG is supported by administrative staff. The DG oversees five departments: (i) Direction des Méthodes, Normes, Etudes et Recherches ; (ii) Direction de la Comptabilité Nationale et des Prévisions Economiques; (iii) Direction des Statistiques Economiques; (iv) Direction des Statistiques Démographiques, Sociales, du Genre et de l'Environnement et (v) Direction des Ressources.
2. The Board of Directors for ICASEES was appointed in December 2016. It is responsible for administrative oversight, oversees the professionalization of ICASEES, approves Annual Work Plans and Budgets, evaluates progress and results, and holds ICASEES management accountable for results. Work plan and budgets for the project will be produced on an annual basis. The Board held its first meeting in January 2017.
3. To promote transparency and coordination within ICASEES, a Committee of Directors, comprised of the Director General and the Directors, provides strategic oversight and coordinates project implementation. This Committee is responsible for planning and budgeting of activities, as well as their implementation. The DG assumes ultimate fiduciary responsibility. A "Project Assistant" supports the Committee, serving the role as secretary.
4. To build fiduciary capacity within ICASEES, the project will hire a procurement specialist, a financial management specialist and a fiduciary assistant, who will work under the direction of the Director of Resources.
5. In line with the Turnaround Regime Facility plan to centralize the PIUs for projects in either the Ministry of Finance and Budget (CS-REF) or the Ministry of Transport, the PIU based in the Ministry of Finance and Budget is responsible for all fiduciary aspects of the project (including during the PPA) so as to mitigate fiduciary risks. Fiduciary responsibility will only shift to ICASEES following the successful completion of a fiduciary capacity assessment by the World Bank. Even then the CS-REF will continue to offer a hands-on coaching and technical assistance when needed.

Financial Management

6. A Financial Management (FM) assessment of The Central African Institute of Statistics and Socio Economic Studies (*Institut Centrafricain des Statistiques, des Etudes Economiques et Sociales*, ICASEES) was carried out in July, 2016. The objective of the assessment was to determine whether ICASEES have adequate FM arrangements in place to ensure that the project funds will be used only for the purposes for which the financing was provided, with due attention to considerations of economy and efficiency.

Country Issues

7. The country fiduciary risk was high before the crisis and has been impacted by the delay in the implementation of critical PFM reforms agreed to with donors in 2012. The recent crisis has induced some weaknesses and capacity shortages in the fields of financial management and procurement in the country.

Risk Assessment and Mitigation

8. The World Bank's principal concern is to ensure that project funds are used economically and efficiently for the intended purposes. Assessment of the risks that the project funds will not be so used is an important part of the FM assessment work. The risk features are determined based on two elements: (a) the risk associated with the project as a whole (inherent risk) and (b) the risk linked to a weak control environment for the project implementation (control risk). The content of these risks is described in Table below.

Table A2.1: Risk assessment and mitigation

Risk	Risk rating	Risk Mitigating Measures Incorporated into project Design	Risk after mitigation measures	Remarks
Country level Weak capacity in Public Financial Management worsened by current political crisis	H	Ongoing donor's mobilization on PFM assistance may yield results if political situation is stabilized	H	
Entity level Ministry of Economy and Planning capacities were affected negatively by current political events and can lead to weak oversight of project	S	Rely on CS REF initially (PPA and till fiduciary responsibility is transferred) and dedicated fiduciary staff recruit to assist ICASEES.	S	
Project level Project resources may not be used for the intended purposes. The numerous stakeholders could negatively impact implementation of the project.	S	Additional staff (finance officer and assistant accountant) will be recruited based on ToRs acceptable to IDA.	S	
INHERENT RISK	S		S	
Budgeting Inaccurate budget figures due to unreliable forecast and delays in preparing the budget.	S	Annual Work Plan and Budget is elaborated each year and approved by Technical Committee and Steering Committee. The PIM will define the arrangements for budgeting's, budgetary control. IFR will provide	M	



		information on budgetary execution and analysis of variances.		
Accounting Delay in DA reconciling and keeping records. Lack of qualified accountant.	S	Accounting procedures will be documented in the procedures manual. Training on IDA procedures will be provided to the staff as needed.	M	
Internal Controls / Internal audit Noncompliance of transactions with financing agreement PIM not fully adapted to current operation	S	Elaborate FM procedures in the PIM. Ex post verification by World Bank FM team	S	
Funds Flow Delay in the funds release Risk of misused of funds Inefficient use of the funds	S	FM capacity will be strengthened during project implementation. Anticorruption rules will be presented to the project team.	S	
Financial Reporting Delay in producing acceptable IFRs due to unadapt accounting system	S	Install a computerized accounting system to produce project's IFRs in accordance to what was agreed at project negotiations.	M	
Auditing Delay in submission of audit report. External Auditor select may not be acceptable to IDA or may not conduct their assignments professionally.	S	Recruit an independent external auditor to perform annual financial statement audit based on ToRs agreed with the World Bank. Audit due dates will be closely monitored by the bank FM team.	M	
Fraud and Corruption: Possibility of circumventing the internal control system with colluding practices such as bribes, abuse of administrative positions. Misprocurement is a critical issue.	S	ToR of external auditor will comprise a specific chapter on corruption auditing. Measures to improve transparency, such as providing information on project status to the public; and to encourage participation of civil society, beneficiaries, and other stakeholders, are built into project design.	S	
CONTROL RISK	S		S	
Overall FM risk			S	

The overall residual risk rating is considered Substantial.

Strengths

9. ICASEES main advantage is the legal autonomy and the commitment of the authorities to reform the statistical system as evidenced by the recent appointment of the ICASEES Board of Directors.

Weaknesses

10. Assessment revealed some weaknesses (lack of manual of procedures, unqualified staff not familiar with World Bank procedures, inexistence of accounting software etc...) and the action plan below was elaborated to mitigate the associated risks.

Table A2.2: Action Plan

#	Item	ICASEES
	Internal Control	
1	Project Implementation Manual (including financial management policies, rules and procedures)	Before effectiveness
2	Staff	
	Finance Officer	By three (3) months after effectiveness
	Assistant accountant	By three (3) months after effectiveness
	Accounting	
3	Accounting software acquisition and installation	By five (5) months after effectiveness
	Financial reporting	
4	Financial reporting (interim unaudited financial report and annual financial statements)	As agreed at negotiation
	Auditing	
5	External auditor	By five (5) months after effectiveness

Financial Management Arrangements

Internal Control System

11. The internal control system will consist of a Project Implementation Manual, including financial management policies, rules and procedures. The project management unit inside ICASEES will comprise a Finance Officer. The FM staff should have sufficient experience on World Bank financed-projects financial management.

Planning and Budgeting System

12. The ICASEES will prepare a detailed Annual Work Plan and Budget (AWP&B) which should be approved respectively by Board of Directors. ICASEES will submit its AWP&B to IDA before the end of previous calendar year for comments.

Accounting

13. The SYSCOHADA, assigned accounting system in OHADA countries, will be applicable. The CS-REF PIU will customize its accounting software to take account the new project. The updated software must have all modules needed for project financial management (general accounting, cost accounting, contract management, fixed assets management, preparation of withdrawal applications, interim financial reports, and annual financial statements).

14. **Staffing.** The ICASEES will be in charge of fiduciary management of the project and will recruit one finance



officer and one assistant-accountant familiar with World Bank procedures and who has been involved in financial management of World Bank. FM staff will review all transactions and records to ensure compliance with agreed procedures and grant agreement. The FM staff will ensure that project’s transactions are in compliance with fiduciary requirements, and prepare the Withdrawal Application and financial reports.

15. The financial staff will receive trainings on World Bank financial procedures at project launching.

Financial Reporting

16. **Interim financial reporting.** The ICASEES will submit the Interim Financial Report (IFR) to the World Bank within 45 days after the end of the calendar quarterly period. The report may include:

- an introductory narrative discussion of project developments and progress during the period, to provide context to (or other explanations of) financial information reported;
- A Sources and Uses of Funds Statement, both cumulatively and for the period covered by the report, showing separately funds provided under the project (IDA, Recipient...);
- A Uses of Funds by Components Statement, cumulatively and for the period covered by the report;
- the designated account reconciliation, including bank statements and general ledger of the bank account;
- the disbursement forecasts of the upcoming six months; and
- Explanation of variances between the actual and planned activities and budget.

Table A2.3: Financial reporting requirements

Report	Deadline	Responsible
Interim unaudited financial statements	45 days after the end of the quarter	PURCeP ICASEES (upon transfer of fiduciary responsibilities)

17. **Annual financial reporting:** The ICASEES will produce their project Annual Financial Statements, which will comply with SYSCOHADA and World Bank requirements. The annual financial statements may comprise:

- project presentation and project developments and progress during the year, to provide context to (or other explanations of) financial information reported;
- a Statement of Sources and Uses of Funds which recognizes all cash receipts, cash payments and cash balances;
- a Statement of Commitments;
- accounting policies adopted and explanatory notes; and
- a Management Assertion that project funds have been expended for the intended purposes as specified in the relevant financing agreements.

Auditing

18. The annual financial statements prepared by ICASEES, as well as its internal control system applied will be audited annually. The Supreme Audit Institution has a weak capacity and cannot perform the audit of project timely in a professional manner. As a result, an external auditor will be recruited according to ToRs acceptable to IDA. The auditor will provide one single opinion on the annual financial statements in compliance with IFAC Standards on Auditing. In addition to the audit reports, the external auditors will be expected to prepare a Management Letter giving observations, comments, and providing recommendations for improvements in accounting records, systems, controls and compliance with financial covenants in the Financing agreement. The project will be required to produce, no later than six months after the fiscal year, the audited annual financial statements.

Table A2.4: Audit report requirements

Audit Report	Due Date
The project audit reports (audit report and management letter)	<ul style="list-style-type: none"> • Not later than June 30, year N if effectiveness has occurred before June 30, year N-1; • Not later than June 30, year N+1 if effectiveness has occurred after June 30, year N-1

Disbursements

Fund flow

19. *Policy.* Disbursements under this project will be carried out in accordance with the provisions of the Disbursement Guidelines (“*Disbursement Guidelines for Investment Project Financing*, dated February 2017”), the Disbursement Letter and the Financing Agreement.

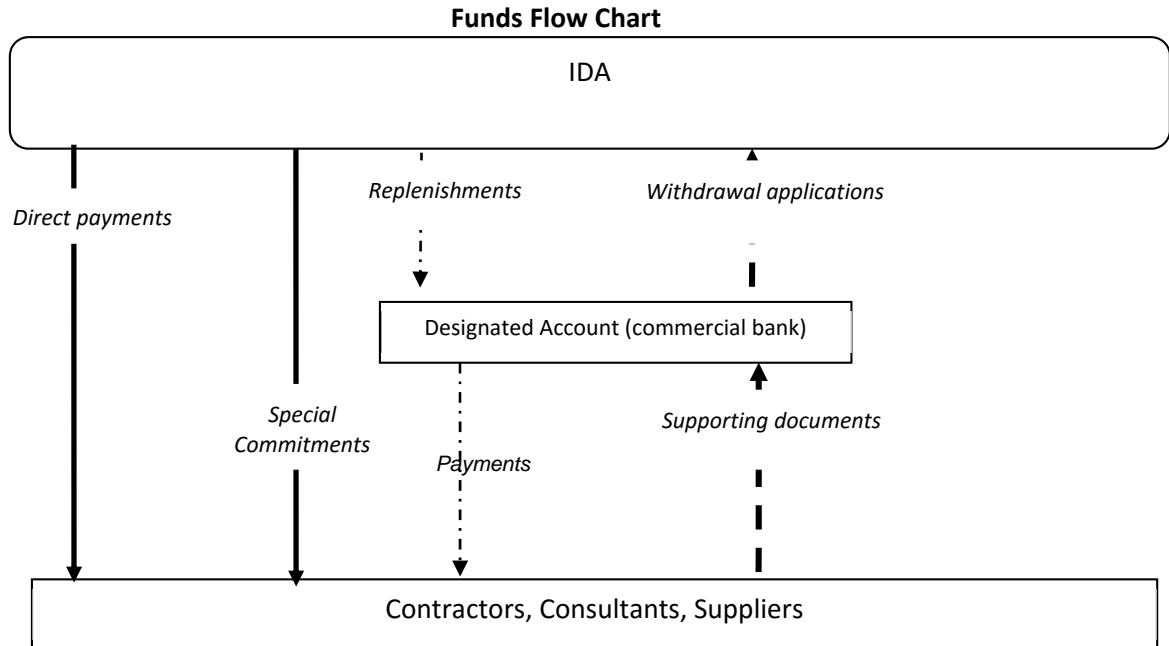
20. *Disbursement Methods.* The project will have the option of using any of the four (4) disbursement methods (Reimbursement, Advance, Direct Payment, and Special Commitment) indicated in the Disbursement letter.

21. *Designated Account.* One Designated Account (DA) in Central African CFA francs (XAF) with a ceiling of XAF 2.5 billion, equivalent to four months of expenditure forecast, will be opened, at a commercial bank acceptable to the World Bank by the ICASEES for this operation,

22. *Designated Account Replenishment and documentation.* The DA will receive an initial advance equivalent to the ceiling amount (XAF 2.5 billion) and will be replenished regularly through monthly Withdrawal Applications (WA) supported with Statements of Expenditures (SOEs). Direct payments, will be made to service providers if needed as per disbursement letter. The WAs to replenish the DA will be signed by signatories appointed by the Government. All supporting documentation will be retained at the ICASEES and must be made available for periodic review by World Bank’ missions and external auditors.

23. *PBF Payments.* PBF Payments will be made under Part 2 of the project (component 2.1) whereby disbursements will be made based on reported outputs (e.g. survey instruments completed, data recovered, etc.) which should be periodically verified in line with verification mechanisms outlined in the PBF manual. Under this approach, reliable unit costs (price) and verified outputs provide a clear basis for disbursement -- Annex 4 provides additional information the PBF mechanism envisaged for this operation including the outputs and associated unit costs. A certified Statement of Expenditures will be used as supporting documentation for disbursement purposes.

24. *Co-Financing*: A TFSCB Grant in the amount US\$494,000 will be provide parallel co-financing and will target sub-component 1.4.



Implementation Support Plan

25. Implementation Support Missions (ISM) to review financial management will be an integral part of the project’s implementation reviews. The budget for supervision will take into account the need to increase the efficiency of financial controls and related support in project implementation. It is also envisioned that joint supervision missions with procurement staff to strengthen World Bank control and support will be conducted. Bi-annual supervision visits to the field are anticipated. The implementation support intensity will be adjusted over time taking into account the project FM performance and FM risk level.

Financial Covenants

26. Financial covenants are the standard ones described in legal documents and comprise maintaining project accounts in accordance with sound accounting practices, audit requirements, and records well-kept and secured.

27. **Conclusions of the FM Assessment.** The overall FM risk is considered Substantial. The proposed financial management arrangements for this project are considered adequate to meet the World Bank’s minimum fiduciary requirements under OP/BP10.00 and dated covenants. The assessment recommends as effectiveness conditions (i) the elaboration of project implementation manual with administrative and financial manual of procedures, and as dated covenants; (ii) the recruitment of qualified staff (finance management specialist, procurement specialist, assistant accountant and project assistant); (iii) the installation or customizing of a computerized accounting system; and (iv) the recruitment of an independent external auditor according to ToRs acceptable to the World Bank.

Procurement

28. **A PPSD was prepared to ensure the procurement activities are packaged and prepared in such a way as to minimize the risk.** The PPSD concludes that the environment is favorable for procurement of the activities envisaged under the proposed project. These comprise primarily transport services and consultants. Amongst the latter the PPSD makes a distinction between (i) specialized consultants and (ii) interviewers and data clerks.

29. The national market for transport services is able to meet the project needs. There are a number of firms with a considerable fleet of vehicles; there are others with a few vehicles. Vehicles are not always of good quality so procurement procedures will need to make sure the vehicles are in good state. Also not all those offering transport services are officially registered as firms. The procurement process will need to ensure sufficient attention is paid to vehicle quality and the registration of forms. Transport services will be procured through the use of competitive national open procurement procedures.

Table A2.5: PPSD summary

Type of contract,	Cost per contract	Prior review by the World Bank	Approach	Selection method	Evaluation method
Transport, small contract	Up to US\$50,000; Mean contract US\$20,000 (medium risk)	No	Competitive	Request for proposals	Least cost
Transport, large contract	Over US\$50,000 Mean contract US\$150,000 (high risk)	Yes	Competitive	Request for proposals	Least cost
Interviewers / data clerk	Up to US\$15,000 Mean contract US\$5,000 (low risk)	No	Competitive	Selection of individual consultants	Scoring of selection criteria
Specialized consultant	Up to US\$100,000 Mean contract US\$30,000 (medium risk)	No	Competitive	Selection of individual consultants	Scoring of selection criteria
Unique consultant	Up to US\$100,000 Mean contract US\$50,000 (high risk)	Yes	Non-competitive	Direct selection	Competence

30. In the case of interviewers and data clerks, the market is competitive. There exists a large number of well-



trained individuals with experience of the tasks at hand. Many have experience working for ICASEES or for other survey firms in Bangui.

31. The market for specialized consultants –sampling specialists, census planners, HR specialists, is less competitive due to the fact that tasks are specialized but also because the environment in the CAR requires special skills (low capacity, language, fragile environment). To identify specialized consultants, the Client will need to actively search in the region. Many consultants can be identified in the sub-region. Cameroon for instance has many well-trained statisticians due to the fact that there is a statistical school of high quality as well as a developed statistical system. The same holds for Senegal and Cote d’Ivoire. Only in selected instances will it be needed to rely on consultants from outside the region.

32. **Applicable procurement rules and procedures.** Procurement for the proposed project will be carried out in accordance with the World Bank Procurement Regulations for IPF Borrowers (Borrowers Regulations), dated July 2016, and the provisions stipulated in the Financing Agreement.

33. **Institutional arrangement for procurement.** During the PPA period (about six (6) months) and till fiduciary responsibility shifts to ICASEES, the PIU based in the Ministry of Finance and Budget will be responsible for overall fiduciary responsibility of project activities so as to mitigate procurement risk. This PIU will carry out the following activities with the assistance of the Director of Resource and Documentation: (i) overall coordination and quality control/assurance; and (ii) conduct all procurement activities comprising (a) the assessment of the ICASEES office; the recruitment of an financial management specialist; a procurement specialist; the hiring of consultant(s) to develop the Project Implementation and PBF Manuals; etc.

34. Upon the successful completion of the fiduciary capacity assessment, procurement responsibility shifts to ICASEES. Even then the PIU will continue to coach ICASEES procurement staff, in particular the recruited procurement expert by providing following services: (i) develop and strengthen the staff capacity on procurement; (ii) reinforce and guarantee the integrity and internal review of the procurement process; (iii) oversee and advice on procurement related issues; (iv) ensure the quality of procurement activities; (v) if necessary help to draft no objection request for all procurement decisions subject to prior review for the Director General of ICASEES; and (vi) provide training/clinics on World Bank’s procurement rules and procedure.

35. ICASEES is the implementing agency of the project and is responsible for ensuring that the fiduciary aspects of the project are managed. Through the MoU between ICASEES and the PURSeP PIU, the PIU continues to coach, assist and support the ICASEES team members. ICASEES will continued to benefit assistance, support and coaching from the PIU. The PIU will designate a full time professional staff who will be responsible for procurement activities of the project.

36. **Procurement risk assessment.** A summary procurement risk assessment of the ICASEES in charge of the implementation of procurement activities for the project was carried out and the overall procurement risk rating is high. The ICASEES has no experience working with the World Bank and applying related policies and procedures. In addition, the assessment revealed that a body in charge of opening and awarding contracts does not exist in ICASEES. The “Direction de Ressources et de la Documentation” is insufficiently staffed and personnel are not familiar with World Bank procurement procedures. In addition this will be the first project in the CAR to follow the New Procurement Framework.



37. The main procurement-related risks identified are:

- (a) Lack of knowledge and practice in application of World Bank procedures and rules in particular the New Procurement Framework;
- (b) An insufficient number of staff in the “Direction de Ressources et de la Documentation” in charge of fiduciary activities in particular on procurement side ; and
- (c) Inexistence of Project Implementation Manual (PIM) governing the procurement and financial activities.

38. The following mitigation measures are proposed:

- (a) The PURSeP PIU based in the Ministry of Finance and Budget manages all procurement activities during the PPA period and till ICASEES is ‘ready’ to bear fiduciary responsibility including signing and approval of all contracts;
- (b) An MoU will be signed for the PURSeP PIU to continue to assist, support and coach ICASEES procurement staff when fiduciary responsibility has shifted;
- (c) ICASEES staff contingent is strengthened by recruiting two additional staff comprising a procurement specialist and financial management specialist;
- (d) ICASEES puts in place a body in charge of opening and awarding bids; and
- (e) The recruitment of individual consultant in charge of the preparation of the PIM which governs the administrative, procurement, financial, accounting activities.

39. **Procurement methods.** The various procurement methods to be used for activities financed by the proposed Grant will be set in the procurement plan.

40. **Procurement of works.** The small rehabilitation of office building for the ICASEES.

41. **Procurement of goods and non-consulting services.** Procurement of goods will include computer equipment, printers, internet access and web-site hosting, tablets with kits, furniture and office equipment.

42. **Procurement of consulting services (firms and individuals).** Procurement of consulting services will be carried out in accordance with the World Bank Procurement Regulation for Investment Project Financing Borrowers. Consulting services also include the services of training, recording and reporting information system, etc.

43. **Frequency of procurement supervision.** In addition to the prior review to be carried out by the World Bank, supervision missions will be undertaken at least once per year. One in three procurement packages not subject to World Bank prior review will be examined ex-post on an annual basis.

44. **Procurement Plan.** The draft Procurement Plan for the first 18 months has been prepared. The Procurement Plan will be updated by ICASEES on an annual or as-needed basis to reflect actual project implementation need.



Updating of the Procurement Plan will be submitted to World Bank for No Objection and the PPSD updated accordingly.

Environmental and Social (including safeguards)

45. Project activities are not expected to have any adverse environmental and social impacts. The project is mainly focused on strengthening ICASEES performance and improving data availability, which have low risks with respect to environmental and social safeguards. The rehabilitation of the ICASEES buildings will not involve new land acquisition nor any potential for physical resettlement. Guidance will be provided to ensure that basic hygiene and worker health and safety rules are observed during building rehabilitation. This project is designated category C per the World Bank's policy on Environmental Assessment (OP/BP 4.01).

ANNEX 3: IMPLEMENTATION SUPPORT PLAN

COUNTRY : Central African Republic
Data for Decision Making

Strategy and Approach for Implementation Support

The Ministry of Finance (PURSeP) is expected to provide support and guidance to ICASEES for financial management and procurement.

Technical support from experts in the sub-region to build capacity on survey implementation, tools, and analysis will be harnessed.

Piggyback on WAEMU harmonized household survey project training.

Implementation Support Plan and Resource Requirements

Time	Focus	Skills Needed	Resource Estimate	Partner Role
First twelve months	Fiduciary capacity	FM/procurement	4 staff weeks	None
12-48 months	Staff incentives	HR	4 staff weeks	None
Other	Technical	Survey data	4 staff weeks	None

Skills Mix Required

Skills Needed	Number of Staff Weeks	Number of Trips	Comments
FM/Procurement/HR/Surveys	12	6	

Partners

Name	Institution/Country	Role



ANNEX 4: PERFORMANCE BASED FINANCING FOR STATISTICS

1. **Performance-Based Financing (PBF) is a supply-side Results-Based Financing (RBF) approach.**⁵ PBF pays for outputs or results and this is different from classical programs which focus on procuring inputs. In the statistics sector, outputs or results are predominantly produced by the national statistical institute (ICASEES) whereas some results are produced by sectoral statistics units. Results primarily include quality statistics produced and disseminated in a timely and cost-effective manner. Income from PBF is used by statistics producers to procure necessary inputs and to pay performance bonuses.
2. **PBF is based on operational and tacit knowledge developed over the past 15 years in South-East Asia and Africa.** PBF is mostly applied to the health sector and its effectiveness was proven through a rigorous Impact Evaluation in Rwanda.⁶ A PBF toolkit has been developed by the World Bank and an English version has been available since April 2014.⁷ This is the first time a statistics project uses a PBF approach.
3. **Certain aspects of PBF and how they relate to statistics in CAR will be discussed in the following sections.** These aspects are: (a) purchasing quality data and staff performance; (b) separation of functions; (c) ICASEES autonomy; (d) verification; and (e) invoicing.

Purchasing Quality Data and staff performance

4. **PBF purchases quality data produced in a timely and cost-effective manner.** Important notions are changing incentive structures; purchasing conditional on quality and timeliness; leveraging existing resources; and PBF pricing versus the real cost of services. The purchase is through a fee-for-deliverable payment mechanism conditional on the quality of the deliverable. Key to understanding PBF is the notion of aligning incentives with results and leveraging existing resources. These include buildings, data collection tools, cash income from other sources and staffing are leveraged through PBF.
5. **PBF changes incentive structures at various levels in the statistics system.** The incentives need to be strong enough to influence the design and implementation of data collection and production strategies while they provide additional income to enable the statistics institute to procure missing equipment or software, to maintain and repair equipment and premises.

⁵ Musgrove, P. (2011). Financial and Other Rewards For Good Performance or Results: A Guided Tour of Concepts and Terms and a Short Glossary. Washington DC.

⁶ (i) Basinga, P., P. Gertler, et al. (2011). Effect on maternal and child health services in Rwanda of payment to primary health-care providers for performance: an impact evaluation. *The Lancet* 377: 1421-1428; (ii) Gertler, P. and C. Vermeersch (2012). Using Performance Incentives to Improve Health Outcomes. *Policy Research Working Paper WPS6100*. Washington DC, The World Bank. Walque, D. d., P. J. Gertler, et al. (2013); (iii) Using Provider Performance Incentives to Increase HIV Testing and Counseling Services in Rwanda. *Policy Research Working Paper WPS6364*. Washington DC, The World Bank.

⁷ Fritsche, G., R. Soeters, et al. (2014). Performance-Based Financing Toolkit. Washington DC, © World Bank. <https://openknowledge.worldbank.org/handle/10986/17194> License: CC BY 3.0 IGO.



6. **PBF assures value for money.** PBF purchases an efficient design of surveys (preventing data collection exercises that are too large) and rewards the following of operational procedures. PBF budget allocation targets activities critical to ensuring that quality data is made available to users.

7. **Performance is measured and rewarded through the use of a quantified checklist.** This checklist is custom-made to reflect the particularities of each department and data production activity. It is closely associated with the Annual Work Plan of ICASEES and performance is measured on a routine basis by the Directorate responsible for Methods, Norms, Studies and Research which is the first responsible unit for performance assurance and at the end of a stand-alone data collection exercise by an independent reviewer. There are multiple performance measures per department/individual and the height of the performance bonus is a function of the number of criteria that have been successfully met.

8. **PBF fees are closely related to the actual cost of data collection.** Along with the performance bonuses, the cost of data collection should also be reflected as a PBF fee. For instance for an activity like transportation, it will be purchased under performance contract. A PBF contract for enumerators could include a hardship element, and therefore the fee is higher for e.g. enumerators working in hard to reach or insecure areas. PBF fees and bonuses can be changed depending on budget availability – a function of savings made in the data collection program. PBF is a cost-neutral, incentive enhancing mechanism.

9. **A simplified example of PBF is provided in Table A4.1.** The bulleted list with bracketed numbers that follows this paragraph shows how the performance of the Demographic Department is financed and how the financing can be used. In this example, the focus is simply on the implementation of one survey. In practice a multitude of activities is implemented. In this case, we assume a Commune Monography which has been costed (using conventional, pre-PBF methods) at US\$149,100. Each bracketed number refers to a performance measure in table A4.1. For example, [1] refers to the timely completion of the survey instruments.

[1] If ICASEES prepares survey instruments and documentation by a given date. In this case there are six deliverables: two questionnaires, 2 manuals and 1 logistics plan and a sampling document;

[2] ICASEES could earn US\$3,000 (6 × US\$500 per deliverable that is prepared);

[3] ICASEES could earn US\$900 for contracting 45 qualified enumerators following procedures in accordance with the manual;

[4] ICASEES would earn US\$9,900 as unadjusted subtotal for the data it produced with this activity;

[5] The total amount would be adjusted for timeliness. In the example in table A4.1, this particular survey which is critical to decision makers would earn 20 percent more because of the difficulties it faces;

[6] The total would also be adjusted by a quality score based on a checklist administered to the data set by an independent reviewer. ICASEES would earn 25 percent of what it would be entitled to because of the quality correction. The quality correction is a maximum of 25 percent of earnings [6];

[7] The funds earned (US\$14,850 in this example) are transferred to the bank account of the facility;

[8] In this example, ICASEES also has some other sources of cash revenue (US\$5,000) because some donor



agreed to add questions to the survey for a fee, and these are added to the PBF earnings; and

Table A4.1: Simplified example of how PBF works

	Number provided	Unit price (US\$)	Total earned (US\$)
Survey instruments	6 [1]	500	3,000 [2]
Enumerators contracted and trained	45	20	900 [3]
Vehicles contracted and ready for use	15	200	3,000
Questionnaires of good quality	2,500	2	5,000
Data set made publicly available	1	1,000	1,000
Report produced in timely manner	1	2,000	2,000
Subtotal			9,900 [4]
Performance bonus	+20%		1,988 [5]
Quality bonus	+25%		2,970 [6]
Total PBF subsidies			14,850 [7]
Other revenues (direct—insurance, and so on)			5,000 [8]
Total revenues			19,850
ICASEES expenses			
Operational costs			3,000
Consumables			1,000
Website maintenance			1,000
Repairs to ICASEES building			5,000
Savings into ICASEES bank account			2,000
Subtotal			12,000
Bonuses to staff in the facility = total expenses minus subtotal			7,850
Total expenses			19,850 [9]

[9] ICASEES had US\$19,850 in income from this activity, and the expenses section illustrates how this could have been used. The income can be used for:

- (a) ICASEES operational costs, such transport and fuel, consumables, meeting expenses, and facility maintenance and repair;
- (b) Performance bonuses for ICASEES staff (up to 100 percent of the timeliness and quality bonus and 50 percent of additional revenues) according to defined criteria; and
- (c) Savings; ICASEES is saving to buy another vehicle for data supervision. Savings can also be used to cover contingencies.

[10] As this is a survey activity ICASEES also spends on performance payments for non-ICASEES staff and transport: enumerators in particular. The expected performance of non-ICASEES staff will be defined in their contract with the wage defined at two levels: 50% base salary and 50% based on performance during the survey period.



Table A4.2: Performance contracts with third parties

Questionnaires completed	2500	20	50,000 [10]
Transport cost	20,000	2	40,000

[11] Finally ICASEES will pay other survey expenses: transport, printing of questionnaires, lodging for enumerators etc. The input costs are purchased as usual. The total cost of the survey is the total for the three activities 14,850 + 50,000 + 84,250

Table A4.3: Input costs

Printing	2,500	5	12,500
Consumables	45	200	9,000
Lodging	900	20	18,000
Peer review	5,000	1	5,000
Total input costs			44,250 [11]

[12]. **Performance bonuses for routine activities.** The performance bonus will be allocated to various ICASEES staff to stimulate them to produce results for routine activities such as the preparation of the CPI, the trimestral bulletin on the business cycle, the index of industrial production etc. This bonus will be divided into two parts: an individual part and a communal part. The individual part will be paid to all staff depending on their individual performance while the communal part is paid based on the meeting of common, ICASEES wide, criteria.

[13]. The overall evaluation (quality and performance of ICASEES) will be done quarterly by the ICASEES Board of Directors. The evaluation criteria will be defined in the PBF manual.

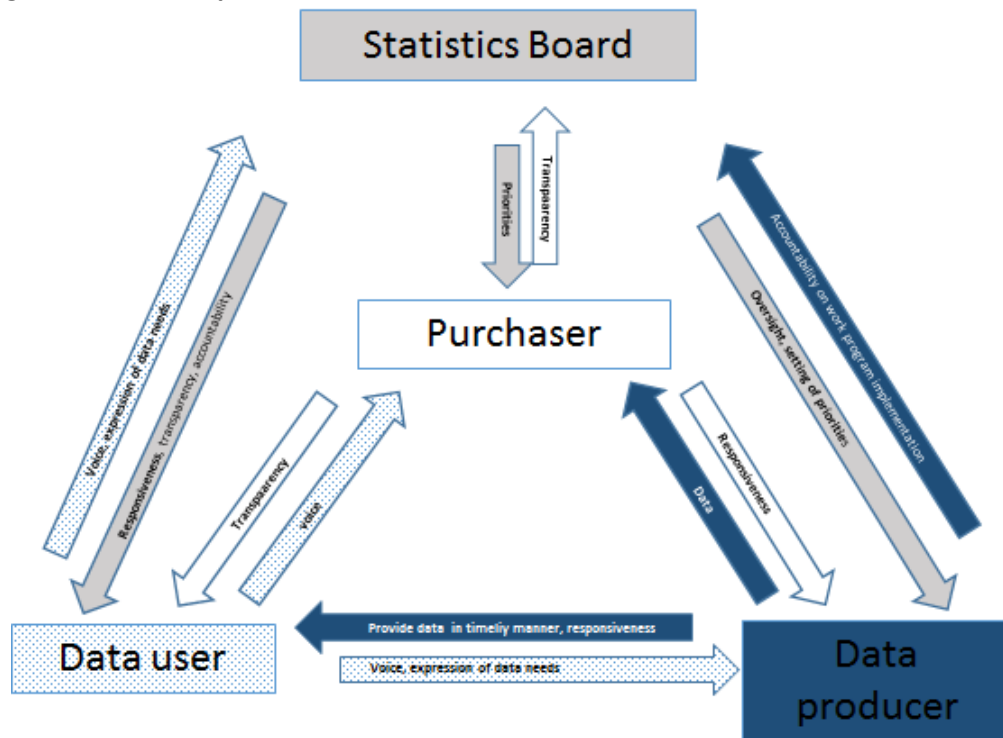
- The Board of Directors assesses the performance of the Director General(DG) and the other Directors (Committee des Directeurs);
- The performance of the Heads of Services is evaluated by the Committee des Directeurs; and
- The evaluation of service staff is done by the head of department assisted by his / her Director.

The report of all evaluations is transmitted up the hierarchy; a copy is also transmitted to the financial department so that premiums can be paid. For each evaluation, the presence of the supervisor among the evaluators is necessary in order to allow the hierarchical leaders to take sanctions against the evaluated.

Separation of Functions

10. A precondition for obtaining credible performance results is a separation of functions. It is best practice to strive for a full separation of functions between the chief players: the fund-holder (project; Ministry of Finance), the data producer (typically ICASEES), the Board (oversight, quality control and priority setting, evaluation of performance of the DG), and data user (feedback on data quality, expression of data needs). In Figure A 4.1 below, the separation of functions is illustrated, which is basically a reflection of the separation of functions one expects in any statistical system. The separation of functions within the framework of this project is not limited only to the different external actor to the ICASEES but also to the different services within the organization (for example financial service, procurement and technical service of the ICASEES)

Figure A4.1: The Separation of Functions and its Governance Issues⁸



ICASEES Autonomy

11. **Autonomy of the statistics producer (ICASEES) is an important pre-requisite for PBF.** Autonomy is important in (i) management of cash resources; (ii) managing a bank account; (iii) procurement of goods; (iv) repairs to facility and equipment; and (v) managing human resources. Autonomy requires a degree of professionalization of the statistics institute and the clear delineation of procedures and oversight

⁸ Remme, M., P.-B. Peerenboom, et al. (2012). *Le Financement base sur la Performance et al Bonne Gouvernance: Leçons apprises in Republique Centrafricaine*. PBF Community Of Practice Working Paper Series WP8 ed.



functions. To facilitate this, the project appoints procurement and financial management officers and prepares procurement, financial management and HR manuals.

12. Oversight from the Statistics Board is important as the autonomous Data Producer ultimately reports to the Board. A fully functioning Board that plays an active role in providing oversight, that sets priorities and that is responsive to suggestions from data users is important. To assure the Board plays this role satisfactorily its functioning is supported initially.

Verification and Counter-Verification

13. Credible verification is at the heart of PBF systems and three types can be discerned.

- a. The first type is the so-called ‘ex-ante verification’; the verification before the data collection activity starts. It involves reviewing the instruments, logistics plans, sampling plan and major procurements. The *ex-ante quantity verification* is typically carried out by the purchaser but may also be carried out by the data user or the Board.
- b. The second type of verification is real-time verification. Most data collection activities – and certainly those using CAPI, allow the supervisor to assess how work is progressing. Are enumerators in the location where they are supposed to be, how long does data collection take, are skip patterns and other procedures adhered to? CAPI is able to give enumerators near real time feedback on their performance, allowing enumerators to know whether they are performing or not. Enumerators are expected to be hired on a performance contract.
- c. The third type is the ‘ex-post verification’; the verification which is done after the data has been collected. Whereas the ex-ante verification is a checking of instruments and whether procedures have been followed, the ex-post verification checks the quality of the data that is produced. Typically this ex-post verification will be done by a third party –often a representative from a statistical agency in the region. The verifier will assess data quality, and produce a report with recommendations for improvements to be implemented at the next data collection exercise. This report is shared not only with the data producer, but also with the Purchaser and the Board.

Invoicing

14. PBF needs a transparent invoicing systems to pay for performance. Performance data needs to be characterized by (i) accessibility; (ii) objectivity; and (iii) transparency.

