Project Information Document/ Identification/Concept Stage (PID)

Concept Stage | Date Prepared/Updated: 30-May-2017 | Report No: PIDC110303

BASIC INFORMATION

A. Basic Project Data

Project ID	Parent Project ID (if any)	Environmental Assessment Category	Project Name
P163431		C - Not Required	Costa Rica Integrated System of Household Surveys (P163431)
Region	**Country**	**Date PID Prepared**	**Estimated Date of Approval**
LATIN AMERICA AND CARIBBEAN	Costa Rica	30-May-2017	15-Jun-2017
Financing Instrument	**Borrower(s)**	**Implementing Agency**	**Initiation Note Review Decision**
Investment Project Financing	Instituto Nacional de Estadística y Censos (INEC)	Instituto Nacional de Estadística y Censos	The review did authorize the preparation to continue

PROJECT FINANCING DATA

FINANCING

FINANCING SOURCES

Select all that apply

[✓] Counterpart Funding [✓] Trust Funds [ ] Parallel Financing

SUMMARY (USD)

Total Project cost	**1,823,042**
Total Financing	**1,823,042**
Counterpart Funding	1,437,640
Trust Funds	385,402
Financing Gap	**0**

DETAILS

Counterpart Funding

Source	Currency	Amount	USD Equivalent

Borrower(BORR)	USD-US Dollars	1,437,640	1,437,640

Trust Funds

Source	Currency	Amount	USD Equivalent
Trust Fund for Statistical Capacity Building(TSCB)	USD-US Dollars	385,402	385,402

B. Introduction and Context

Country Context

Costa Rica has showed mixed progress in terms of social gains in recent years. Despite reasonable growth and high spending on social programs, poverty reduction has stagnated since the global economic crisis in 2008. Even when poverty continues to be relatively low in Costa Rica, important regional disparities exist within the country. Income inequality has risen in contrast to the historical decline observed in most countries in Latin America. This rise in inequality has offset the poverty-reducing impact of growth in the late 2000s, and has reversed what otherwise would have been a decline in poverty since 2010. Moreover, there is a need for more geographically disaggregated information to evaluate the regional development gaps that exist today in the country and improve the targeting accuracy of social programs. Given this particular context, it is imperative to generate consistent estimates of the status of the poor based on a more complete data set than the currently collected by the National Statistics and Census Institute (Instituto Nacional de EstadÃ-stica y Censos, INEC) based on the National Household Survey (Encuesta Nacional de Hogares, ENAHO) to address these regional and geographical disparities. Periodic household surveys have been conducted by the government since 1976, which were used to estimate poverty based on the Cost of Basic Needs method by determining an absolute extreme and an overall poverty line per person per month. Starting in 1987, many methodological changes have been introduced to improve the quality of the income data collected in the ENAHO survey. Since mid-2014, Costa Rica was incorporated into the Multidimensional Poverty Peer Network and the country initiated a cooperation process for the development of a comprehensive poverty measurement, that is, the Multidimensional Poverty Index (MPI). The country has also identified the need to calculate additional welfare indicators, such as the Organization for Economic Cooperation and Development (OECD) Better Life index. Finally, the Ministry of National Planning and Economical Policies (MIDEPLAN) has also expressed its need for more geographically disaggregated information and flexible sample designs to monitor the National Development Plan and evaluate the current regional development gaps. Besides the demand for more information to expand and deepen the poverty analysis in Costa Rica, there also exists a greater demand for socioeconomic and demographic information by other institutions of the Costa Rican public sector (such as disability, maternal and child health, use of time, and victimization, among others). All these requests demand the inclusion of new topics or the deepening of already researched ones, while also taking into account shorter periods of time, greater geographic scope, and specific subpopulations or vulnerable ones (according to their socio-demographic characteristics or high-priority locations). Addressing this greater demand for information involves an immense challenge for INEC, given the need to design independent surveys, which entails a greater load to households causing a gradual reduction of response rates not only due to the high frequency of the consultations but also because part of the information that is surveyed is repeated across surveys. In addition, the surveys compete for increasingly limited resources both internally within INEC as well as at the country level. To this end, the Census and Surveys Division of INEC has asked the World Bank's technical assistance (TA) through the proposed Trust Fund for Statistical Capacity Building (TFSCB) to help build its capacity to improve and update its household surveys. This request would serve to achieve the main objective of the project: to improve the quality of the statistical information provided by INEC through the implementation of an Integrated System of

Household Surveys (ISHS). Note that the component financed by this TFSCB is part of a bigger project with many other activities that the Government of Costa Rica (GoCR) will finance with its own resources. Based on recent estimates, INEC will cover US$1,437,640 of the global cost of the project (Government financing). The requested TFSCB would cover US$385,402 (total World Bank financing).

Sectoral and Institutional Context

Since 2010, INEC has been interested in being part of the OECD. In April 2015, the Ministerial Council of the OECD approved the initiation phase of adhesion of Costa Rica. INECâ□□s statistical evaluation started with an OECD mission that took place in February, 2015. This evaluation has evidenced INEC's vulnerability with respect to its human and financial resources: 50 percent of its data comes from the Central Bank of Costa Rica and 2/3 of its personnel does not have a staff appointment at the institution. In addition, as a result of the increasing demands of information that INEC is currently facing from MIDEPLAN and other institutions, there is a need for a diagnosis and evaluation of INEC's statistical operations to determine the changes and improvements that need to be introduced to comply with the standards of the OECD, which in some cases can imply the partial or integral redesign of INECâ□□s Statistical Operations.

This project identifies at least two elements that need to be considered to improve INECâ□□s performance when collecting household surveys of good quality. First, INEC requires strengthening its limited capacity to address multiple requests operating under scarce resources. These demands include: [i] obtaining additional statistical information under the OECD requirements; [ii] addressing new demands from the GoCR arising from the request to generate multidimensional poverty and welfare indicators, [iii] supporting the monitoring and evaluation of social programs; [iv] generating the data to update the indicators of the Sustainable Development Goals (SDGs) -as requested by MIDEPLAN; [v] producing statistical information at a higher level of geographical disaggregation; [vi] addressing international commitments to generate information about vulnerable populations, such as the indigenous and disable ones, among others; and [vii] consolidating and improving the process of dissemination of statistics, based on the policy of dissemination of statistical results implemented by INEC and the policy of open data promoted by the GoCR.

Second, INEC has an organizational structure that does not allow the institution to address all these new demands, creating duplication and inefficiencies while trying to address them. There is a need to revise the organization and the production processes to increase INECâ□□s efficiency when collecting household surveys.

Given the above situation, INEC has worked during the last two years â□□with the support of a specialized firmâ□□ in the design of a new organizational structure, which has already been approved by the Ministry of Planning and is currently under analysis by the Budgetary Authority of the Ministry of Finance. Approval by that entity will grant INEC the required organization and resources on a permanent basis. The present project will contribute to the specific design of more efficient survey processes integrated to the new structure, and it will strengthen the technical skills of INEC's current staff that will be part of the new organization.

To this end, the Area of Censuses and Surveys of INEC requires statistical capacity building to reformulate the ISHS by producing: [i] an updated thematic design, [ii] an updated sample design, and [iii] an integrated standardized information technology system for all of the household surveys. This will allow INEC to collect higher quality data and to disseminate results more efficiently.

The increase of the capacities of the technical personnel would be achieved with the support of statistical consulting

experts well-informed on the different household survey thematic areas, with ample and updated knowledge of statistical measurements as well as statistical and information technology processes to conduct more efficient surveys.

Relationship to CPF

The World Bank's Country Partnership Strategy (CPS) for Costa Rica for FY12-15 aimed to provide support to the country to reduce poverty and recognized how the GoCR has been seeking to improve public sector capacity in key areas. The CPS envisioned TA to support improvements in GoCR's capacity to monitor poverty trends and to target public resources to the most vulnerable groups. Unfortunately, this TA did not unfold due to the subsequent political transition.

In the same line, one of the three pillars of the new Government's 2015-2018 National Development Plan (NDP) is to reduce poverty, in particular extreme poverty, as well as social and territorial inequality. Both the World Bank's Country Partnership Framework (CPF) for the period FY16-20 and the Systematic Country Diagnostic (SCD) seek to support this objective, and also emphasize the existence of capacity constraints related to weak sectoral planning and bureaucratic inefficiencies that affect the ability of the public sector to implement policies and execute public investment projects. To avoid limited and/or fragmented impact going forward, the CPF recommends to consolidate the World Bank's analytical program around TA activities that have capacity building components and support the immediate application of analytical work, thereby potentially yielding better results in Costa Rica and ensuring impact on policy formulation.

This proposed project is aligned with all these strategies under the CPS, the CPF, and the SCD. It will strengthen INEC's statistical capacity to produce statistical information at a higher level of geographical disaggregation, which in turn will potentially allow for a more accurate allocation of scarce social resources targeted to the poorest segments of the population, while improving poverty measurement and policy tools at the same time.

Finally, INEC's work is aligned with the new guidelines and strategy of the World Bank's Household Survey Working Group (HSWG), established by the World Bank in 2015 under the Data Council as a forum to review the priorities and standards for survey operations and coordinate household survey activities at the institution. The HSWG's strategy for household surveys, the implementation plan, and the protocol for data collection and quality assurance confirm the similarities between INEC's and HSWG's mandates and activities in terms of integration and harmonization. They both coincide in that the survey system should be aimed at: [i] tracking and understanding poverty in its many dimensions â□□â□□there is an interest in Costa Rica to include a more comprehensive poverty measurement, that is, the Multidimensional Poverty Index (MPI) to better measure and monitor poverty, as explained earlier in Section I; [ii] introducing more methodological innovation in the household survey data production, using clear standards and best practices in survey methods and tools, with more quality and cost-effectiveness of data collection, constantly adapting to new country data needs and being modernized to adapt to new technologies; [iii] integrating key topics into the household survey (to avoid duplicating efforts); [iv] integrating the survey into the national statistical system â□□â□□INEC the implementing agency that coordinates the National Statistical System (Sistema EstadÃ-stico Nacional, SEN), explained later in Section III-Bâ□□â□□and that carries out the survey in order to ensure sustainability and country ownership; [v] integrating the survey with other data sources to complement it and to increase the linkages with these other sources; [vi] ensuring alignment with the World Bank's Open Data policy, by disseminating and maximizing the use of household survey data, and ensuring that it is made publicly available in multiple formats; [vii] building local institutional capacity, by promoting the coordination with other countries in the Latin America and Caribbean region to scale-up data production and the technical expertise of key local staff; and [viii] promoting

international partnerships with key stakeholders in the region, such as the World Bank, the Inter-American Development Bank, other national statistical institutes in the region, and so on.

C. Project Development Objective(s)

Proposed Development Objective(s)

The development objective of this TFSCB is to improve the quality of the statistical information provided by INEC by developing an ISHS. This is a multi-sectoral and multi-functional project that has the following objectives:

i. Establish an integrated sample design for household surveys.
ii. Define an integrated thematic and conceptual framework for household surveys.
iii. Develop an integrated information technology system for household surveys

These three specific objectives will allow:

â□¢ Improving the MPI by adding variables and increasing the capacity of the ENAHO survey to produce more geographically disaggregated information, including with regards to minority populations;
â□¢ Calculating additional welfare indicators, such as the OECD's "Life Better" and new indicators associated to the SDGs;
â□¢ Collecting more geographically disaggregated information to monitor the National Development Plan and the regional development assessment (as requested by MIDEPLAN), as well as to close the regional development gaps that exist today in Costa Rica;
â□¢ Having more flexible sample designs to be able to generate information of socially and economically depressed geographical zones.
â□¢ Better planning of the surveys and the optimization of resources to avoid the duplicationof efforts by connecting the information between surveys.
â□¢ Improving the dissemination of data in different formats, so as to satisfy the needs of different users.

These proposed development objectives will be applied to the following surveys currently collected by INEC: [i] ENAHO; [ii] Labor Force Survey (Encuesta Continua de Empleo); and [iii] Survey of Producer Households (Encuesta de Hogares Productores). The project also considers other surveys that are not collected by INEC, including the National Culture Survey (Encuesta Nacional de Cultura); Childhood and Motherhood (Encuesta MICS); Use of Time Survey (Encuesta de Uso de Tiempo); and Survey on Disability (Encuesta sobre Discapacidad). In the case of these specific surveys, this project will analyze the best way in which they can be incorporated to the ISHS, considering that their financing will proceed from the respective interested institutions.

Key Results

The key expected result is to increase the contribution of the statistical information from INEC's household surveys for decision making in the public and private sector arena, as well as for the design of public policies. The goal is to attain an integral improvement of household surveys, as follows: 1. An integrated sample design for the system of household surveys a. Design variables by topic; b. Precision, reliability, and consistency analysis of the main indicators and disaggregation levels; c. Sample size for the design variables according to geographical disaggregation and statistics requirements; d. Methodology of sample designs used by other institutes; e. Analysis and definition of possible proposals for the sample design; f. Analysis and design of the rotation of samples versus panel studies; g. Sampling

weights; h. Plan for updating the sampling frame; i. Report on the sample design according to the new requirements from the OECD and other institutions; j. Cost-benefit analysis of the different scenarios proposed for the ISHS. 2. An updated thematic and conceptual design of the ISHS able to fulfill users' needs a. Analysis of the research topics in surveys; b. Consultation with main users of surveys; c. Thematic proposal; d. System operationalization; k. Cost-benefit analysis of the different scenarios proposed for the ISHS; e. Operational strategies for the implementation of the field work. 3. An integrated information technology system for the management of the ISHS a. Analysis of needs; b. Development of a new integrated information technology design for the ISHS. In addition to the three main results already mentioned, the project will support developing skills and new knowledge that will benefit the technical staff working on the household survey projects. The development of these capacities is closely aligned with the specific objectives of the project, namely the sample design, the thematic framework, and the information technology systems; all integrated within the ISHS. In order to fulfill these objectives, it is necessary to learn about the international experience trough internships and consultancies related to the design and implementation of the ISHS. This will be further explained in Section III. INEC's officials that will participate in the project are mainly technical staff that work with the different surveys, with ample knowledge on their implementation and on the current limitations faced by the institution. This personnel will benefit from this type of training to identify the enhancements that will be needed with regards to the conceptual framework of the surveys and the survey design, as well as with respect to the design, development, and implementation of the information technology systems.

D. Preliminary Description

Activities/Components

In order to implement the new ISHS, the GoCR has requested TA from the World Bank. The project should be framed within INEC's rule of law, organizational norm, and physical structure. The responsibility of the project's planning, execution and evaluation should fall under the Area of Censuses and Surveys in INEC.
The proposed activities are classified into three components as follows.

Component 1: An integrated and updated sample design for the household surveys
This component will allow to obtain a sampling frame for all the household surveys that INEC will collect within the next ten years. This sampling frame should consider the accuracy and geographical disaggregation requirements of the different topics considered by the surveys, which requires establishing the sample sizes, the sampling selection method, the periodicity of the surveys, and the weighting methodology of the different samples so as to link the information in complementary subjects to avoid the duplication of efforts.
Besides the indicated products, this component will carry-out internships and consultancies to build capacity on good practices and innovative sample methodologies. The main objective is to improve the estimations, and make the data collection process more efficient as well as the different systems and processes that intervene in the production of information about individuals and households.

The internship aims to support learning from experiences from Latin American Statistical Institutes (for example, Brazil's and Ecuador's) regarding the sample design for and implementation of an ISHS. The following are the issues to be addressed: determine the different surveys and topics that integrate the ISHS, their periodicity, and thematic relationship among the different surveys; inquire about the analyses, tests, and decisions that led to the design of the ISHS; determine the methodological and operational aspects for the launching and implementation of the ISHS, and the advantages that the ISHS design would offer when compared to the design of the previous surveys.

The consultancies are focused on the statistical design and set-up of the ISHS and its operational implementation. INEC's staff will receive the advice and guidance from an expert (provided by the project) in household survey sampling, with recent experience in current models of integrated household systems. This technical support will allow to create new capacities within INEC's staff for the subsequent development of the surveys. The consultancies have the following objectives:

• Elaborate a diagnosis of the sample designs, precision levels, and geographical disaggregation of the estimations, as well as the methodologies of the surveys currently carried out by INEC.
• Determine the surveys and topics that will integrate the ISHS and the required periodicity of visits, sample sizes according to the key variables in the thematic design, and the requirements related to geographic disaggregation.
• Elaborate different designs of the ISHS together with a cost-benefit analysis of their implementation, operational difficulty, and maintenance over time.
• Undertake the selection of the Master Sample according to the ISHS design, determine the calculation methodology of the weighting or expansion factors of the master sample and of the samples of the surveys in the model of the selected ISHS.
• Design and execute a pilot test of the ISHS to evaluate the design and operational methodology of the application of the ISHS model.

The topics included are not covered in university classes or careers, and thus, the only way to generate capacities is through these modalities. Both the internship and consultancies will strengthen the theoretical and practical knowledge of the officials working at the Sample Unit in relation to the design and implementation of an ISHS. The products have to do with generating professional capacities and solid documentation in topics such as: statistical techniques to harmonize processes of different surveys; the operational efficiency of integrated surveys; and the specific design aspects, such as the main variables, the sample size, rotation, the panel, weighting, the estimation methods and the calculation of the sampling errors. It is expected that during the course of the ISHS the team will produce a document about the statistical design, implementation, and maintenance, which will be finished by the end of the project.

Component 2: An updated and articulated thematic design of the household surveys

This component refers to the platform needed to incorporate the different surveys executed by INEC into the ISHS, alternating the different issues according to their periodicity (monthly, quarterly, annual, quinquennial, among others), the geographic scope of the requested information (national, regional, Great Metropolitan Area, urban, and rural zone), and the thematic complementarity of the different surveys. This will allow linking the information between surveys without exhausting households with multiple visits. This thematic platform will take into consideration current demands of information at the national and international levels, in particular those that are required to incorporate the country to the OECD, as well as to elaborate the SDGs.

The above will be attained through the review of the topics that this type of research about the population and households demands, considering the issues of poverty, labor, incomes, demographics, education, social programs, and others that are necessary to answer the national and international requirements and recommendations from international organizations. Besides the thematic revision and extension, the team will look for new methods to collect and integrate information of the different stages in data gathering, in order to increase the efficiency of the field work.

This requires the technical advice from experts with knowledge and experience in these new research modalities, that have mastery of the topics that need to be examined further and knowledge on how to improve the thematic research.

These experts will work with INEC's staff in charge of the household surveys, reinforcing with additional staff hired for the project or substituting them in their current tasks. The team in charge of redesigning the surveys will be also in charge of developing and implementing the research, once the design stage has been concluded. As with the previous component, the staff will benefit from internships and consultancies, as explained below.

The internships within the thematic component will aim to increase the knowledge of the team on the thematic design of the conceptual and operational implementation of the new recommendations to measure incomes, labor, poverty and related topics, as well as to recognize and evaluate the experience of a Latin American Statistical Institute (for example, Brazil's and Ecuador's) in the integration of the different topics within the design of an ISHS. The topics to be covered are related to analyzing the design of the measurement of incomes, labor, and so on; considering the information requirements of international organizations (such as OECD and SDGs); evaluating the design of questions and questionnaires to cover the different topics and user requirements; and understanding the design of the ISHS, the research topics, periodicity, execution and operationalization of the project.

The consultancies will support the process of thematic design to be included in the ISHS according to the requirements of national and international users, the periodicity, coverage, and scope of the different topics:

Forum for consultation with users: meeting with survey specialized users, under a participatory methodology established previously to satisfy their information needs and take into account recommendations for improvements. These consultations will include Academia, Government, Civil Society Organizations, Indigenous Experts, among others.

• Documentation of the results obtained from the Forum regarding the consultation with users and recommendations.
• Revision and adjustment of the design and content of the current statistical production according to the most recent recommendations from the OECD and SDGs as well as countries like Brazil and Ecuador; these recommendations include the proposal of new designs and contents.
• Proposal, design, and operationalization of new questionnaires for the main topics of interest according to the recommendations.
• Design of the ISHS (topics in the basic module, topics in special modules or surveys, research periodicity in each topic, samples required in each case).
• Scope, limitations in the design and sample size, geographic disaggregation levels, and new research needs for each topic (for future presentation and approval).
• Proposals for the content of the Interviewer's manual and training methodology.
• Plan of inconsistencies: document containing the rules of consistency that have to be followed when collecting information -it is an input for information technology programming and quality control.
• Definition of the Periodicity to colle ct and present each research topic (such as monthly job, annual household income, and other special topics).
• Definition of scopes and limitations of the pilot: document with the results of the pilot survey, which evaluates the aspects that work and those that have to be improved.
• Processes related to the execution of the ISHS: document that contains the operational proposal of the ISHS, including the definition of processes, their operationalization, programs that will help make a more efficient use of the resources, needed resources for implementation, hiring methods, and so on.
• Final adjustments as a result of the pilot test and of the workshop to obtain feedback. This includes incorporating needed survey and documents' adjustments, as a result of the survey pilot tests.

Both the internships and consultancies will strengthen and increase the conceptual knowledge needed to conduct the research and analysis on the topics of incomes and labor, with the aim to satisfy the new international requirements. In

addition, they will facilitate learning about international experiences with respect to the articulation of the different topics in an ISHS. It is expected that the final project will produce a document that will include topics that should be covered in an ISHS, its operationalization in the field via questionnaires, scopes and thematic periodicity, and the limitations in the research of the different topics.

Component 3: An integrated information technology system for the management of the household surveys

This component will standardize all the statistical operations at the level of the survey questions, question values, and inconsistencies in the questionnaires. The main objective is to offer computational solutions in order to automate surveys with the aim of offering higher quality statistics on a timely manner.

SAFEGUARDS

E. Safeguard Policies that Might Apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01		X	
Natural Habitats OP/BP 4.04		X	
Forests OP/BP 4.36		X	
Pest Management OP 4.09		X	
Physical Cultural Resources OP/BP 4.11		X	
Indigenous Peoples OP/BP 4.10		X	
Involuntary Resettlement OP/BP 4.12		X	
Safety of Dams OP/BP 4.37		X	
Projects on International Waterways OP/BP 7.50		X	
Projects in Disputed Areas OP/BP 7.60		X	

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