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Report No: PAD2812

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

IN THE AMOUNT OF SDR 14.2 MILLION
(US$20 MILLION EQUIVALENT)

TO THE

EAST AFRICAN COMMUNITY (EAC)

FOR A

EAC STATISTICS DEVELOPMENT AND HARMONIZATION REGIONAL PROJECT

July 6, 2018

Poverty and Equity Global Practice
Africa Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective May 31, 2018)

Currency Unit =   US$

1.41665 US$ =   SDR 1

FISCAL YEAR
July 1 – June 30

ABBREVIATIONS AND ACRONYMS

AfDB	African Development Bank
AFRITAC	Africa Regional Technical Assistance Center
AGDP	Annual Gross Domestic Product
AGO	Annual Gross Output
AIC	Annual Intermediate Consumption
API	Agriculture Price Index
BOT	Bank Of Tanzania
CAPI	Computer-Assisted Personal Interviewing
CBK	Central Bank
CIF	Cost Insurance and Freight
COICOP	Classification of Individual Consumption According to Purpose
CPI	Consumer Price Index
CSPA	Common Statistical Production Architecture
CSS	Community Statistical System
DA	Designated Account
EAC	East African Community
EACMU	East African Community Monetary Union
EAIs	Elementary and Aggregate Indices
EALA	East African Legislative Assembly
EASB	East African Statistics Bureau
EASTC	Eastern Africa Statistical Training Centre
FM	Financial Management
FOB	Free on Board
FRR	Financial Rules and Regulations
GDP	Gross Domestic Product
GDP-E	Gross Domestic Product/Expenditures
GDP-P	Gross Domestic Product/Production
GFS	Government Finance Statistics

GIS	Geographic Information System
HBS	Household Budget Survey
HCPI	Harmonized Consumer Price Index
HFMCE	Household Final Monetary Consumption Expenditure
ICBT	Informal Cross Border Trade
ICP	International Comparison Program
IFR	Interim Financial Report
IMF	International Monetary Fund
ISIC	International Standard Industrial Classification
ISTEEBU	Institut de Statistiques et d'Etudes Economiques du Burundi
KNBS	Kenya National Bureau of Statistics
LFS	Labor Force Survey
LSMS	Living Standards Measurement Study
M&E	Monitoring and Evaluation
MDAs	Ministries, Departments, and Agencies
NBS	National Bureau of Statistics
NDP	National Development Plan
NHS	National Household Survey
NISR	National Institute of Statistics of Rwanda
NPISH	Nonprofit Institutions Serving Households
NPS	National Panel Survey
NSO	National Statistical Office
NSDS	National Strategy for the Development of Statistics
NSS	National Statistical System
OCGS	Office of the Chief Government Statistician
PDO	Proposed Development Objective
PIU	Project Implementation Unit
PPPM	Procurement Policies and Procedures Manual
QGDP	Quarterly Gross Domestic Product
QGO	Quarterly Gross Output
QIC	Quarterly Intermediate Consumption
RRSF	Regional Reference Strategic Framework
RSDP	Regional Statistical Development Plan
RTAC	Regional Technical Assistance Center
SDG	Sustainable Development Goal
SDMX	Statistical Data and Metadata eXchange
SHaSA	Strategy for the Harmonization of Statistics in Africa
SNA	System of National Accounts
SPD	Standard Procurement Document
SSP	School of Statistics and Planning
STEP	Systematic Tracking of Exchanges in Procurement
SUT	Supply and Use Tables

ToR	Terms of Reference
TWG	Technical Working Group
UBOS	Uganda Bureau of Statistics
UN	United Nations

BASIC INFORMATION

Country(ies)	Project Name
Burundi, Kenya, Rwanda, South Sudan, Tanzania, Uganda	EAC Statistics Development and Harmonization Regional Project

Project ID	Financing Instrument	Environmental Assessment Category
P164243	Investment Project Financing	C-Not Required

Financing & Implementation Modalities

[ ] Multiphase Programmatic Approach (MPA)	[ ] Contingent Emergency Response Component (CERC)
[ ] Series of Projects (SOP)	[ ] Fragile State(s)
[ ] Disbursement-linked Indicators (DLIs)	[ ] Small State(s)
[ ] Financial Intermediaries (FI)	[ ] Fragile within a non-fragile Country
[ ] Project-Based Guarantee	[ ] Conflict
[ ] Deferred Drawdown	[ ] Responding to Natural or Man-made Disaster
[ ] Alternate Procurement Arrangements (APA)	

Expected Approval Date	Expected Closing Date
27-Jul-2018	29-Dec-2023

Bank/IFC Collaboration
No

Proposed Development Objective(s)

The development objective of this project is to support the production of harmonized and quality statistics in the EAC, in support of the regional integration in the region, through capacity building of the National Statistical Offices of the East African Community (EAC) Partner States and the EAC Secretariat.

Components

Component Name	Cost (US$, millions)
Component 1: Human Resources and Institutional Developments	10.70
Component 2: Improved data quality, comparability, dissemination and use	7.30
Component 3: Project Management	2.00

Organizations

Borrower:	East African Community
Implementing Agency:	East African Community

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

Total Project Cost	20.00
Total Financing	20.00
of which IBRD/IDA	20.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	20.00
IDA Grant	20.00

IDA Resources (in US$, Millions)

	Credit Amount	Grant Amount	Total Amount
Tanzania			
Regional	0.00	20.00	20.00
Total	**0.00**	**20.00**	**20.00**

Expected Disbursements (in US$, Millions)

WB Fiscal Year	2019	2020	2021	2022	2023	2024
Annual	1.70	3.50	5.50	5.00	3.50	0.80
Cumulative	1.70	5.20	10.70	15.70	19.20	20.00

INSTITUTIONAL DATA

Practice Area (Lead)   **Contributing Practice Areas**

Poverty and Equity

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)	Yes

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● Moderate
2. Macroeconomic	● Moderate
3. Sector Strategies and Policies	● Low
4. Technical Design of Project or Program	● Substantial
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● Moderate

7. Environment and Social	● Low
8. Stakeholders	● Substantial
9. Other	
10. Overall	● Moderate

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		✓
Performance Standards for Private Sector Activities OP/BP 4.03		✓
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 establish 4 months after effectiveness and maintain, at all times during the implementation of the Project, a Project steering committee with a mandate, composition and resources satisfactory to the

Association.

Sections and Description
The Recipient shall establish 4 months after effectiveness   and maintain, at all times during the implementation of the Project, a project implementation unit within Secretariat of the EAC until the Regional Bureau of Statistics is operational and then be transferred to the Bureau with terms of reference and resources satisfactory to the Association.

Conditions

Type	Description
Effectiveness	The Recipient shall have adopted the Project Operation Manual in form and substance satisfactory to the Association.

PROJECT TEAM

Bank Staff

Name	Role	Specialization	Unit
Abdoullahi Beidou	Team Leader(ADM Responsible)	Senior Economist/Statistician	GPV01
Winter M. Chinamale	Procurement Specialist(ADM Responsible)		GGOPA
Michael Eriu Okuny	Financial Management Specialist		GGOAE
Abdelaziz Lagnaoui	Safeguards Advisor		GEN01
Ben Kiregyera	Team Member	Consultant	GPV01
Christine Makori	Team Member		LEGAM
Elizabeth Ann Talbert	Team Member	Statistician	GPV01
Emelyne Calimoutou	Counsel	Legal Analist	LEGAM
Eric Roland Metreau	Team Member	Statistician	DECAE
Jane A. N. Kibbassa	Environmental Safeguards Specialist		GEN01
Jean O Owino	Team Member		WFACS
Jessica Diane Adler	Team Member		GPV01
Knut Opsal	Social Safeguards Specialist		GSU07

Mary C.K. Bitekerezo	Social Safeguards Specialist		GSU07
Nathalie S. Munzberg	Safeguards Advisor		OPSES
Nobuo Yoshida	Team Member	Lead Economist	GPV01
R. Wendy Karamba	Team Member		GPV01
Senait Kassa Yifru	Team Member		GPV01
Tsehaynesh H Michael Seltan	Team Member	Program Assistant	GPV01

Extended Team

Name	Title	Organization	Location

EASTEN AFRICA
EAC STATISTICS DEVELOPMENT AND HARMONIZATION REGIONAL PROJECT

TABLE OF CONTENTS

I. STRATEGIC CONTEXT

A. Country Context

1.   **The East African Community (EAC) (hereunder also referred to as the Community) is the regional intergovernmental organization of the six Partner States,** namely the Republics of Burundi, Kenya, Rwanda, South Sudan, the United Republic of Tanzania, and the Republic of Uganda. The Community's headquarters is based in Arusha, Tanzania. The treaty for establishment of the EAC was signed on November 30, 1999 and came into force on July 7, 2000 following its ratification by the original three Partner States—Kenya, Uganda, and Tanzania. The Republic of Rwanda and the Republic of Burundi became full members of the Community in July 2007, and South Sudan, the latest entrant, formally joined the EAC in September 2016.

2.   **The main objective of the Community is to widen and deepen economic, political, social, and cultural integration of East African countries.** To achieve these objectives, the key building blocks are the Customs Union, Common Market, Monetary Union, and ultimately the Political Federation.

- **The Customs Union is the first regional integration milestone and critical foundation of the EAC.** It aims to create one single market across the Partner States. The EAC started the Customs Union in 2005 and entered a fully-fledged Customs Union in January 2010 and is currently working toward a single customs territory. The Customs Union Protocol provides for the adoption of a common trade policy with common external tariffs.

- **The Common Market, for its part, constitutes the second milestone of regional integration in the Community.** It provides for free movement of labor, goods and services, and capital between member states. The Common Market Protocol came into force in July 2010. The Partner States are in the process of amending their respective national policies, laws, and regulations to conform to the Common Market Protocol.

- **The Monetary Union is the most advanced stage of the economic integration process where countries have harmonized their different economic, monetary, and fiscal policies.** The EAC Monetary Union (EACMU) Protocol was signed in November 2013 and entered into force in 2014. It provides for a 10-year transition period to adopt a single currency by the year 2024. To qualify for the Monetary Union, the Partner States should meet the following primary convergence criteria and comply with them for at least three years.

  - Ceilings on headline inflation (8 percent)
  - Fiscal deficit including grants (3 percent of gross domestic product [GDP])
  - Gross public debt (50 percent of GDP)
  - A floor on reserve coverage (4.5 months of imports)

  In addition, there are three indicative criteria:
  - Ceilings on core inflation (5 percent)
  - Fiscal deficit excluding grants (6 percent of GDP)
  - A floor on the tax-to-GDP ratio (25 percent)

- Other key prerequisites for entry into the Monetary Union other than attainment of the above macroeconomic convergence criteria, include full implementation of the Customs Union and Common Market Protocols to ensure sufficient trade integration and openness, labor mobility, capital mobility, and exchange rate flexibility. The institutional framework to monitor and enforce convergence includes the establishment of the East African Monetary Institute, as a precursor to the East African Central Bank; the East African Statistics Bureau (EASB); the East African Surveillance, Compliance, and Enforcement Commission; and the Financial Services Commission.

3.   **To achieve its objective, in February 2016, the EAC revealed the Community's Vision 2050 that lays out a broad perspective in which the region optimizes the utilization of its resources to accelerate productivity and the social well-being of its people.** It portrays a future East Africa with rising personal prosperity in cohesive societies, competitive economies, and strong interregional interaction. The EAC operationalizes its vision through five-year development strategies. The current strategy, the 5th one, covers the period 2016/2017–2020/2021. The overall objective of the 5th Development Strategy is to build a firm foundation for transforming the EAC into a stable, competitive, and sustainable lower-middle-income region by 2021. To realize this goal, the Community intends to implement programs, projects, and other interventions aimed at accelerating a people-centered and market-driven integration that will also facilitate faster and more sustainable socioeconomic development and transformation of the EAC region.

4.   **Monitoring of this Regional Development Strategy as well as the regional integration process will rely on availability of accurate, reliable, timely, harmonized, and comparable statistics**. This is currently lacking because of limited statistical capacity in the Partner States and also due to missing coordination among the Partner States. For instance, comparable data are needed for monitoring the implementation of the Customs Union and the Common Market—specifically data regarding the free movement of goods, services, and capital. In addition, the Monetary Union specifically requires that the common currency be based on a solid economic foundation. It also requires that before a country is accepted, its economy must meet the abovementioned required standards. In that regard, entrance to the Monetary Union would be denied a country, until it meets the agreed macroeconomic convergence criteria (the bedrock of the Monetary Union). Thus, the assessment of countries needs to be fair and objective based on comparable and reliable indicators. Furthermore, to assess the outcome of the Regional Development Strategy in terms of socioeconomic development, as well as to inform a people-centered decision-making policy, comparable and accurate socioeconomic indicators on poverty, health, education, employment, etc. are needed. To meet these requirements, as well as other policy, planning, decision-making, monitoring, evaluation, and reporting purposes, the EAC Secretariat has given priority to address the issue of statistical capacity and harmonization in the region.

B. Sectoral and Institutional Context

5.   **The EAC treats statistics as a sector and has established a Sectoral Statistics Committee responsible for the preparation of a comprehensive implementation program and the setting out of priorities with respect to the statistics sector.** In addition, a Statistics Department functioning under the Directorate of Planning has been created at the EAC Secretariat. However, this department lacks human resources capacity to operate adequately. Currently, the department has only one established senior statistician position. Over the past years, the budgetary and human resources allocation to the statistics

function has been grossly inadequate[1], considering the increased demand for harmonized and timely statistics, following the adoption of the Common Market and Monetary Union Protocols.

6.   **In 2013 the EAC Secretariat in collaboration with Partner States started implementing its first Regional Statistical Development Plan (RSDPI),** covering the period 2012/13–2016/17. RSDPI covered the following three main areas:

- **Harmonization of statistics,** which involves harmonization of statistical methodologies and tools to produce comparable, accurate, and up-to-date statistics to inform both national development processes and the process of regional integration

- **Development of an EAC statistical database** with harmonized data covering the Community's socioeconomic statistics indicators and establishment of an EAC statistical portal accessible to users

- **Statistical capacity-building initiatives** to address the shortage of statisticians and experts in the region in areas such as national accounts, agricultural statistics, household surveys, trade statistics, financial statistics, and price statistics.

7.   **RSDPI resulted in a number of achievements**. The implementation of RSDPI ended in June 2017. Assessment of its implementation shows a number of results including establishing a regional statistics policy, movement toward the transformation of the current Statistics Department into an EAC Statistics Bureau, and steps toward development, harmonization, and dissemination of Community statistics. The plan had recommended establishment of a regional statistics policy. This policy was designed and adopted by the Council of Ministers (the policy organ of the Community) in November 2014. It provides guidance for national and regional programs for capacity building and institutional development. It also defines the governance structures, surveillance, and funding mechanisms of the Community Statistical System (CSS) and serves as a reference point regarding the roles and responsibilities of the different parties in the CSS and other international stakeholders involved in statistical activities. Furthermore, it sets out the minimum standards benchmarked to international best practice to be followed by the Partner States during the production, compilation, and dissemination of statistics.

8.   **EASB is being established as an autonomous institution to effectively carry out its proposed regional mandate.** With respect to the transformation of the Statistics Department into the Regional Statistics Bureau, the plan provided for the establishment of EASB as an autonomous institution of the EAC. It would be responsible for statistics and statistical development in the Community to strengthen the statistics function within the community, similar to Eurostat is in the European Union. The autonomy given to the bureau aims to ensure that it will adequately implement its mandate, especially when it comes to (a) authentication of statistics submitted by the Partner States; (b) conduct of in-site audits of the National Statistical Offices (NSOs) to verify compliance with the standards issued by the bureau and to determine whether the quality of statistics from the Partner States is conform to the standards; and (c) preparation and publication of reports on the quality of statistics submitted by an NSO. These significant regional mandates introduced by the EAC Statistics Policy and Statistics Bill to regulate the development and harmonization of statistics in the community, are best served by an apolitical body. This is also consistent with what the Partner States have done—they have made their NSOs autonomous government agencies

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[1] The budget for operations of the department during FY2017/2018 is US$321,950, down from US$363,830 in FY2016/2017 and US$381,250 in FY2015/2016.

to, among others, raise their profile and visibility, make them more efficient and effective, and enhance the integrity and credibility of official statistics from the viewpoint of the public. The establishment of the Regional Statistics Bureau was endorsed by the EAC heads of state in November 2013, along with the creation of the Regional Monetary Institute. Overall, the bureau aims to consolidate and widen activities of the Statistics Department. It specifically aims to harmonize, consolidate, coordinate, and regulate the development, production, and dissemination of Community statistics. More importantly, it will set standards and guidelines, and monitor compliance with them to ensure that harmonized, comparable, and complete statistics on the EAC macroeconomic indicators are produced and disseminated. Efforts are in advanced stages to have that Regional Statistics Bureau established. The Draft EASB Bill has been adopted by the Council of Ministers in March 2017 and submitted to the East African Legislative Assembly (EALA) for enactment. The Partner State to host the bureau is yet to be decided.

9.   **The EAC Secretariat has established Technical Working Groups (TWGs) to work on harmonization and development of selected areas of statistics, such as national accounts, consumer price index, external trade statistics, government finance statistics, energy and environment statistics, and population and housing census.** A lot of work was and is being done through these TWGs. For instance, all the Partner States participated in the 2010 round of the World Census Program and have carried out a Household Budget Survey (HBS) in the recent past. The HBS is a foundational survey because it collects data that are used for compiling the consumer price index (CPI), poverty statistics, and private consumption aggregate for national accounts. In addition, apart from South Sudan, all the other Partner States undertake periodic Demographic and Health Surveys and Labor Force Surveys, and four of the six countries managed to carry out a Manpower Survey that was initiated by the EAC Secretariat. International Merchandise Trade Statistics has also benefited from the implementation of the EAC Customs Union and the subsequent harmonization of customs procedures and classifications. As a result, all the Partner States are referring to the same customs procedure codes, and are all using the Harmonized Commodity Description and Coding System for the classification and taxation of imported and exported goods.

10.   **Availability and comparability of statiscs still pose a significant challenge**. Due to limited capacity, the EAC Secretariat could not follow up as much as needed with the Partner States on all agreed activities, making the availability and comparability of statistics among the Partner States still a challenge. For instance, apart from Tanzania and Uganda, the Agricultural Census has not been undertaken in the other countries. This census is the main source of data on the structure and organization of the agricultural sector and is critical in informing plans and programs to transform the agricultural sector which is the backbone of the economies of the Partner States in the Community. The Agricultural Census also serves as the basis for the development of annual agriculture surveys.

11.   **On national accounts, there are still differences in data sources and methodologies used to compile aggregates.** Partner State capacity needs to be enhanced in the following areas: financial sector accounts, estimation of gross fixed capital formation and consumption of fixed capital, production of institutional sector accounts, compilation of volume measures, seasonal adjustment techniques, and so on. It would also be desirable to develop a monitoring framework for quality assessment and undertake peer reviews, explore the use of a common application software, and ensure that methodologies used in the Partner States to compile quarterly national accounts produce comparable results. There is a need to increase staff skills development through national, regional, and international training programs, to

address the challenge of high staff turnover and to keep all staff abreast with the latest international statistical standards (see Annex 4 for more details).

12.   **Differences in CPI methodologies and pratices alter the comparability of the indices.** The CPIs' geographical coverage differs from one Partner State to another, the use of regional weights is not similar, and so is the mode of price collection. For instance, while the NSOs of Rwanda and Burundi collect consumer prices from their respective capital cities, urban areas, and rural areas, the NSOs in Uganda, Kenya, and Tanzania (NSO and Office of the Chief Government Statistician [OCGS]) collect consumer prices from their capital cities and other urban areas only. Furthermore, the NSOs in Burundi, Rwanda, and Uganda determine their respective CPI regional weights as a proportion of the final consumption expenditures of a regional household, while the NSO of Kenya uses proportions of regional households to determine regional CPI weights. The mode of price collection differs also from one country to another. NSOs in Uganda and Tanzania purchase all goods monthly with no standard units of measurements during price collection and thereafter weigh the goods to establish their standard unit price. However, the statistical office in Burundi purchases such goods once in a quarter (3 months) and the statistical office in Rwanda does not purchase such goods, instead, such goods are just weighed from their stalls and their standard unit price established. Annex 5 contains a comparison of the status of CPI in each Partner State.

13.   **Comparison of poverty estimates within the EAC is difficult.** On poverty statistics, the review of several aspects of the household surveys used to estimate poverty indicates many differences in survey design and periodicity in the region, including the questionnaire design, specifically on food consumption, which is the main data source for poverty estimates. For instance, while in some countries, the consumption data are collected using a diary, in others the recall approach is used. Furthermore, even when the same approach is used, the length of the referenced period is different. For example, Burundi and Tanzania both use a diary to record food consumption in the HBSs, however, Tanzania uses a 28-day diary compared to Burundi's 9-day diary. Moreover, the methodologies used for poverty measurement are not similar. For instance, the approach used to estimate the food and non-food poverty lines varies across the EAC Partner States and these are also based on consumption patterns for different referenced population groups. Additionally, the EAC Secretariat does not have available expertise to assist the Partner States on poverty statistics (see Annex 7).

14.   **There are similarly challenges related to trade statistics.** On external trade, the main causes of discrepancies are related to the understanding of the customs procedures and how they are linked to the different trade systems (and especially the general trade system) and the approaches adopted for the estimation of the cost insurance and freight (CIF)/free on board (FOB) corrections. Other topics for harmonization in the area include the use of a common software (such as Eurotrace), taking a fresh look at the regional external trade database, exchange rates to be used for the conversion of transactions labeled in foreign currencies, and statistics on partner countries and modes of transport (see Annex 6).

15.   **EAC data dissemination is improving.** On data dissemination, the EAC Secretariat continues to make community statistics available to users through *EAC Facts and Figures*, an annual publication of the EAC Secretariat. It presents socioeconomic highlights of the EAC region for a five-year period and forms an important source of inputs into policy, planning, and monitoring and evaluation (M&E) for the Community. *Facts and Figures* for 2016 is already uploaded on the EAC website. In addition, the EAC Secretariat has been disseminating data using a data portal, which unfortunately was slow. However, with

assistance from the African Development Bank (AfDB), an open data platform has been established and integrated with the data portal thereby making data dissemination faster.

16.   **The region continues to experience a shortage of statisticians with expertise and skills in specialized areas** such as national accounts, agricultural statistics, household surveys, trade statistics, financial statistics, and price statistics. Indeed, the few professionals trained end up in other sectors such as accounting, banking, and IT, among others. In all countries, the shortage of statisticians is greater in government ministries, departments, and agencies (MDAs) than at the NSOs. This shortage is particularly severe in both Burundi and South Sudan, two post conflict Partner States. In Burundi, the shortage can be partly explained by the absence of a statistical training program at the National University. Burundi is thus depending on training centers in Côte d'Ivoire, Senegal, and Cameroon, where it can send only a handful of personnel for training each year. For South Sudan, the problem is not the lack of trained statisticians but rather failure by the Government to motivate and retain them and professional staff are being attracted to the private sector at a high rate. The EAC Secretariat has been working closely with the International Monetary Fund (IMF) East Africa Regional Technical Assistance Center (AFRITAC) to build skills in economic statistics—national accounts, CPI, and so on. This collaboration should be broadened. At the Community level, to date, the EAC Secretariat has had only one established position in the Statistics Department. Although NSOs nominate statisticians to assist the EAC Secretariat with key activities, more staff are required for the development and coordination of the CSS. The lack of staff makes it difficult, for instance, to routinely monitor the implementation of time-bound action plans designed by TWGs in the Partner States.

17.   **Statistical awareness about the importance and role of statistics in society remains low among the public in the region**, although it is needed to create demand for and use of statistics especially for public policy, planning, and decision making, and for increased investment in statistics and statistical development. Furthermore, apart from the Uganda National Development Plan (NDP) (2010/11–2014/15),[2] no Partner State has been able to mainstream statistics as a stand-alone sector into the NDP. Although the NDPs mention statistics in the downstream chapter on M&E where mention is made of use of statistical products for M&E, they do not recognize statistics as a cross-cutting and enabling sector that is weak, vulnerable, under resourced and underperforming that also needs to be mainstreamed into the national development process, that is, identified and targeted for development like other cross-cutting sectors such as gender, environment, and so on. As a result, quality statistics continue to be expected without corresponding investment in institutional, infrastructure, and capacity development for production of quality statistics now and in future.

18.   **All the Partner States have a Statistics Act that underpins the collection, management, and dissemination of official statistics.** These Statistics Acts are largely in line with the United Nations (UN) Fundamental Principles of Official Statistics. They provide for the NSO to be an autonomous agency of the Government with its own governing board, which raises the profile of statistics, enhances the integrity and credibility of official statistics in the eyes of the public, and renders the NSOs more effective and efficient—thus contributing to the production of quality Community statistics. Tanzania was the last Partner State to make the NSO autonomous when it promulgated the Statistics Act of 2015. The governing

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1. The Uganda NDP (2010/11–2014/15) had a whole chapter on statistical development as a cross-cutting and enabling sector, complete with situation analysis, challenges, strategies, and targets for developing the sector, M&E for the sector, and resource requirements.

boards are small, around 7–10 members, and members are professionals in statistics or allied fields representing the government ministries, the central bank, the private sector, the civil society sector, and research and training institutions. Even though this is a good practice, no Statistics Act of any member state explicitly provides for the establishment of a Statistics Unit (department) in each MDA. This has slowed down improvement in administrative data sources and not made statistical coordination any easier. It is therefore critical that in the reviews of Statistics Acts of the Partner States, this issue is addressed. It is also important that when the EASB Bill is passed by the EALA, the Partner States review their Statistics Acts to bring them in line with the provisions of the East African Statistics Act.

19.   **All the Partner States except Kenya have designed a National Strategy for the Development of Statistics (NSDS) for improving their national statistical systems (NSSs).** Burundi, Rwanda, Tanzania, and Uganda are implementing their second NSDSs. Kenya has only designed a Strategic Plan for its National Bureau of Statistics, while a strategy for the whole NSS is needed. Arrangements should be made early to update the statistical strategies that expire in 2017 or 2018 (Rwanda, Kenya, and Tanzania) or are due for midterm review (South Sudan). Irrespective of their current stage, all the NSDSs should be revised to take on board new data requirements, especially to monitor and report on progress toward the Sustainable Development Goals (SDGs). As the Partner States update their NSDSs, they have been urged to ensure that they use a sectoral (or bottom-up) approach.

20.   **It is against the above backdrop that the EAC has designed RSDPII covering the period 2017/18– 2021/22.** RSDPII is anchored in the 5th EAC Development Strategy and its design considered (a) the unfinished business of the first plan and lessons learned from its implementation; and (b) new international trends and emerging issues in statistical organization and management. RSDPII seeks to (a) broaden and deepen production of high-quality and harmonized community statistics; (b) promote easy access to and use of community statistics; and (c) build statistical capacity in the priority areas of national accounts, agricultural statistics, poverty statistics, household surveys, trade statistics, financial statistics and price statistics.

C. Higher Level Objectives to which the Project Contributes

21.   **Limited availability of quality statistics in Africa remains one of the main obstacles to better monitoring poverty reduction strategies, and economic progress and is also a major constraint to managing for development results.** The production of harmonized statistics and their alignment to international standards allows for enhancing the quality of data needed for informing evidence-based policy making. Furthermore, supporting the development of harmonized statistical tools contributes toward developing the statistical capacities of member states. The World Bank support in this area is therefore in line with the twin goals of the World Bank and contributes to the objectives of the EAC Partner States partnership strategies.

22.   **The project reflects also priorities emphasized in World Bank country strategies for the various EAC Partner States.** Rwanda's Performance Learning Review of the Country Partnership Strategy for FY2014–2018 (Report No. 106731-RW) puts high value on the increased integration into the EAC. For Uganda, the FY2016–2021 Country Partnership Framework (Report No. 105024) objective focuses on supporting the strengthening of evidence-based resource allocation and considers strengthening country systems for transparency and accountability. Both these objectives highlight the need for enhanced statistical development and disclosure through open data. In Kenya, the Country Partnership Strategy for

FY2014–2018 (Report No. 113547-KE) considers that the consistency of Kenya's development will be enhanced by deepening regional integration with neighbors. It also highlights the need to focus on development of capabilities for measuring and monitoring progress. In that regard, it considers statistical capacity building as a prerequisite for a more evidence-based approach to policy making. In Tanzania, the FY2018–2022 Country Partnership Framework (Report No. 121790-TZ) stresses that enhanced quality in the national statistical system will contribute to enhanced accountability and effectiveness of service delivery by the public sector whicjh in turn is key for effective development outcomes. For South Sudan, although the FY18-19 Country Engagement Note (Report No. 120369-SS) focuses on delivery of basic services, food secutity and livelihoods, given the urgencies there, it however highligths the need for a statistical capacity building as well.

23.   **The project is also consistent with the Regional Reference Strategic Framework (RRSF) in building statistical capacity in Africa which was designed to improve development outcomes and governance by strengthening NSSs in Africa.** The RRSF considers particularly that the statistics units of subregional organizations in Africa such as the EAC need to be bolstered to play the role expected of them in statistics, including adapting global concepts and classifications to subregional and national use. The support to the EAC in developing statistics that are harmonized and aligned to international standards would be a valuable contribution to that end.

24.   **This project will also contribute to the achievement of the World Bank Regional Integration Assistance Strategy for Sub-Saharan Africa (Report No. 121912-AFR)** endorsed by the Board on June 5, 2018, that is organized around four strategic priorities: (a) Generate economic dynamism along regional economic corridors; (b) Develop functioning regional markets in four priority sectors; (c) Scale up access to quality public services and entrepreneurship through complementary regional solutions; and (d) Promote collective action to address risks of regional economic contagion, fragility, epidemic, and climate 'hot spots'. This project contributes specially to attaining the third strategic priority of that strategy which, among others, aims to promote harmonized development of information systems/statistics and national identity systems to improve provision of services.

25.   **It is also consistent with the Strategy for the Harmonization of Statistics in Africa (SHaSA) which was designed by the African Union with support from other pan-African institutions.** SHaSA aims to inform the African integration agenda with harmonized and comparable statistics by supporting adoption of harmonized and standardized definitions and concepts, the adaptation of international statistical norms to African realities, and the utilization of common methodologies for statistical production and dissemination by all African countries. In addition, the call for internationally comparable statistics is especially strong in the context of the 2030 Agenda for Sustainable Development and for Agenda 2063 for a prosperous and united Africa. This is therefore an appropriate time to promote synergies and cooperation within the statistical community and encourage countries to make efforts toward harmonization of statistics and aligning them to the monitoring needs for SDGs.

26.   **This project will also contribute to the implementation and monitoring of the EAC Vision 2050 and its subsequent Regional Development Strategy by providing high-quality and harmonized data to enhance informed policy and decision making.** Finally, this project will contribute to tackle the current shortcomings in regional statistical systems in the EAC, particularly lack of harmonization of methodologies in compiling key economic statistics. Those gaps may not be quite straightforward to handle at the level of individual countries. So, this project will partially solve (if not all) coordination failure

issues in statistical harmonization through building regional public goods. This type of regional instrument will also support 'lagging' countries among the EAC Partner States in terms of national statistical institutions by providing additional resources for capacity building.

II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

27.   The Project Development Objective (PDO) is to support the production of harmonized and quality statistics in the EAC, in support of the regional integration in the region, through capacity building of the National Statistical Offices (NSOs) of the East African Community (EAC) Partner States and the EAC Secretariat.

B. Project Beneficiaries

28.   **The direct beneficiaries of the project will be the EAC Secretariat and the Partner States' statistical systems that are coordinated by the NSOs and are engaged in data development, production, and dissemination.** These beneficiaries will benefit from inputs to deliver the outputs (quality harmonized statistics) needed by the Community institutions and National Governments to inform and underpin planning and decision-making processes; monitor performance; and evaluate the impact of policies, plans, and programs. While the EAC Secretariat will be the biggest beneficiary because the project will mostly implement activities that constitute the mandate of the EASB, Partner State NSSs will benefit because the harmonization aimed at will be done with their alignment to international standards and best practices. They will also benefit from capacity building through regional workshops and networking of peers, which in turn will reinforce collaboration and cooperation among NSOs in the region.

29.   **Other beneficiaries of the project will be data users** in the public and private sector (mainly investors and traders), the civil society which needs statistical information for advocacy and holding governments to account, academia for research and teaching purposes, the donor community and international organizations to assess requirements for assistance and/or participation in development initiatives; and the wider public for a variety of purposes.

30.   Ultimately, the project is intended to benefit the people of the EAC who are the target beneficiaries of the regional integration efforts to eradicate poverty and improve their living conditions.

C. PDO-Level Results Indicators

31.   The key aspects of the PDO are the capacity building of the NSOs of the EAC Partner States and the EAC Secretariat, with the view to support them to produce harmonized and quality statistics. The focus area of the capacity of the NSOs is about their ability to produce harmonized and quality statistics which means that they (a) have been provided with common regional guidelines and (b) have trained staff with adequate skills to implement them. Another requirement to actually produce these statistics is the availability of financial resources at country levels to undertake statistics operations needed. Ultimately, the capacity of the Partner States will be reflected in the actual implementation of the provided regional guidelines.

32.   Thus, progress toward achievement of the PDO will be measured and monitored through increased percentage of implementation by the Partner States of the regional guidelines in compiling national accounts, CPI, external sector statistics, and poverty statistics.

33.   The following key intermediate results indicators will be monitored:

(a)   Number of guidelines prepared to improve the comparability of national accounts, CPI, poverty, and external sector statistics in the Partner States

(b)   Number of Partner States professional statisticians trained on regional guidelines

(c)   Percentage of use by the Partner States of compatible software for CPI and external trade statistics compilation

(d)   Number of statistics experts at the EAC Secretariat hired by the project to work at the Statistics Department or the East African Statistics Bureau

(e)   Number of the Partner States conducting user satisfaction surveys on economic statistics

(f)   Data center at the EAC Secretariat or the EASB established.

III. PROJECT DESCRIPTION

A. Project Components

34.   **The proposed project activities will focus on improvement of the quality and production of regionally comparable statistics in the EAC, to support the development process in the Community.** The priority areas of the project are national accounts, CPI, external sector and poverty statistics. The focus on national accounts, CPI, and external sector statistics is more closely linked to the need to monitor the economic integration, especially the Common Market Protocol and the Monetary Union, which would be backed by statistical evidence. For instance, insufficient progress in the implementation of the Common Market Protocol, due to the persistence of non-tariffs barriers, is oftentimes related to poor implementation of evidence-based decision making by individual countries. The priority need of said statistics for the Monetary Union is because, before entering the single currency, each Partner State should have achieved and maintained the set performance convergence criteria, based on those statistics, for at least three consecutive years.

35.   **The focus on poverty statistics, for its part, relates to the need for the EAC to monitor consistently and comparably, the outcome on the population living standard of the regional integration process.** For the EAC, harmonized indicators on poverty levels are necessary to assess the extent to which growth and development in the region is balanced as integration is widened and deepened. This is indeed a basic tenet of the EAC integration process as expounded in Article 5 of the EAC treaty which, among others, identifies "strengthening and consolidation of co-operation in agreed fields that would lead to equitable economic development within the Partner States and which would in turn, raise the standard of living and improve the quality of life of their populations" as a primary objective. Comparable poverty

statistics will also feed the evidence-based decision making with regard to the implementation of sectorial policies in the Community.

36. **The proposed project is designed to be complementary to the ongoing technical support the EAC is receiving from the IMF,** especially from East AFRITAC, on monetary and financial statistics, government finance statistics, national accounts, and CPI. This center has been fully involved since the inception of the project. It was represented during the identification mission for the project and it will also be involved during the project implementation. For instance, it will be involved in the preparation of the guidelines on national accounts and CPI as well as in trainings. More importantly, part of these trainings will be delivered by AFRITAC staff with support from the project.

37. **The project will also complement current World Bank efforts at the country levels**. Specifically, the regional project focuses on development of common guidelines, trainings and adoption of common tools while the data collection that could be required for the implementation of these guidelines, is not in the scope of this project. Rather, this is expected to be supported at country levels. For instance, on national accounts, the harmonization process would require that some censuses, surveys and studies be conducted and that the GDP be rebased. To that end, beside a pilot survey, no data collection is in the scope of the regional project. However, the expectation is that countries will finance the implementation of what is agreed at the regional level, through national projects or other funding arrangements from the Government or partners. In this regard, a perfect sequencing between the regional project and national projects, meaning that the regional project setting up upstream regional guidelines and the member countries implementing them later, would be in theory, the best option. However, this is not possible, because there are activities supported by national projects at the country level which take place at the same time the regional guidelines are being developed. National projects should continue providing their support as they plan to do based on the existing country guidelines until the regional guidelines become available, because the statistics harmonization has to be seen as a long-term process that could not be achieved in a short time frame.

38. **Overlaps are possible in terms of capacity building where the regional project intends to provide trainings on agreed guidelines and tools.** However, these regional trainings will be provided to a handful of staff from the NSOs. Given the significant need in that area, national projects are expected to play the most important role to meet the demand. For instance, implementation of agreed regional guidelines will also require on-the-job training, which can only be conducted at the country level, either through World Bank statistics projects or AFRITAC Technical Assistance. The project will support only limited national activities where there is comparative advantage in a regional approach, for instance, reviewing National Statistics Acts to align them with the Regional Statistics Bill and the EAC Statistics Bureau Act.

39. **The project's activities have been selected according to the Community demand and in line with the following three criteria:** (a) core features of addressing the main and common statistical challenges faced by the CSS; (b) alignment with the World Bank Group's comparative advantage in technical assistance; and (c) comparative advantage to be implemented at the regional level compared to their implementation at the national level.

40. The proposed project is structured into the following components: (a) Human Resources and Institutional Developments; (b) Improved Data Quality, Comparability, Dissemination, and Use; and (c) Project Management.

Component 1: Human Resources and Institutional Developments (SDR 7.6 million or US$10.7 million equivalent)

41.   The aim of this component is (a) to strengthen the capacity of the EAC Statistics Department and its institutional development into the EAC Regional Bureau of Statistics to adequately fulfil its mandate; (b) to deepen statistical reforms in the Partner States; and (c) to help address the shortage, in the region, of specialized skills in priority statistics areas.

Subcomponent 1.1: Capacity Building of the Statistics Department and its Institutional Development (US$6.1 million equivalent)

42.   This subcomponent aims to strengthen the capacity of the EAC Statistics Department in terms of human resources and equipment as well as to help fast-track its transformation into the Regional Bureau of Statistics. Given the expected modest size of the EASB, its establishment will not create pressure on professional human resources in statistics in the Partner States. In addition, it will have a positive impact on data quality because in each statistics area, the best-skilled expert of the region is given the position to provide advice and trainings to all his peers working at the NSOs.

43.   In accordance with the EACMU Protocol, the Partner States will be assessed on their readiness to join the single currency zone in 2021. This requires that before 2021, the EAC should have produced regionally comparable and harmonized statistics for use in the assessment. The EASB will be responsible for production and dissemination of the required statistics for the EACMU. There is therefore a need to fast-track the establishment of the EASB to kick-start the process of producing of the required statistics in time. However, there is a human resources capacity challenge at the Secretariat in key areas necessary for macroeconomic convergence, especially the harmonized consumer price index (HCPI), national accounts, balance of payments, and agriculture statistics. In this regard, resources from this subcomponent will be used to hire experienced and specialized experts in priority areas to deliver support to the harmonization agenda as well as to provide technical support to staff of the NSOs of the Partner States. In addition to the four priority project areas, experts will also be hired to service other areas including government finance, monetary and financial statistics, agriculture statistics, communication, and database management. To ensure sustainability of the support from the project, the EAC will mainstream and fill these positions within the EASB, by the time the project closes.

44.   Equipment to be financed by the project for the Statistics Department/Regional Bureau include, but is not limited to, office furniture and IT equipment as well as the setting up of a modern data center for regional data processing and archiving. The project will also provide funding for office renting in the interim period (first two years), when the bureau is created, before a permanent home for the bureau is established.

45.   This subcomponent will also finance technical assistance to the Partner States to update their National Statistics Acts. For instance, all the Statistics Acts of the Partner States will predate the enactment of the EAC Statistics Act once it is enacted. Given the powers that the act will confer on the EASB, it will be necessary to review all National Statistical Acts with a view to aligning them with provisions of the EAC Statistics Act. In the same spirit, the Partner States will be invited to align their NSDSs to the RSDP. This may be done at a time of review of the NSDS or when a new NSDS is being designed in the Partner States.

46. This subcomponent will also finance the production of a Common Statistical Production Architecture (CSPA). As part of the long-term process of data harmonization, the project will provide financing for the Community to develop a generic architecture for statistical production which will serve as industry architecture for the bureaus in the Partner States. In particular, the project will hire a consultant to support the development of a 'model structure' for the NSO and 'data production processes' which the Partner States will be encouraged to follow in their organization and production of official statistics. This will enable interoperability of structures and data production processes across the Partner States as well as limit statistical development by trial and error.

Subcomponent 1.2: Human Resources Development in Partner States (US$4.6 million equivalent)

47. The overall aim of this subcomponent is to increase the proportion of the NSO professional staff trained in specialized areas related to the harmonization of statistics in the region. The training program which will be conducted in regional statistical training centers will be designed to fit precise needs and will focus on existing or coming regional statistics guidelines, with the aim of permanently improving the quality and comparability of the statistical products. More specifically, this subcomponent will support the following activities:

- **Specialized trainings on regional statistics guidelines or agreed statistical methodology to produce highly trained professionals capable of designing effective statistical systems for the countries and the region.** The trainings will cover not only the priority areas of this project (national accounts, price, trade, and poverty statistics) but also other areas such as government finance, monetary and financial statistics, population census, environment statistics, agriculture statistics, and so on. The trainings will be organized at the regional trainings centers in the Community. There are two well-recognized regional statistical training centers that teach official statistics in the region—Eastern Africa Statistical Training Centre (EASTC) in Dar-es-Salaam, Tanzania, and the School of Statistics and Planning (SSP) at Makerere University, Uganda. Resources in these centers will be used to organize these regional trainings. In addition to these two training centers, the National Institute of Statistics of Rwanda is building and hosting under the University of Rwanda, the African Centre of Excellence in Data Science. The center, which will serve other countries, aims to transfer knowledge and skills required for big data analytics using existing data repositories from different institutions. This project will seek collaboration with this center, mainly in trainings in areas of the center's specialization.

- **Harnessing innovative technologies.** The adoption of innovative technologies to improve conducting of censuses and surveys and managing the data obtained has steadily increased to a point where virtually all the Partner States are using tablets in field data collection in surveys. At this rate, the Partner States should be holding digital censuses and numeric cartography using a geographic information system (GIS) in the 2020 round of Population and Housing Censuses. There are also ongoing experiments to use mobile phones to collect field data and/or disseminate statistical information to the wider public. Accumulated experience shows that digitization of data collection leads to cost economies, improves the quality of field data, and drastically cuts down on the time taken to make statistical information available to data users. In this regard, the project will support the regional centers of statistics to strengthen their capacity to train professional staff from the NSOs as

well as students in computer-assisted personal interview (CAPI) applications development and management and the GIS. Currently the greater need is for more training equipment. There is ongoing collaboration between the Makerere University Statistics Centre and the Living Standards Measurement Study (LSMS) Bank unit, a World Bank team developing innovative ways to implement household and poverty surveys, in CAPI trainings. The project will seek to strengthen this collaboration and expand it to the Dar-es-Salaam Center.

- **Use of regional experts in statistics from advanced Partner States to deliver on-the-job training and technical assistance in other low-capacity Partner States.** Human resource endowment in the Community is uneven. While some Partner States are severely resource-constrained in terms of availability of professional statisticians and skills in some technical areas, there are some Partner States that have ample professional statisticians and skills in the areas. The project will support the harnessing of these resources to improve Community statistics. For example, an expert from Uganda has been assisting Burundi and Zanzibar with development of their CPI. Such experiences will be supported, especially for Burundi and South Sudan.

- **In-country training in Burundi and South Sudan.** Both countries have serious challenges hiring and retaining statistical personnel. In the case of Burundi, there is no teaching of statistics at all in the National University and this has had precarious effect on statistical capacity in the country. Currently Burundi depends on statistical training centers in Côte d'Ivoire, Senegal, and Cameroon to train statistical personnel. However, only a handful of personnel can be sent to these centers each year. The project will explore the possibilities to support in-country training in Burundi as part of a national statistical training program. In South Sudan, the NSO has developed an Applied Statistics degree program for public universities in the country. The project will provide complementary support to the implementation of this program.

Component 2: Improved Data Quality, Comparability, Dissemination, and Use (SDR 5.2 million or US$7.3 million equivalent)

48.   This component aims to primarily support the process to improve tools and methodologies used by the Partner States and produce agreed harmonized approaches, in line with best practices and international standards, that will become the guidelines and regulations to be followed by the Partner States in compiling their official statistics. The four focus areas selected for support under the proposed component (National Accounts, CPI, external sector and poverty statistics) are policy-driven and are identified based on the needs to monitor the Monetary Union process and to assess the development impact of the integration process.

49.   This component will also support activities to address the lack of statistical awareness in the region, identified as an important challenge and to open doors for more stable funding for production of quality statistics. Funding from the project will also be made available to strengthen the data dissemination at the regional level.

Subcomponent 2.1: Improved Data Quality and Comparability (US$5.5 million equivalent)

50.   Production of harmonized quality and comparable Community statistics in priority areas is critical for the implementation of the EACMU. In this regard, the support from this subcomponent aims to help facilitate this process through the following activities:

- **Production of guidelines and regulations.** Production of harmonized statistics in the Community requires clear guidelines and regulations so that the Partner States can produce official statistics in the same way. The EAC Secretariat should prepare these guidelines in all priority areas. Already, work is at an advanced stage of developing guidelines for use in the production of HCPI. Once these guidelines are developed, the Partner States will be required to implement them as closely as possible in their compilation of official statistics. In this regard, funds will be made available to finance the process to prepare these guidelines and regulations on national accounts, external sector statistics, and poverty statistics as well as the completion of the guidelines on HCPI. In addition, as indicated in Subcomponent 1.2, trainings on the new guidelines will also be provided to the NSS staff to ensure adequate implementation of the guidelines. The process to produce the guidelines will be fully participatory and will ensure that no Partner State is left behind. The guidelines will also incorporate agreed periodicity and timing in the production of the statistics.

  On poverty statistics, high degree of comparability requires a use of common definitions and harmonized methodologies for data collection and poverty measurement by all the Partner States. However, such a degree of harmonization could be difficult to reach in the short run because of the impact it could have in some Partner States on the comparability of poverty indicators over time. For that reason, a good balance should be found between national specificities and cross-country comparability. As a result, the project will implement a gradual process. More specifically, the project will first focus on harmonization of the poverty measurement approach to first achieve the production of common guidelines on poverty measurement. The project will then finance a deep study of questionnaires used by the Partner States for poverty surveys to bring out the work to be done for further harmonization of poverty statistics in the Community. Intensive work with the Partner States will be undertaken to seek an agreement on a common data collection approach to strengthen the production of more reliable and comparable monetary and nonmonetary poverty statistics across the Community, in line with international best practices. As indicated, because there is no internationally agreed unique methodology on data collection to measure poverty, the Partner States use a variety of approaches involving different methods of data collection (diary versus recall and using different reference periods). Dialogue within the Community will be strengthened to bring the Partner States to develop a model set of survey questions to harmonize their data collection on poverty. The project will provide fund for pilot surveys to implement the set of agreed survey questions. If such an agreement is reached, an Additional Financing could be sought to implement a first round of common surveys in all the six Partner States incorporating the agreed data collection methodology.

- **Adoption of compatible software to compile relevant statistics.** As part of the statistics harmonization process, the statistics TWG has urged to harmonize tools used by the Partner

States' NSOs to compile the important statistics, especially in the areas of national accounts and price and trade statistics. The project will therefore finance acquisition and training of compatible software for the Partner States in these three areas.

- **Adapt international classifications to the circumstances of the region and production of common classifications.** The objective of harmonization of statistics is to make it possible to combine or compare data that have been collected and produced by the Partner States. This would be made easy with the use of harmonized standards and classifications across different parties. In this respect, in addition to the work on standards and methods to produce the abovementioned guidelines, regionally coordinated work to adapt international classifications and to produce common regional ones in line with international recommendations will be funded by the project.

Subcomponent 2.2: Improved Data Dissemination and Use (US$1.8 million equivalent)

51.   Once data have been collected, usually at high cost, it is important that they are well-managed, disseminated to users, and actually used, especially for policy, planning, decision making, M&E, and reporting on development progress. To achieve this priority, this subcomponent will finance the following activities:

- **Statistical advocacy.** This is a strategic issue in statistical development in developing countries. It is about promoting wide use of statistics in society as one of the essential life skills which every citizen should have; making a general case for the importance and role of statistics in the wider context of development and, in particular, in informing the process of governance. The project will specifically finance the following:

  (a)   The creation of awareness in the Partner States about RSDPII.

  (b)   Preparation of guidelines to the Partner States on main activities to be undertaken as part of African Statistics Day celebrated on November 18 of each year. The celebrations aim at highlighting the importance and role of statistics for each society. Services of communication experts will be engaged to produce the guidelines and train communication officers and statisticians from NSOs.

  (c)   Participation by the Community Secretariat/Statistics Department or bureau in the celebration of African Statistics Day in the Partner States on a rotation basis.

  (d)   Efforts by National Statistical Associations and NSOs in the Partner States to influence the national education policy to ensure that statistics is taught at all educational levels so that there is working knowledge of basic statistics and indicators across society and an appreciation of how statistics has an impact on peoples' daily lives. In particular, funding will be provided to develop a curriculum for statistics in primary school and have this included in the 'Draft Harmonized Curriculum Structures and Framework for the EAC Primary Education' (EAC 2014). Emphasis will be placed on ensuring that statistics is taught in the simplest of ways to maximize interest in the subject.

(e) Holding of workshops on Statistical Data and Metadata eXchange (SDMX), which aims at standardizing and modernizing the exchange of statistical data and metadata across statistical and similar organizations. It also provides an integrated approach to facilitating statistical data and metadata reporting and dissemination.

- **Improve data analysis and interpretation.** Data analysis will be improved to add value to datasets by establishing underlying relationships and trends, and by extracting information from a maze of data. The project will support the Partner States to build capacity through training workshops to do data user segmentation whereby different segments are provided with tailormade statistical products, for example, a pager for high-level political leadership and policy makers, microdata for academia and bonafide researchers, and so on.

- **Periodic data user satisfaction surveys.** Data users are the clientele of statistical systems and clearly the most important component of the NSSs. Data are produced because they are demanded by users. In addition, some of the data users are responsible for dispensing resources. It is, therefore, important that users are satisfied with the data they are getting in terms of scope, quality, and timeliness. In this context, the project will finance NSOs, which lack funding, to undertake regular harmonized user satisfaction surveys to measure how statistical products or services supplied meet or surpass users' expectation.

- **Data dissemination and communication.** Data dissemination and communication is a critical stage in the data production cycle. It is not enough to produce and analyze data. They have to be disseminated and communicated to users in such a way that they can be understood and actually used. In this regard, the project will support the drafting and adoption of a Community data dissemination policy to encourage better microdata dissemination in the region. In this regard, with assistance from AfDB, an open data platform has been established and integrated within the EAC data portal thereby making data dissemination faster. With the support of the World Bank Open Data Team, the project proposes to build on this portal and influence regional discussions on adoption of open data across the region with special focus on microdata dissemination, to be anchored in a regional data dissemination policy to be developed. This constitutes one of the areas where the regional level would give more leverage. In addition, the project will finance the implementation of a modern one-stop data center for Community statistics at the EASB for data archiving and dissemination.

Component 3: Project Management (SDR 1.4 million or US$2.0 million equivalent)

52.   A Project Implementation Unit (PIU) will be integrated in the Secretariat of the EAC, where the Statistics Department is currently located, until the Regional Bureau of Statistics is operational, and then be transferred to the bureau. This PIU will be responsible for program management, including procurement, financial management (FM), and M&E. The PIU will also be responsible for coordination between NSOs, organizing training events, and monitoring progress. It will also be responsible for quality control and preparing in-house analysis. The dedicated project team will comprise at least a project coordinator, a project manager, a procurement specialist, a financial specialist, an accountant, and an administrative officer. Funding from this component will therefore be used to finance the PIU activities and to wholly fund external EAC-recruited PIU personnel. The project will also support the holding of two

meetings of the project's Steering Committee every year. The EAC Secretariat will provide secretarial services to the committee.

B. Project Cost and Financing

53.   The project will be financed through an IDA grant of US$20 million equivalent under an Investment Project Financing instrument. World Bank support is planned for five years (2018–2023). Table 1 shows the estimated budget for the different components.

Table 1. Project Cost and Financing

Project Components	Project Cost	IDA Financing	Trust Funds	Counterpart Funding
1. Human Resources and Institutional Developments	**10.7**	**10.7**	**0**	**0**
1.1 Capacity Building of the Statistics Department and its Institutional development	6.1	6.1	0	0
1.2 Human Resources Development in Partner States	4.6	4.6	0	0
2. Improved Data Quality, Comparability, Dissemination, and Use	**7.3**	**7.3**	**0**	**0**
2.1 Improved Data Quality and Comparability	5.5	5.5	0	0
2.2 Improved Data Dissemination and Use	1.8	1.8	0	0
3. Project Management	**2.0**	**2.0**	**0**	**0**
Total Costs	**20.0**	**20.0**	**0**	**0**

C. Lessons Learned and Reflected in the Project Design

54.   The following lessons were learned and reflected in the project design:

(a) **Stakeholder engagement.** Wide stakeholder participation is crucial for statistical development in the Community. It confers ownership, secures buy-in, and supports implementation. Therefore, the project intends to have a full involvement of the stakeholders, especially the Partner States, in the process to agree on common methodologies. Awareness creation among both internal and external stakeholders in the Partner States and the Community generally is also identified as a key activity to be undertaken by the project.

(b) **Statistical coordination.** Because all statistical agencies are not performing at the expected standard, they need to be better coordinated to achieve mutual reinforcement, avoid duplication of efforts and nonoptimal utilization of resources available for statistics, and improve data quality through promotion of statistical standards. Statistical coordination

between the Partner States and the Community Secretariat, within the NSSs of the Partner States and within data producing agencies is therefore seen as a driver of strategic success to be leveraged for improving Community statistics. The support to establish the Regional Bureau of Statistics will therefore be key in this regard.

(c) **Design and implementation of sector-inclusive NSDS.** In the absence of a national framework for developing official statistics, external support statistics has tended to be ad hoc, piecemeal, and uncoordinated. Such support has not engendered lasting benefits to NSSs and Community statistics. The NSDS is seen to have best prospects for coordinating the NSS especially if it is sector-inclusive that is, designed using the sectoral approach. In this regard, the project will support the Partner States to update or review their NSDSs with a view to mainstreaming sectors into the NSDS

(d) **Use of innovative technologies.** Harnessing innovative technologies can improve the state of statistics in the Partner States and the Community in general. Where such leveraging has taken place, there is evidence of improved data processes including data collection, management, and dissemination. In particular, CAPI using handheld computer devices and smartphones have improved the quality, cost-effectiveness, and timeliness of field data collection; data access, analysis, and dissemination using such tools as data visualization.

(e) **Regional resources.** In spite of some Partner States facing a severe shortage of qualified statistical personnel, there is ample statistical capacity in the region that can be harnessed to support regional statistical development. It makes a lot of sense to tap into this capacity before going out of the region to look for experts to implement statistical activities in the region. This has started on a small scale but will need to be scaled up during the lifetime of the project.

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

55.   The EAC Secretariat, where the Statistics Department is currently located, will be the implementing agency of this project before the EASB is fully operational to take over the task. In this regard, although the EAC Secretariat is already implementing some World Bank projects, its capacity in terms of procurement and FM has been assessed.

56.   The assessment has specifically shown the need to strengthen the capacity of the EAC Secretariat in human resources. Therefore, resident consultants with adequate skills in World Bank operations will be hired to support the PIU that will be put in place. These consultants would include, but will not be limited to, a project manager, procurement and financial specialists, an accountant, and an administrative officer. The project coordinator will be designated by the EAC Secretariat. In addition to the project management team, experts with competence and experience in each of the priority sectors will be supporting the capacity of the Statistics Department and later the EASB. These experts will oversee the technical implementation of the project activities and provide technical support to the Partner States.

57.   A Steering Committee will also be established to offer advice to the project coordinator and facilitate project monitoring and evaluation of progress, to ensure that the project makes effective use of the project assets, to use influence and authority to assist the project in achieving its objective and consider proposed project budgets by the PIU. The Steering Committee will comprise seven members: one representative of the Community Secretariat and six representatives of NSOs (head of department/directorates responsible for macroeconomic/economic statistics at the NSOs). The EAC Secretariat/EASB will provide secretarial services to the committee.

B. Results Monitoring and Evaluation

58.   A Results Framework has been developed for project M&E, and it is given in Section VII. The implementing agency, with the support of the hired technical experts, will be responsible for producing all the needed indicators to assess progress in the adequate frequency. In addition, midterm and end-term reviews by independent bodies will be supported by the project.

C. Sustainability

59.   Statistics Development Plans should make provision for both financial sustainability (ensuring that financial resources continue to be available for statistical activities into the future) and technical sustainability (ability to continue training, attracting, and motivating staff and to sustain improved capacity to manage the NSS). It is important that factors that can lead to sustainability of statistical activities and operations are identified, evaluated, and leveraged. To that end, the following will have to be done:

(a)   **Ensure political will at highest level.** This is about keeping statistics on the political agenda through ongoing high-level statistical advocacy, mainly among high-level policy and decision makers including legislators. The focus is about greater awareness creation regarding the importance and role of statistics to society and development, demonstrating the power of statistics and making the case for National Governments to invest more in statistical production as a 'national good' and statistical development. Better success is achieved when statistical development is made an integrated part of the overall National Development Strategy.

(b)   **Phasing in of the Community funding of some project activities and ensuring that the EASB has resources to continue implementing its mandate.** Rather than wait until the end of the project to begin the funding, the project design has provided for phasing in of some Community funding of some project activities. Thus, the EASB is expected to mainstream and fill the positions established by the projects and this should be done by the fifth year to ensure continuity and sustainability of the activities started by the project. In addition, the EAC Partner States will be required to make dedicated contributions to the EASB as an autonomous institution of the Community, unlike in the current scenario where the department competes for centralized resources. However, this mode of financing of the regional institutions has shown to be unsustainable in many regional economic communities. Also, the EAC recognizes that this has been a major impediment to sustainable financing of the community as the new and expanding mandate is seldom matched with additional resources. Therefore, discussions are underway to adopt an alternative way of

financing the community. Several options have been considered (including a levy on imports outside the region). The matter was referred to the council by the summit in December 2017 to address some issues that the heads of states raised on the proposal.

(c) **Build partnerships for statistics.** This is about building trust, networks, and encouraging collaboration among stakeholders to fill critical data gaps using traditional and new data sources, and ensuring that data are accessible and usable for development. The partnerships will represent a range of data producers and users, including Partner State governments, private sector, civil society groups, international organizations, academic institutions, foundations, statistics agencies, and data communities.

(d) **Build national statistical capacity.** Statistical capacity is about the ability of a country or an organization to produce and disseminate data that are 'fit for purpose.' Main elements of statistical capacity that need to be enhanced to ensure sustainability of systems include statistical legislation, standards and classifications, frameworks, statistical methods, guidelines, business register, sampling frames, quality assurance, database structures, GISs, and statistical policies. An important aspect of statistical capacity building is training in various areas of statistics including emerging areas. The project's activities include many such elements of sustainability.

(e) **Product statistical resources.** A further contribution to sustainability of project activities will be the production of statistical resources including guidelines, regulations, tools, and systems to be used by NSOs to continue producing quality statistics. These resources provide for continuity when there is change of staff in NSOs, and so on.

(f) **Take advantage of existing opportunities for statistical development.** Many opportunities exist for statistical development in the Community. These include regional statistical training centers, periodic thematic training activities undertaken by pan-African institutions (AfDB and the UN Economic Commission for Africa), periodic training activities of the IMF AFRITAC, UN agencies, World Bank, and so on.

D. Role of Partners

60.   It is expected that the following main partners will play different roles in supporting the development of Community statistics and in the implementation of the project's activities.

(a) **PARIS21.** PARIS21 consortium is at the forefront of statistical advocacy and NSDS processes. The collaboration with this consortium will be developed in advocacy for increased involvement of national stakeholders in statistical development and enhancing the status of statistics in major international initiatives.

(b) **IMF/East AFRITAC.** The Regional Technical Assistance Center (RTAC) in Eastern Africa (IMF East AFRITAC) is one of the IMF's nine RTACs located around the world. Its goal is to strengthen the human and institutional capacity of East African member countries to formulate and implement policies that promote growth and reduce poverty. Its member countries are: Eritrea, Ethiopia, Kenya, Malawi, Rwanda, Tanzania, and Uganda. IMF East

AFRITAC has and continues to provide technical assistance to the Partner States to improve their macroeconomic statistics. Already the Community has been working closely with IMF East AFRITAC to build skills in economic statistics—particularly on national accounts and government finance statistics. In addition, the IMF and EAC Secretariat have collaborative programs on external sector statistics and monetary and financial statistics which are coordinated from the IMF headquarters. The project activities will be implemented in close collaboration with the IMF, especially in the areas of national accounts and price statistics.

(c) **AfDB.** The AfDB has launched an open data platform as part of its Africa Information Highway Initiative launched in November 2012 and aimed at significantly improving data quality, management, and dissemination in Africa. The platform facilitates the collection, analysis, and sharing of data among countries and with international development partners. It allows various users, such as policy makers, analysts, researchers, business leaders, and investors around the world, to gain access to a wide range of development data on African countries. With assistance from the AfDB, an open data platform has been established and integrated with the EAC Statistics portal. AfDB is also assisting with development of harmonized CPIs under the International Comparison Program (ICP).

V. KEY RISKS

A. Overall Risk Rating and Explanation of Key Risks

61.   **The overall project implementation risk is rated as Moderate given the high commitment of the Partner States and the EAC Secretariat to move forward on statistics harmonization.** The region also has experience on working and moving together with the implementation of RSDPI. However, some risks are identified in the technical design and institutional capacity for implementation; sustainability and stakeholders.

62.   **Technical design and institutional capacity for implementation risk is rated Substantial.** The project design involves carrying out many kinds of activities ranging from technical assistance, meetings, workshops, trainings, and data collection to equipment procurement. At the same time, it also involves many stakeholders at the regional and six Partner State levels with uneven statistical capacity. Therefore, the success of the project will require significant coordination efforts to ensure timely collaboration between the EAC Secretariat and Partner States. Furthermore, some countries would implement project activities and progress more quickly than others. In addition, the data collection that could be required for the implementation of the agreed and developed harmonized methods would rely mostly on availability of funds at the national levels, because the project is not expected to provide funding at the country levels. In this regard, the actual improvement of comparability of statistics in the region and its sustainability would require financial commitment from the Governments and partners. Mitigation measures proposed in the design of the project include specific supports in terms of use of regional experts from high-capacity countries and in-house trainings in low capacity countries.

63.   **Sustainability risk is rated Substancial.** Should the Regional Bureau not be established, this would not prevent the production of regional guidelines and trainings from happening. However, its establishment would make the implementation of guidelines by the Partner States obligatory because of the auditing and enforcement power it would have. Providing trainings to NSOs' professional staff and

producing high quality and technically strong guidelines on production of the key demanded statistics will be an important contribution to the sustainability of quality and comparable statistics in the region. A continuous ownership and support at the EAC Secretariat, specifically to ensure that regular, continual, and adequate financing is available for the Regional Bureau of Statistics after the project closing, is important for the project's sustainability. Other mitigation measures include awareness raising on importance and role of statistics in decision-making and the phasing in of the Community funding of some project activities as well as ensuring that the EASB has resources to continue implementing its mandate.

64.   **Stakeholders risk is rated Subtantial.** As mentioned above, the project implementation involves six NSOs, with heterogeneity of statistical capacity and political fragility in some countries. It also involves collaboration with the regional statistics training centers and MDAs in the Partner States. Therefore, a very high level of coordination and responsiveness from all stakeholders is required to ensure timely achievement of the project's objective. To reduce the likelihood of the stakeholder risk from materializing, the Project Implementing Unit will be supplemented by technical experts to provide technical support to Partner States where needed.

VI. APPRAISAL SUMMARY

A. Economic and Financial Analysis

65.   **The project will strengthen the capacity of the EAC Secretariat and Partner States' NSOs with the view to produce better quality and comparable statistics.** The support from the project will particularly lead to better informed decision making with regard to the regional integration process, especially for the M&E of the Common Market Protocol, the assessment of the Partner States to reach the Monetary Union, as well as the assessment of the extent to which the integration process is leading to a rise in the standard of living and improvement of the quality of life of the population. It will also provide an effective tool that will open space to improve past policies based on evidence, which, in turn, is expected to improve the quality and well-being of the population in the region.

66.   **Provision of statistical data is a public good usually financed by the public sector.** While the quantification of the benefits of the project and the recovery of the funds invested is not possible, the public good nature of the availability of reliable statistics is key for accountability and transparency and provides a strong rationale for public involvement and support. This project will strengthen the capacity of the CSS and without this project, major data discrepancy among the Partner States would take considerably more time to fill. Beneficiaries of the project include the EAC Secretariat which leads the regional integration process, the public and private sectors, civil society, development partners, and the public at large.

67.   **The proposed project will benefit from the World Bank's convening power, and international experience in supporting similar projects in other regional integration communities.** The World Bank brings to this proposed project, a potent combination of international statistical operations experience, convening power, and cadre of leading global technical experts. The outputs from this project will also benefit other World Bank activities such as the production of the World Development Indicators that aim at producing comparable statistics around the world. In addition to the economy of scale expected from

this project, its implementation will enhance the networking of Community experts, who in turn may facilitate the exchange of best practices on statistics production in the region.

B. Technical

68.   **The project implementation will follow a fully participatory approach, especially when it comes to technical methods and tools for use in the Community.** The NSOs of the Partner States will be fully involved from the beginning to the end of the process to adopt any common method or tool to be used by all the Partner States. In addition, the project considers the training of the NSOs' professionals on any agreed method or tool before its implementation as an integral component of the statistics harmonization process. Indeed, the success of this process will not rely on production of guidelines and regulations but most importantly on building capacity of who is going to implement them.

C. Financial Management

69.   The World Bank carried out an FM assessment to review the adequacy of the EAC's FM systems to support project implementation. The objective of the assessment was to determine whether (a) the EAC has adequate FM arrangements to ensure that funds (World Bank or otherwise) are used for intended purposes, efficiently and economically; (b) financial reports (project or otherwise) will be prepared accurately, are reliable and in a timely manner; and (c) fixed assets will be safeguarded.[3] The assessment covered budgeting, accounting, financial reporting, internal controls including internal audit, funds flow, and external audit arrangements.

70.   Overall, the EAC has extensive experience in the implementation of World Bank-financed projects. It is a solid entity that has well-documented FM policies and procedures, uses a strong computerized accounting package, and overall has adequate planning, budgeting, and reporting arrangements. Howeevr, the financial management risk is assessed as Substantial. Risk factors are mainly related to potential delays in budget approval and inadequate number of accounting staff and internal audit staff because of increasing number of projects at the EAC, which would also lead to potential delays in financial reports and submission of annual audits. Mitigating measures have been discussed and agreed, mainly in terms of designating qualified FM staff dedicated to the project, strengthening the internal audit function, and the use of private auditors to avoid delays. Upon the successful implementation of the agreed strengthening measure, the FM arrangements are considered adequate and the residual risk rated moderate.

D. Procurement

71.   Procurement for the project will be carried out in accordance with the 'World Bank Procurement Regulations for Recipients under Investment Project Financing,' dated July 2016 (Revised November 2017), hereafter referred to as 'Procurement Regulations', 'Guidelines on Preventing and Combating

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[3] The FM assessment was carried out in accordance with the World Bank Directive: Financial Management Manual for World Bank Investment Project Financing Operations issued February 4, 2015 and effective from March 1, 2010; and the World Bank Guidance: Financial Management in World Bank Project Financing Operations issued and effective November 10, 2017.

Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants (revised as of July 1, 2016)'; and provisions stipulated in the Financing Agreement.

72.   As required by the Procurement Regulations, a Project Procurement Strategy for Development (PPSD) was developed during appraisal, based on which the draft Procurement Plan was also prepared to set out the selection methods to be followed by the recipient in the procurement of goods, works, non-consulting, and consulting services financed by the World Bank. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

73.   The project will use Systematic Tracking of Exchanges in Procurement (STEP), a planning and tracking system, to provide data on procurement activities, establish benchmarks, monitor delays, and measure procurement performance.

74.   A procurement capacity and risk assessment was carried out by the World Bank for the EAC Secretariat in February 2018 to review the organizational structure for implementing the project and the adequacy of procurement staff. The Procurement Unit of EAC Secretariat currently has four staff (one senior procurement officer, one procurement officer, and two procurement assistants). Two procurement assistant positions are vacant. The EAC Secretariat is implementing several World Bank-financed projects. However, due to capacity constraints within the Secretariat Procurement Unit, each project has its own team of consultants for project implementation. It has been agreed that a procurement consultant with adequate skills in World Bank procurement will be hired to support the PIU that will be established. The implementation would certainly also need capacity building in contract management and in record keeping, which have been challenges for the Secretariat in current ongoing projects. The overall project procurement risk was assessed to be High; with mitigation measures established (Annex 2), the residual risk is reduced to Substantial.

E. Social (including Safeguards)

75.   This project is expected to strengthen the capacity of the NSSs of the EAC Partner States and the EAC Secretariat to produce harmonized and quality statistics in support of regional integration and development. The project activities have no direct social impacts because there are no civil works of any nature, loss of livelihoods, and /or direct link with the peoples of the relevant East African countries. The project will however focus on greater awareness creation regarding the importance and role of statistics to society and development, demonstrating the power of statistics and making the case for National Governments to invest more in statistical production as a 'national good' and statistical development. This project therefore does not trigger any social safeguards policies and hence no safeguards instruments are required. The social safeguards risk rating for this project is Low.

76.   **This project integrates user satisfaction surveys to engage citizens in statistics production and dissemination efforts.** The surveys will take place in the context of the different statistics harmonization efforts supported by the project. They will include the content, timeliness, periodicity, and form in which the statistics are disseminated as well as testing their clarity and relevance with different citizen profiles. This would help adjust the form and periodicity in which statistics are produced and disseminated, and therefore improve their use. In addition, end users of data such as the executive and legislative branches of governments, development partners, the academia, and civil society organizations will be also part of

the surveys, as well as other actors deemed relevant by the different NSOs. The project will support holding of user-producer workshops as a way of encouraging greater interaction between data users and producers.

F. Environment (including Safeguards)

77.   No environmental safeguards policies are triggered by this project. Safeguard responsibilities have been transferred to the practice manager as no safeguards policies are triggered.

G. Other Safeguard Policies (if applicable)

78.   Not applicable.

H. World Bank Grievance Redress

79.   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 WB'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 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

Project Development Objective(s)

The development objective of this project is to support the production of harmonized and quality statistics in the EAC, in support of the regional integration in the region, through capacity building of the National Statistical Offices of the East African Community (EAC) Partner States and the EAC Secretariat.

PDO Indicators by Objectives / Outcomes	DLI	CRI	Unit of Measure	Baseline	Intermediate Targets					End Target
					1	2	3	4	5	
Increased production of harmonized and quality statistics in the EAC										
Increased percentage of implementation by the Partner States of the regional guidelines in compiling national accounts, CPI, external sector statistics, and poverty statistics			Percentage	0.00	0.00	0.00	25.00	50.00	66.00	66.00

Intermediate Results Indicators by Components	DLI	CRI	Unit of Measure	Baseline	Intermediate Targets					End Target
					1	2	3	4	5	
Human Resources and Institutional Developments										
Number of statistics experts at the EAC Secretariat hired by the project to work at the Statistics Department or the East African Statistics Bureau			Number	0.00	7.00	9.00	9.00	9.00	9.00	9.00
Number of Partner States professional statisticians trained on regional guidelines			Number	0.00	0.00	0.00	48.00	96.00	96.00	96.00

Number of female traied out of the total experts trained		Number	0.00		0.00	0.00	16.00	32.00	32.00	32.00

Improved data quality, comparability, dissemination and use

Number of guidelines prepared to improve the comparability of national accounts, CPI, poverty, and external sector statistics in the Partner States		Number	0.00		0.00	2.00	4.00	4.00	4.00	4.00
Percentage of use by the Partner States of compatible software for CPI and external trade statistics compilation		Percentage	0.00		0.00	20.00	40.00	60.00	75.00	75.00
Data center at the EAC Secretariat or the EASB established		Yes/No	N		N	N	Y	Y	Y	Y
Number of the Partner States conducting user satisfaction surveys on economic statistics		Number	3.00		3.00	5.00	6.00	6.00		6.00

Monitoring & Evaluation Plan: PDO Indicators	
Indicator Name	Increased percentage of implementation by the Partner States of the regional guidelines in compiling national accounts, CPI, external sector statistics, and poverty statistics
Definition/Description	The priority areas of the project are National Accounts, CPI, Trade and Poverty statistics. This indicator will capture the use by each six Partner States of the four guidelines related to each area, the production of which will be funded by the project. Each guideline followed by a Partner State will count one. Therefore if each Partner State is following the four guidelines, the number of use will be 24 and the percentage will then be 100%. If only one guideline is followed by all the Partner States, the number of use would be 6 and the percentage 25%.
Frequency	Annual
Data Source	Report from the EAC Secretariat
Methodology for Data Collection	
Responsibility for Data Collection	EAC Secretariat

Monitoring & Evaluation Plan: Intermediate Results Indicators	
Indicator Name	Number of statistics experts at the EAC Secretariat hired by the project to work at the Statistics Department or the East African Statistics Bureau
Definition/Description	This indicator measure the number of specialized experts hired as part of the Regional Statistics Bureau experts to deliver support to the harmonization agenda as well as to provide technical support to staff of the NBSs of Partner States
Frequency	Annual
Data Source	Project PIU
Methodology for Data Collection	
Responsibility for Data Collection	Project PIU
Indicator Name	Number of Partner States professional statisticians trained on regional guidelines
Definition/Description	
Frequency	Annual
Data Source	EAC Secretariat report
Methodology for Data Collection	
Responsibility for Data Collection	PIU

Indicator Name	Number of female traied out of the total experts trained
Definition/Description	
Frequency	PIU
Data Source	EAC training reports
Methodology for Data Collection	
Responsibility for Data Collection	PIU
Indicator Name	Number of guidelines prepared to improve the comparability of national accounts, CPI, poverty, and external sector statistics in the Partner States
Definition/Description	The first year the project will start working on updating the guideline on CPI and preparing that on poverty measurement. In year two, the guidelines on external trade would be available and then in year three the guideline on National Accounts.
Frequency	Annual
Data Source	EAC Secretariat. The guidelines are expected to be available in the following order: By 2019: Guidelines for CPI and External sector By 2020: Guidelines for National Accounts and Poverty statistics
Methodology for Data Collection	
Responsibility for Data Collection	EAC Secretariat

Indicator Name	Percentage of use by the Partner States of compatible software for CPI and external trade statistics compilation
Definition/Description	This indicator will capture the use by each six Partner States of common software for Price and Trade statistics compilation the project will fund. Each software used by a Partner State will count for one. Therefore, if each Partner State is using the two software, the number of use will be 12 and the percentage will then be 100%. If only one software is used by all the Partner States, the number of use would be 6 and the percentage 50%.
Frequency	Annual
Data Source	EAC Secretariat report
Methodology for Data Collection	
Responsibility for Data Collection	EAC Secretariat

Indicator Name	Data center at the EAC Secretariat or the EASB established
Definition/Description	
Frequency	Annual
Data Source	EAC Secretariat
Methodology for Data Collection	
Responsibility for Data Collection	EAC Secretariat

Indicator Name	Number of the Partner States conducting user satisfaction surveys on economic statistics
Definition/Description	Number of Partner States that organize in a regular basis surveys to assess users' satisfaction of key economics statistics.
Frequency	Annual
Data Source	PIU annual report
Methodology for Data Collection	
Responsibility for Data Collection	PIU

COUNTRY : East Africa
EAC Statistics Development and Harmonization Regional Project

1.   **The proposed project activities will focus on improvement of the quality and production of regionally comparable statistics in the EAC, to support the development process in the Community.** The priority areas of the project are national accounts, CPI, external sector and poverty statistics. The focus on national accounts, CPI, and external sector statistics is more closely linked to the need to monitor the economic integration, especially the Common Market Protocol and the Monetary Union, which would be backed by statistical evidence. For instance, insufficient progress in the implementation of the Common Market Protocol, due to the persistence of non-tariffs barriers, is oftentimes related to poor implementation of evidence-based decision making by individual countries. The priority need of said statistics for the Monetary Union is because, before entering the single currency, each Partner State should have achieved and maintained the set performance convergence criteria, based on those statistics, for at least three consecutive years.

2.   **The focus on poverty statistics, for its part, relates to the need for the EAC to monitor consistently and comparably, the outcome on the population living standard of the regional integration process.** For the EAC, harmonized indicators on poverty levels are necessary to assess the extent to which growth and development in the region is balanced as integration is widened and deepened. This is indeed a basic tenet of the EAC integration process as expounded in Article 5 of the EAC treaty which, among others, identifies "strengthening and consolidation of co-operation in agreed fields that would lead to equitable economic development within the Partner States and which would in turn, raise the standard of living and improve the quality of life of their populations" as a primary objective. Comparable poverty statistics will also feed the evidence-based decision making with regard to the implementation of sectorial policies in the Community.

3.   **The proposed project is designed to be complementary to the ongoing technical support the EAC is receiving from the IMF, especially from East AFRITAC, on monetary and financial statistics, government finance statistics, national accounts, and CPI. This center has been fully involved since the inception of the project.** It was represented during the identification mission for the project and it will also be involved during the project implementation. For instance, it will be involved in the preparation of the guidelines on national accounts and CPI as well as in trainings. More importantly, part of these trainings will be delivered by AFRITAC staff with support from the project.

4.   **The project will also complement current World Bank efforts at the country levels. Specifically, the regional project focuses on development of common guidelines, trainings and adoption of common tools while the data collection that could be required for the implementation of these guidelines, is not in the scope of this project.** Rather, this is expected to be supported at country levels. For instance, on national accounts, the harmonization process would require that some censuses, surveys and studies be conducted and that the GDP be rebased. To that end, beside a pilot survey, no data collection is in the scope of the regional project. However, the expectation is that countries will finance the implementation of what is agreed at the regional level, through national projects or other funding arrangements from the Government or partners. In this regard, a perfect sequencing between the regional project and national

projects, meaning that the regional project setting up upstream regional guidelines and the member countries implementing them later, would be in theory, the best option. However, this is not possible, because there are activities supported by national projects at the country level which take place at the same time the regional guidelines are being developed. National projects should continue providing their support as they plan to do based on the existing country guidelines until the regional guidelines become available, because the statistics harmonization has to be seen as a long-term process that could not be achieved in a short time frame.

5.   **Overlaps are possible in terms of capacity building where the regional project intends to provide trainings on agreed guidelines and tools. However, these regional trainings will be provided to a handful of staff from the NSOs.** Given the significant need in that area, national projects are expected to play the most important role to meet the demand. For instance, implementation of agreed regional guidelines will also require on-the-job training, which can only be conducted at the country level, either through World Bank statistics projects or AFRITAC Technical Assistance. The project will support only limited national activities where there is comparative advantage in a regional approach, for instance, reviewing National Statistics Acts to align them with the Regional Statistics Bill and the EAC Statistics Bureau Act.

6.   **The project's activities have been selected according to the Community demand and in line with the following three criteria:** (a) core features of addressing the main and common statistical challenges faced by the CSS; (b) alignment with the World Bank Group's comparative advantage in technical assistance; and (c) comparative advantage to be implemented at the regional level compared to their implementation at the national level.

7.   The proposed project is structured into the following components: (a) Human Resources and Institutional Developments; (b) Improved Data Quality, Comparability, Dissemination, and Use; and (c) Project Management.

Component 1: Human Resources and Institutional Developments (SDR 7.6 million or US$10.7 million equivalent)

8.   The aim of this component is (a) to strengthen the capacity of the EAC Statistics Department and its institutional development into the EAC Regional Bureau of Statistics to adequately fulfil its mandate, (b) to deepen statistical reforms in the Partner States, and (c) to help address the shortage the region has of specialized skills in priority statistics areas.

Subcomponent 1.1: Capacity Building of the Statistics Department and its Institutional Development (US$6.1 million equivalent)

9.   This subcomponent aims to strengthen the capacity of the EAC Statistics Department in terms of human resources and equipment as well as to help fast-track its transformation into the Regional Bureau of Statistics. Given the expected modest size of the EASB, its establishment will not create pressure on professional human resources in statistics in the Partner States In addition, it will have positive impact on data quality because in each statistics area, the best-skilled expert of the region is given the position to provide advice and trainings to all his peers working at the NSOs.

10.   The urgency to fast-track and make the EASB operational is contained in the observations of the 9th ordinary meeting of the EAC Sectoral Committee on Statistics held in January 2017. The meeting observed that sound and comparable statistics is critical for the implementation of the EACMU. In accordance with the EACMU Protocol, the Partner States will be assessed on their readiness to join the single currency zone in 2021. The benchmark for joining the single currency zones are statistical targets as laid out in the macroeconomic convergence criteria cited above. This requires that before 2021, the EAC should have produced regionally comparable and harmonized statistics for use in the assessment. The EASB will be responsible for production and dissemination of the required statistics for the EACMU. The necessary technical work for production of comparable statistics needs to have been done as spelt out in the road map for the EACMU Protocol. There is therefore a need to fast-track the establishment of the EASB to kick-start the process of producing harmonized and comparable statistics in time.

11.   However, to fully deliver on its mandate, the Regional Statistics Bureau will need an expanded team of qualified full-time staff and consultants. However, there is a continued capacity challenge at the Secretariat in key areas necessary for macroeconomic convergence especially HCPI, national accounts, balance of payments, and agriculture statistics. The NSOs of the Partner States have nominated experts to support the Secretariat as an interim measure to support the transition to the EASB. However, this does not resolve the critical capacity challenges, which concern also other areas such as poverty and other demographic and social statistics as well as IT and database management. In this regard, resources from this subcomponent will be used to hire experienced and specialized experts in priority areas to deliver support to the harmonization agenda as well as to provide technical support to staff of the NSOs of the Partner States. In addition to the four priority project areas, experts will also be hired to service other areas including government finance, monetary and financial statistics, agriculture statistics, communication, and database management. To ensure sustainability of the support from the project, the EAC will mainstream and fill these positions within the EASB, by the time the project closes.

12.   Equipment to be financed by the project for the Statistics Department/Regional Bureau include, but is not limited to, office furniture and IT equipment as well as the setting up of a modern data center for regional data processing and archiving. The project will also support office renting for the Bureau in the interim period (first two years), when the bureau is created, before a permanent home for the bureau is established.

13.   This subcomponent will also finance technical assistance to the Partner States to update their national Statistics Acts. For instance, all the Statistics Acts of the Partner States will predate the enactment of the EAC Statistics Act once it is enacted. Given the powers that the act will confer on the EASB, it will be necessary to review all National Statistical Acts with a view to aligning them with provisions of the EAC Statistics Act. This should be undertaken as soon as the EAC Statistics Act becomes operational given the urgency with which the EASB is being established and the powers it will be given to coordinate the CSS and harmonize community statistics. There are other parts of the National Statistics Acts that need to be reviewed. It was observed that no Statistics Act of any Partner State provides for the establishment of Statistics Units in MDAs. At a time when there is new focus on improving administrative data, such a provision would be quite enabling. Another area where the Statistics Acts need to be reviewed is in governance of the NSS which should also be addressed by National Statistics Acts. In the same spirit, the Partner States will be invited to align their NSDSs to the RSDP. This may be done at a time of review of the NSDS or when a new NSDS is being designed in the Partner States.

14.   This subcomponent will also finance the production of a CSPA. As part of the long-term process of data harmonization, the project will provide financing for the Community to develop a generic architecture for statistical production which will serve as industry architecture for the bureaus in the Partner States. In particular, the project will hire a consultant to support the development of a 'model structure' for the NSO and 'data production processes' which the Partner States will be encouraged to follow in their organization and production of official statistics. This will enable interoperability of structures and data production processes across the Partner States as well as limit statistical development by trial and error.

Subcomponent 1.2: Human Resources Development in Partner States (US$4.6 million equivalent)

15.   Human resources are the most important resources in any organization. It is, therefore, crucial that they are well managed, developed, and harnessed for organizational efficiency and effectiveness. However, both the EAC Secretariat and Partner States face human capacity challenges for developing and producing statistics in terms of numbers of professional statisticians and skills sets because highly trained and experienced staff leave for greener pastures especially in the private sector or because production of new types of data requires new skills which do not exist in the NSOs. The overall aim of this subcomponent is to increase the proportion of the NSO professional staff trained in specialized areas related to the harmonization of statistics in the region. The training program which will be conducted in regional statistical training centers will be designed to fit precise needs, and will focus on existing or coming regional statistics guidelines, with the aim of permanently improving the quality and comparability of the statistical products. More specifically this subcomponent will support the following activities:

- **Specialized trainings on regional statistics guidelines or agreed statistical methodology to produce highly trained professionals capable of designing effective statistical systems for the countries and the region.** The trainings will cover not only the priority areas of this project (national accounts, price, trade, and poverty statistics) but also other areas such as government finance, monetary and financial statistics, population census, environment statistics, agriculture statistics, and so on. The trainings will be organized at the regional trainings centers in the Community. There are two well recognized regional statistical training centers that teach official statistics in the region—EASTC in Dar-es-Salaam, Tanzania and the SSP at Makerere University, Uganda. Resources in these centers will be used to organize these regional trainings. In addition to these two training centers, the National Institute of Statistics of Rwanda is building and hosting under the University of Rwanda the African Centre of Excellence in Data Science. The center which will serve other countries aims to transfer knowledge and skills required for big data analytics using existing data repositories from different institutions. This project will seek collaboration with this center, mainly in trainings in areas of the center's specialization.

- **Harnessing innovative technologies.** The adoption of innovative technologies to improve conducting of censuses and surveys and managing the data obtained has steadily increased to a point where virtually all the Partner States are using tablets in field data collection in surveys. At this rate, the Partner States should be holding digital censuses and numeric cartography using a GIS in the 2020 round of Population and Housing Censuses. There are also ongoing experiments to use mobile phones to collect field data and/or disseminate statistical information to the wider public. Accumulated experience shows that digitization

of data collection leads to cost economies, improves the quality of field data and drastically cuts down on the time taken to make statistical information available to data users. In this regard, the project will support the regional centers of statistics to strengthen their capacity to train professional staff from the NSOs as well as students in CAPI applications development and management and the GIS. Currently the greater need is for more equipment. There is ongoing collaboration between the Makerere University Statistics Centre and the LSMS Bank unit, a World Bank team developing innovative ways to implement household and poverty surveys, in CAPI trainings. The project will seek strengthening this collaboration and expand it to the Dar-es-Salaam Center.

- **Use of regional experts in statistics from advanced Partner States to deliver on-the-job training and technical assistance in other low-capacity Partner States.** Human resource endowment in the Community is uneven. While some Partner States are severely resource constrained in terms of availability of professional statisticians and skills in some technical areas, there are some Partner States that have ample professional statisticians and skills in the areas. The project will support the harnessing of these resources to improve Community statistics. For example, an expert from Uganda has been used to assist Burundi and Zanzibar with development of their CPI. Such experiences will be supported, especially for Burundi and South Sudan.

- **In-country training in Burundi and South Sudan.** Both countries have serious challenges hiring and retaining statistical personnel. In the case of Burundi, there is no teaching of statistics at all in the National University and this has had precarious effect on statistical capacity in the country. Currently, Burundi depends on statistical training centers in Côte d'Ivoire, Senegal and Cameroon to train statistical personnel. However, only a handful of personnel can be sent to these centers each year. The project will explore the possibilities to support in-country training in Burundi as part of a national statistical training program. In South Sudan, the NSO has developed an Applied Statistics degree program for public universities in the country. The project will provide complementary support to the implementation of this program.

Component 2: Improved Data Quality, Comparability, Dissemination, and Use (SDR 5.2 million or US$6.8 million equivalent)

16.   The key objective of the proposed project is to generate favorable conditions for production of quality and harmonized statistics in the region, especially in the four priorities areas of national accounts, price, trade, and poverty statistics. In this regard, this component will primarily support the process to improve tools and methodologies used by the Partner States and produce agreed harmonized approaches, in line with best practices and international standards, and that will become the guidelines and regulations to be followed by the Partner States in compiling their official statistics. The abovementioned four focus areas selected for support under the proposed component are policy-driven and are identified based on the needs to monitor the Monetary Union process and to assess the development impact of the integration process.

17.   This component will also support activities to address the lack of statistical awareness in the region, identified as an important challenge and to open doors for more stable funding for production of

quality statistics. Funding from the project will also be made available to strengthen the data dissemination at the regional level.

Subcomponent 2.1: Improved Data Quality and Comparability (US$5.5 million equivalent)

18.   Production of harmonized quality and comparable Community statistics in priority areas is critical for the implementation of the EACMU. The statistics will be used to assess the Partner States' readiness to join the single currency zone in 2021. While the EAC Secretariat has put a lot of effort in harmonizing statistics in areas that will support the Monetary Union, however, a lot of work remains to be done to accomplish this task. In this regard, the support from this subcomponent aims to help facilitate this process through the following activities:

- **Production of guidelines and regulation.** Production of harmonized statistics in the Community requires clear guidelines and regulations so that the Partner States produce official statistics in the same way. Already these have been produced and adopted for use in the production of HCPI and the EAC Secretariat should prepare these guidelines in all priority areas. In addition, after preparing the guidelines and regulations, it should be ensured that the Partner States follow them as closely as possible in their compilation of official statistics in different areas. In this connection, funds will be made available to finance the process to prepare these guidelines and regulations on national accounts and trade and poverty Statistics. The guidelines on price statistics will also be updated. In addition, as indicated in Subcomponent 1.2, trainings on the new guidelines will also be provided to the NSO staff to ensure adequate implementation of the guidelines. The process to produce the guidelines will be fully participative of all the Partner States so that no Partner State is left behind. The guidelines will also incorporate agreed periodicity and timing in the production of the statistics. On poverty statistics, high degree of comparability of indicators requires a use of common definitions and harmonized methodologies for data collection and poverty measurement by the Partner States. However, such a degree of harmonization could be difficult to reach in the short run because of the impact it could have on the comparability of poverty indicators over time with previous series in some Partner States. For that reason, a good balance should be found between national specificities and cross-country comparability. As a result, the project will implement a gradual process for poverty statistics harmonization. In this regard, the project will focus on harmonization of poverty measurement approach to first achieve the production of common guidelines on poverty measurement. The project will then finance a deep study of questionnaires used by the Partner States for poverty surveys to bring out the work to be done for further harmonization of poverty statistics in the Community. Intensive work with the Partner States will be undertaken afterwards to seek an agreement on a common data collection approach to strengthen the production of more reliable and comparable monetary and nonmonetary poverty statistics across the Community, in line with international best practices. As indicated, because there is no internationally agreed unique methodology on data collection to measure poverty, the Partner States use a variety of approaches involving different methods of data collection (diary versus recall and using different reference periods). Dialogue within the Community will be strengthened to bring the Partner States to develop a model set of survey questions to harmonize their data collection on poverty. The project will provide fund for pilot surveys to implement the set of survey questions agreed. If such

an agreement is reached, an Additional Financing could be sought to implement a first round of common surveys in all the six Partner States incorporating the agreed data collection methodology.

- **Adoption of compatible software to compile relevant statistics.** As part of the statistics harmonization process, the statistics TWG has urged to harmonize tools used by the Partner States' NSOs to compile the important statistics, especially in the areas of national accounts and price and trade Statistics. The project will therefore finance acquisition and training of compatible software for the Partner States in these three areas.

- **Adapt international classifications to the circumstances of the region and production of common classifications.** The objective of harmonization of statistics is to make it possible to combine or compare data that have been collected and produced by the Partner States. This would be made easy with the use of harmonized standards and classifications across different parties. In this respect, in addition to the work on standards and methods to produce the abovementioned guidelines, regionally coordinated work to adapt international classifications and to produce common regional ones in line with international recommendations is an important contribution to increased comparability of statistics in the region. In this context, the project will support the production of adapted classifications on products and activities for the region based on the latest international classifications, and the already existing classifications in the Partner States.

Subcomponent 2.2: Improved Data Dissemination and Use (US$1.8 million equivalent)

19.   Once data have been collected, usually at high cost to the taxpayer, it is important that they are well-managed, disseminated to users, and actually used, especially for policy, planning, decision-making, M&E, and reporting on development progress. Increased use of data is therefore the only way to justify the cost of data production and should also be seen as part of accountability of statistical systems to shareholders who fund their production. To achieve this priority, this subcomponent will finance the following activities:

- **Statistical advocacy.** This is a strategic issue in statistical development in developing countries. It is about promoting wide use of statistics in society as one of the essential life skills which every citizen should have; making a general case for the importance and role of statistics in the wider context of development and, in particular, in informing the process of governance. The project will specifically finance the following:

    (a)   The creation of awareness in the Partner States about RSDPII.

    (b)   Preparation of guidelines to the Partner States on main activities to be undertaken as part of African Statistics Day —celebrations on November 18 each year. The celebrations aim at highlighting the importance and role of statistics for each society. A consultant will be hired to produce the guidelines.

    (c)   Participation by the Community Secretariat/bureau in the celebration of African Statistics Day in the Partner States on a rotation basis.

(d)   Efforts by National Statistical Associations and NSOs in the Partner States to influence the national education policy to ensure that statistics is taught at all educational levels so that there is working knowledge of basic statistics and indicators across society and an appreciation of how statistics has an impact on peoples' daily lives. In particular, funding will be provided to develop a curriculum for statistics in primary school and have this included in the 'Draft Harmonized Curriculum Structures and Framework for the EAC Primary Education' (EAC 2014).

(e)   Holding of workshops on SDMX, which aims at standardizing and modernizing the exchange of statistical data and metadata across statistical and similar organizations. It also provides an integrated approach to facilitating statistical data and metadata reporting and dissemination.

- **Improve data analysis and interpretation.** Data analysis will be improved to add value to datasets by establishing underlying relationships and trends, and by extracting information from a maze of data. The project will support the Partner States to build capacity through training workshops to do data user segmentation whereby different segments are provided with tailormade statistical products for example, a pager for high-level political leadership and policy makers, microdata for academia and bonafide researchers, and so on.

- **Periodic data user satisfaction surveys.** Data users are the clientele of statistical systems and clearly the most important component of the NSSs. Data are produced because they are demanded by users. In addition, some of the data users are responsible for dispensing resources. It is, therefore, important that users are satisfied with the data they are getting in terms of scope, quality, and timeliness. In this context, the project will finance NSOs, which lack funding, to undertake regular harmonized user satisfaction surveys to measure how statistical products or services supplied meet or surpass users' expectation.

- **Data dissemination and communication.** Data dissemination and communication is a critical stage in the data production cycle. It is not enough to produce and analyze data. They have to be disseminated and communicated to users in such a way that they can be understood and actually used. It has been argued that data dissemination acts as a vital barometer of the efficiency and effectiveness of any statistical system. Therefore, if the data it produces are used and to good purpose, this demonstrates its worth. In this regard, the project will support the drafting and adoption of a Community data dissemination policy to encourage improvement in microdata dissemination in the region. In this regard, with assistance from AfDB, an open data platform has been established and integrated within the EAC data portal thereby making data dissemination faster. With the support of the World Bank Open Data Team, the project proposes to build on this portal and influence regional discussions on adoption of open data across the region with special focus on microdata dissemination, to be anchored in a regional data dissemination policy to be developed. This constitutes one of the areas where the regional level would give more leverage. In addition, the project will finance the implementation of a modern one-stop-center for Community statistics at the Regional Bureau of Statistics as well as a modern one-stop-center for official statistics in each Partner State for data archiving and dissemination.

Component 3: Project Management (SDR 1.4 million or US$2.0 million equivalent)

20.   A PIU will be integrated in the Secretariat of the EAC, where the Statistics Department is currently located, until the Regional Bureau of Statistics is operational and then be transferred to the bureau. This PIU will be responsible for program management, including procurement, FM, and M&E. The PIU will also be responsible for coordination between NSOs, organizing training events, and monitoring progress. It will also be responsible for quality control and preparing in-house analysis. The dedicated project team will comprise at least a project coordinator, a project manager, a procurement specialist, a financial specialist, an accountant, and an administrative officer. Funding from this component will therefore be used to finance the PIU activities and to wholly fund external EAC-recruited PIU personnel. The project will also support the holding of two meetings of the project's Steering Committee every year. The EAC Secretariat will provide secretarial services to the committee.

ANNEX 2: IMPLEMENTATION ARRANGEMENTS

COUNTRY : East Africa
EAC Statistics Development and Harmonization Regional Project

Project Institutional and Implementation Arrangements

1.   The EAC Secretariat, where the Statistics Department is currently located, will be the implementing agency of this project before the EASB is fully operational to take over the task. In this regard, although the EAC Secretariat is already implementing some World Bank projects, its capacity in terms of procurement and FM has been assessed.

2.   This assessment has specifically shown the need to strengthen the capacity of the EAC Secretariat in human resources. Therefore, resident consultants with adequate skills in World Bank operations will be hired to support the PIU that will be put in place. These consultants would include, but will not be limited to, a project manager, procurement and financial specialists, an accountant, and an administrative officer. The project coordinator will be designated by the EAC Secretariat. In addition to the project management team, experts with competence and experience in each of the priority sectors will be supporting the capacity of the Statistics Department and later the EASB. These experts will oversee the technical implementation of the project activities and provide technical support to the Partner States.

3.   A Steering Committee will also be established to offer advice to the project coordinator and facilitate project M&E of progress, to ensure that the project makes effective use of the project assets, to use influence and authority to assist the project in achieving its objective and consider proposed project budgets by the PIU. The Steering Committee will comprise seven members, namely one representative of the Community Secretariat and six representatives of NSOs (head of department/directorates responsible for macroeconomic/economic statistics at the NSOs). The EAC Secretariat/EASB will provide secretarial services to the Committee.

Financial Management

4.   The World Bank carried out an FM assessment to review the adequacy of the EAC's FM systems to support project implementation. The objective of the assessment was to determine whether (a) the EAC has adequate FM arrangements to ensure that funds (World Bank or otherwise) are used for intended purposes and efficiently and economically way (b) financial reports (project or otherwise) will be prepared accurately, reliably, and on time; and (c) fixed assets will be safeguarded.[4]

5.   The assessment covered budgeting, accounting, financial reporting, and internal controls including internal audit, funds flow, and external audit arrangements. The EAC has extensive experience in the implementation of World Bank-financed projects. It is a solid entity that has well-documented FM policies and procedures, uses a strong computerized accounting package, and overall has adequate planning, budgeting, and reporting arrangements. Risk factors are mainly related to potential delays in

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[4] The FM assessment was carried out in accordance with the World Bank Directive**:** Financial Management Manual for World Bank Investment Project Financing Operations issued February 4, 2015 and effective from March 1, 2010; and the World Bank Guidance: Financial Management in World Bank Project Financing Operations issued and effective November 10, 2017.

budget approval and inadequate number of accounting staff and internal audit staff because of increasing number of projects at the EAC, which would also lead to potential delays in financial reports and submission of annual audits. On such a basis, the FM risk for this operation is considered Moderate.

6.   Mitigating measures have been discussed and agreed, mainly in terms of designating qualified FM staff dedicated to the project, strengthening the internal audit function, and confirming the use of private auditors to avoid delays. Upon the successful implementation of the agreed strengthening measures, the FM arrangements are considered adequate to provide, with reasonable assurance, accurate and timely information on the status of projects as required by IDA.

Detailed FM Arrangements

7.   The EAC Secretariat has the overall responsibility of coordinating regional projects funded by the World Bank and other development partners. Most of the funding is managed at the Secretariat, which has the fiduciary responsibility for all projects implemented under the EAC.

8.   The EAC Secretariat has experience in managing World Bank-funded projects including the EAC Medicines Development and Harmonization Project and the EAC Regional Financial Development and Harmonization Project. All project FM matters are under the supervision of the director of finance. The responsibilities of EAC will include (a) the management of the Designated Accounts (DAs); (b) FM and reporting on the overall projects; (c) ensuring the execution of the audit of the project; and (d) preparation and submission of quarterly interim financial reports (IFRs) and annual audited financial statements within the stipulated timelines.

Budgeting Arrangements

9.   The EAC has the authority to implement activities and the budget is initially given in the Appropriation Act by the Legislative Assembly, on recommendation by the EAC Council of Ministers, where the community budget including the World Bank-funded projects is debated and approved.

10.   **The project budget will follow the EAC's budgeting system.** The financial rules and regulations outline the budget process, format, content, and monitoring aspect of the EAC budget which should adhere to the Medium-Term Expenditure Framework. The project's annual work plans and budgets will be prepared and approved based on the EAC budget policy guidelines. There is a risk that, if the process is not followed properly, approval of budgets may be delayed hence affecting operations. Other than that, the budgeting arrangements are Satisfactory and acceptable to the World Bank.

Accounting Arrangements

11.   **Accounting information system.** The EAC is currently using a number of applications across different functions such as record management, library, finance, and human resources. The Finance Unit uses Sun System accounting software while human resources is managed through InspiroPeople software and is linked to Sun System where payments are made to staff bank accounts. The EAC has an effective, computerized FM system in place, the Sun System, which allows tracking of expenditures under each project with a specific code.

12.   **Staffing.** The EAC's director of finance will take full fiduciary responsibility of new projects while the day-to-day financial operations will be handled by a dedicated FM specialist and accounts assistant for each specific project. The director of finance is supported by 12 permanent staff (six for EAC Secretariat, four for EAC Legislative Assembly, and two for EAC Court). Donor-funded projects are supported by seven designated accountant(s) whose contracts are tied to the projects' life. An additional team of five short-term accountants supports the Finance Directorate. Short-term accountants are in place to address shortage of finance staff at the EAC. The existing finance and accounting staff are qualified and experienced, some of whom are well-versed with the donor's FM and disbursement procedures including the World Bank.

13.   To address the accounting staffing challenge at the EAC, the proposed project will need to recruit a designated FM specialist and an assistant accountant to support project implementation starting from project effectiveness. Additionally, the recruited accounting staff will need to be trained on the World Bank FM and Disbursement Guidelines.

Internal Controls (Including Internal Audit) Arrangements

14.   The internal control and internal audit in the EAC is governed by the Financial Rules and Regulations of 2012 that specifies FM procedures including approvals, segregation of duties, transaction processing, and recording and prevention of fraud and irregularities. The EAC has an adequate FM manual and rules and policies documenting the internal control systems, which will be used for the project. There are additional documented policies and procedures at the EAC—the Risk Management Manual (2015) and the Risk Management Framework, Policy, and Strategy (2011). The EAC Treaty provides for the establishment of oversight bodies[5] and establishes the management structure which clearly defines reporting lines, responsibilities, and dedicated functions for effective internal controls. These structures include Internal Audit, Risk Management Committee, HR Advisory Committee, Procurement Committee, ICT Steering Committee, and Planning and Budget Committee.

15.   The Internal Audit Unit is headed by the chief internal auditor, who reports administratively to secretary general, and functionally to Audit and Risks Committee of the EAC. The Audit and Risks Committee is in place and effective. The Audit Unit comprises only one staff, who is qualified and experienced; but the unit is not able to cover the Secretariat, the Legislative Assembly, the court, and all donor-funded projects due to shortage of staff. Strengthening of internal audit functions in terms of staffing is ongoing. Two internal audit candidates have been approved by the council to join the EAC. Additionally, plans are under way to recruit one additional auditor and a risk management manager to support the Internal Audit Unit. The unit has an audit manual and Risk Management Framework and policy based on the best practice for enhancing its auditing methodology based on risk assessment. The unit carries out a risk-based audit and covers all projects during the review. Finally, internal audit staff will need to be trained on the World Bank FM and Disbursement Guidelines.

Funds Flows Arrangements

16.   The EAC is required to open a Designated Account (DA) denominated in U.S. dollars for each new

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[5] Those bodies include the Summit, the Council, the Sectoral Council, Coordination Committees, the Secretariat, the Assembly, and the Court of the EAC

project. The account will be opened in commercial banks acceptable to IDA and will be based in Tanzania. Details of the opened account and its signatories will be submitted to the World Bank before project effectiveness. The World Bank signatories to the DA will operate under the existing EAC Financial Procedures and Regulations issued in 2012. Funds from the World Bank will be deposited in this DA from which payments will be made for eligible goods, works, consultancies, and non-consultancies.

Figure 2.1. Diagram Showing Funds Flow Arrangements
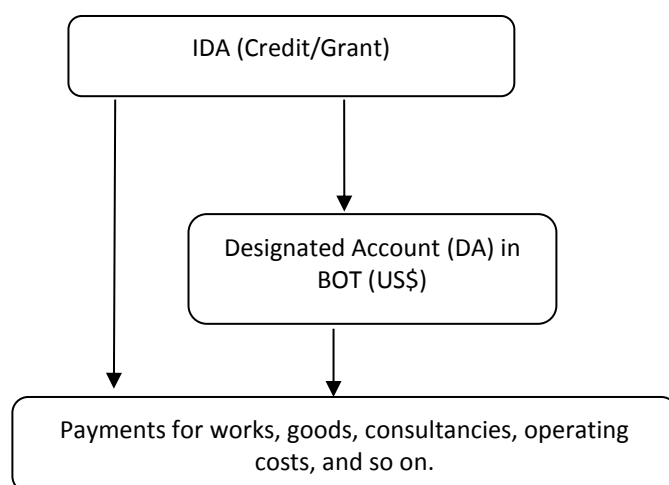
Financial Reporting Arrangements

17.   The quarterly IFRs will be prepared at the end of each quarter and submitted to the World Bank not later than 45 days after the end of the quarter. The format and content of the IFRs will remain the same as the one currently in use. The IFRs will include Sources and Uses of Funds Statement, Uses of Funds by Project Activity/Component, and DA Activity Statement. To support the continued use of report-based disbursements, the EAC will be required to submit the following:

- IFRs

- DA Activity Statement

- DA and project bank account statements

- World Bank reconciliations for both the DA and project bank account

- Summary statement of DA expenditures for contracts subject to prior review

- Summary statement of DA expenditures for contracts not subject to prior review

18.   The annual financial statements would be prepared in accordance with International Financial Reporting Standards. The IDA Financing Agreement will require the submission of audited financial statements to the World Bank within six months after the financial year end. These financial statements will comprise of the following:

- **A Statement of Sources and Uses of Funds/Cash Receipts and Payments,** which recognizes all cash receipts, cash payments, and cash balances controlled by the entity; and separately identifies payments by third parties on behalf of the entity.

- **A Statement of Affairs/Balance Sheet** as at the end of the financial year showing all the assets and liabilities of the project.

- **The Accounting Policies Adopted and Explanatory Notes.** The explanatory notes should be presented systematically with items on the Statement of Cash Receipts and Payments being cross-referenced to any related information in the notes. Examples of this information include a summary of fixed assets by category of assets, and a summary of IFRs/Withdrawal Schedule, listing individual withdrawal applications.

- **A Management Assertion** that World Bank funds have been expended in accordance with the intended purposes as specified in the relevant World Bank legal agreement.

19.   The standard format that has already been agreed with the EAC shall be used for this project and will be communicated to the project team. A short training shall be conducted together with coaching during project implementation.

External Audits Arrangements

20.   As per EAC Financial Rules and Regulations, the Audit Commission consisting of the Comptroller and Auditor Generals and Auditor Generals of member states has the responsibility for the audit of EAC departments including the Secretariat. The commission submits its reports to the EAC Council of Ministers, who in turn bring it before the East African Legislative Assembly for further consultation and action. The Audit Commission has the power to authorize any person registered as an auditor to conduct an audit on his behalf. Significant delays in the submission of audits of the World Bank-financed projects managed by the EAC have been identified in the past mainly due to the long approval process followed by the Audit Commission. With that in mind, it is recommended that private auditor(s) acceptable to the World Bank be appointed by the EAC to carry out the annual external audit of new projects.

21.   The audit will be conducted based on International Standards on Auditing, and the audit report will be submitted within six months after the end of the financial year. In addition to the audit of financial statement, the auditors will provide a detailed Management Letter containing the auditor's assessment of the internal controls, accounting system, and compliance with financial covenants in the Financing Agreement.

Table 2.1. Audit Reports and Due Dates

Audit Report	Due Date
Annual project audited financial statements (including reconciliation of the DAs with appropriate notes and disclosures) for each fiscal/financial year. Management Letter	Within six months after the end of each fiscal /financial year.

Governance and Anticorruption Practices

22. The use of hotlines to report corruption and other form of fraudulent activities is proposed given that they are not in use currently. A system exists at the EAC which handles both positive and negative feedback. However, the system needs to be strengthened through establishment of a consolidated register to track all complaints made by calls, emails, or other forms. The register shall, among other things, describe the type of complaint, timing of events from registration, resolution, and final feedback to the client or public.

Table 2.2FM Action Plan

	Action	Entity Responsible	Due Date
1	Train the accountants and internal audit staff on the more recent World Bank FM and Disbursement Guidelines.	World Bank	Within six months after project effectiveness.
2	Agreeing on the external audit ToRs and agreement on the use and financing of private auditors.	EAC/World Bank	Three months after project effectiveness
3	Agreeing on the format and content of the IFR.	EAC/World Bank	After signing the Financing Agreement but before effectiveness
4	Open a U.S. dollar DA for each project and communicating the details of the account and signatories to IDA.	EAC	After signing the Financing Agreement but before effectiveness
5	Recruit a designated FM specialist and assistant accountant to support project implementation.	EAC	Four months after project effectiveness
6	Complete recruitment process of the internal audit staff including the risk management personnel.	EAC	Within six months after project effectiveness
7	Establishment of a consolidated complaints register.	EAC	Within six months of project effectiveness.

Disbursements

23. **The project duration is five years: 2018–2023.** Disbursements under this project will be carried out in accordance with the provisions of the Disbursement Guidelines (Disbursement Guidelines for Investment Financing Project, dated February 2017), the Disbursement and Financial Information Letter and the Financing Agreement. The financing proceeds will be disbursed using one or more of the four disbursement methods available to the project—reimbursement, advance, direct payment, and special commitment. The Disbursement and Financial Information Letter details the disbursement method to be applied and sets the DA ceiling at US$500,000 million. The advance to the DA will be documented using statement of expenditure. A DA in U.S. dollar to receive funds upon request from the World Bank and to manage purchasers' payments will be opened at a commercial bank accepted to the World Bank. The authorized signatories of the withdrawal applications will be nominated in the annex to the Disbursement and Financial Information Letter.

Procurement

24. **Guidelines.** Procurement will be carried out in accordance with the requirements in the Procurement Regulations for Borrowers under IPF: Goods, Works, Non-Consulting Services and Consulting

Services dated July 1, 2016 (Revised November 2017); '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)'; and provisions stipulated in the Financing Agreement.

25.   **PPSD and Procurement Plan.** According to the requirement of the Procurement Regulations, the EAC Secretariat has developed a PPSD, based on which the Procurement Plans for the first 18 months has been prepared, and sets out the selection methods to be followed by the EAC during project implementation in the procurement of goods, works, non-consulting services, and consulting services. The Procurement Plan will be updated at least every 12 months, or as required, to reflect the actual project implementation needs, but each update shall require World Bank approval. All Procurement Plans will be publicly disclosed in accordance with the World Bank disclosure policy.

26.   The PPSD highlights that the guiding Procurement Principles governing the EAC are: Value for Money; Effective competition; Fairness and Integrity; Transparency; Accountability and Interest of EAC and its Stakeholders, all of which must receive due consideration when undertaking a procurement. In this context, open International or open Regional competition shall be the preferred method of competition as it best satisfies the principles of best value for money, transparency and effective competition. However, the PPSD recognizes that the choice of procurement method is influenced by many factors, such as market conditions, complexity of the requirement, monetary value of the procurement, donor conditions and whether goods, works, or services are procured. Location and urgency may also influence the choice of solicitation method, and the procedures applied. Hence, given the size and nature of the equipment and furniture the project intends to procure (not exceeding US$500,000 per contract), these will be advertised within the EAC region. All the consultancy services planned are as well estimated to cost less than US$300,000. In this regard, given that there are a lot of consultants within the EAC sub-region who are experienced in the targeted areas and adequate competition will be available regionally, the advertisement will be limited within the EAC region.

27.   **STEP.** The World Bank's system will be used to prepare, clear, and update Procurement Plans and conduct all procurement transactions for the project. Staff from the PIU will be trained by World Bank staff in using STEP.

28.   **Procurement templates.** The World Bank's Standard Procurement Documents (SPDs) shall be used for procurement of goods, works, and non-consulting services under International Competitive Procurement. EAC Standard Bidding Documents for procurement which is meant to attract bidders in the Partner States shall only be used with prior approval by the World Bank. Similarly, selection of consultant firms shall use the World Bank's SPDs, in line with procedures described in the Procurement Regulations and the World Bank's SPDs, irrespective of the market approach.

29.   **Publication (advertising).** The EAC is required to prepare and submit to the World Bank a General Procurement Notice. The World Bank will arrange for its publication in United Nation Development Business online and on the World Bank's external website. Specific Procurement Notices for all procurement under international competitive procurement and requests for expressions of interest for all consultancies estimated to cost not less than US$300,000 shall be published in at least one newspaper of national circulation in the EAC Secretariat Partner States' countries, or in the official gazette, or on a widely used website or electronic portal with free national, regional, and international access, and in United Nations Development Business online.

30.   **EAC Procurement Policy. Procurement for the EAC Secretariat is carried out in accordance with EAC Financial Rules and Regulations of 2012 (EAC FRR) and the EAC Procurement Policies and Procedures Manual (EAC PPPM), effective May 2016.** The EAC FRR Regulation 11 sets out the procurement general principles of (a) value for money; (b) effective competition; (c) fairness and integrity; (d) transparency; (e) accountability; and (f) interest of EAC and its stakeholders. The EAC PPPM provides detailed procedures of how the EAC Secretariat's procurement shall be carried out. Section 2.5 of the manual sets out the segregation of duties through the Secretary General, the Procurement Committee, the Procurement Unit, and the Originating Unit. In addition, the EAC FRR lists a longer list of structures and institutions to include the Bidding Opening Panel, Evaluation Committee, Complaints Committee, and Inspections and Receiving Committee. The EAC PPPM and FRR generally outline acceptable procurement practices. However, the World Bank finds the following restrictive: (a) mandatory joint ventures with the Partner States' suppliers for goods and services above US$50,000 and works contracts estimated to exceed US$1 million; (b) preferences limited Partner States' suppliers where there are at least 5 qualified potential bidders within the EAC Community; and (c) margin of preference that applies to suppliers within the EAC Partner States. In accordance with Section 2.10 of the FRR (Development Partner-Funded Projects), these shall not apply on World Bank-financed projects.

31.   **National Procurement Procedures as described in the World Bank's Procurement Regulations.** The EAC Secretariat has no national procurement procedures, as described in the Procurement Regulations. Therefore, where the World Bank's Procurement Regulations allow national procurement procedures, the EAC shall use its procedures in the context of the Partner States as described in the EAC PPPM and FRR. Procurement eligible for National Procurement Procedures, as described in the World Bank's Procurement Regulations, may be used within the EAC Partner States, provided that such procedures are consistent with the following requirements as provided in paragraph 5.4 of the Procurement Regulations: (a) open advertising of the procurement opportunity at the national level; (b) the procurement is open to eligible firms from any country; (c) the request for bids/request for proposals document shall require that bidders/proposers submitting bids/proposals present a signed acceptance at the time of bidding, to be incorporated in any resulting contracts, confirming application of, and compliance with, the World Bank's Anticorruption Guidelines, including without limitation the World Bank's right to sanction and the World Bank's inspection and audit rights; (d) contracts with an appropriate allocation of responsibilities, risks, and liabilities; (e) publication of contract award information; (f) rights for the World Bank to review procurement documentation and activities; (g) an effective complaints handling mechanism; and (h) maintenance of records of the procurement process. Furthermore, in accordance with paragraph 5.4 of the Procurement Regulations, the following shall be observed: (a) the request for bids/request for proposals document shall require that bidders/proposers submitting bids/proposals present a signed acceptance at the time of bidding, to be incorporated in any resulting contracts, confirming application of, and compliance with, the World Bank's Anti-Corruption Guidelines, including without limitation the World Bank's right to sanction and the World Bank's inspection and audit rights and (b) rights for the World Bank to review the EAC's procurement documentation and activities. Mandatory joint ventures and EAC preferences shall not apply to the project. Irrespective of the procedures used, the EAC Secretariat internal approvals, as described in the EAC FRR may be observed. For prior review activities, internal approvals shall be obtained first, before the World Bank's no-objection, where necessary.

32.   **Training and workshops.** The project will finance training and workshops, if required, based on an annual training plan and budget which shall be submitted to the World Bank for its prior review and

approval. The annual training plan will identify, among others: (a) the training envisaged; (b) the justification for the training; (c) the personnel to be trained; (d) the duration for such training; and (e) the estimated cost of the training. At the time of the actual training, the request shall be submitted to the World Bank for review and approval. Upon completion of the training, the trainees shall be required to prepare and submit a report on the training received.

33.   **Procurement implementation arrangements.** Procurement activities under the project will be carried out by the EAC Secretariat through a PIU that will be established.

34.   **Procurement assessment.** A procurement capacity assessment of the EAC Secretariat to implement project procurement was conducted in February 2018.

35.   **The EAC Secretariat has one senior procurement officer, a procurement officer, and two assistant procurement officers. Two procurement assistant positions are vacant.** There has been a high turnover on procurement staff, particularly assistants, because most of them are hired on a short-term basis. An assessment of the Secretariat - Procurement Management revealed the following challenges: (a) inadequate number of procurement staff to handle procurement for the EAC Secretariat and donor-funded projects; (b) quality of technical specifications and ToR from user departments; (c) lack of knowledge in World Bank procurement procedures; (d) delays in approvals by the EAC Procurement Committee; (e) equipment for the procurement personnel to effectively carry out their duties; (f) contract management; and (g) procurement record keeping system.

36.   The overall project procurement risk was assessed to be High. The risk is reduced to a residual rating of Substantial in view of the mitigation measures proposed in Table 2.3.

Table 2.3: Procurement Risks and Mitigation Measures

Risk	Mitigation Measure	Time Frame	Responsibility
Inadequate number of procurement staff and lack of knowledge in World Bank procurement procedures	Recruit a procurement consultant with qualifications and experience acceptable to IDA for the project period, as part of the PIU	Within four months of project effectiveness	EAC Secretariat
	For long-term sustainability, recruit a procurement officer with experience in World Bank procurement, as part of the EAC Procurement Unit	Within one year of project effectiveness	EAC Secretariat
Delays/Inefficiencies in processing, approving, and managing procurement activities	Ensure procurements are processed as per the timelines in the Procurement Plans, including timely preparation of ToRs and specifications by user and technical departments	Throughout project implementation	EAC Secretariat
	Use of 'Circular Approvals' mechanism for members of the Procurement Committee	Throughout project implementation	EAC Secretariat

Risk	Mitigation Measure	Time Frame	Responsibility
Inadequate working area/rooms and space for record keeping/filing	Provide sufficient working area/rooms and space for record keeping/filing and setting up an acceptable record keeping system	Within three months of project effectiveness	EAC Secretariat
Inadequate knowledge and skills/experience in contract management	Conduct training tailored toward addressing weaknesses in contract management for the Secretariat and the PIU	Within six months of project effectiveness and annually thereafter	EAC Secretariat

37.   **Frequency of procurement supervision.** In addition to the prior review supervision to be carried out from World Bank offices, the capacity assessment of the implementing agencies recommends one supervision mission every six months to visit the PIU to carry out post review of procurement actions.

38.   **Procurement oversight and monitoring arrangements.** The World Bank exercises its procurement oversight through a risk-based approach comprising prior and post reviews, as appropriate. The World Bank sets mandatory thresholds for prior review based on the procurement risk rating of the project. Based on the risk rating of the project, the EAC and the World Bank will agree on procurement above the applicable thresholds, as provided in Table 2.4, being subjected to prior or post review. The requirement for a prior or post review shall be specified in the Procurement Plan. During project implementation, the World Bank will monitor and reassess the risk and risk mitigation measures and, if determined by the World Bank to be necessary and appropriate, the World Bank may require the EAC to revise the prior and/or post review requirements in the Procurement Plan. The World Bank will carry out post reviews of procurement activities undertaken by the EAC to determine whether they comply with the requirements of the Legal Agreement.

39.   Based on the risk, the EAC shall seek the World Bank's prior review for equivalent value of contracts as detailed in Table 2.4.

Table 2. 4: Thresholds for Procurement Approaches and Methods

Thresholds for Procurement Approaches and Methods (US$ millions) - Goods, Works, and Non-Consulting Services				
Category	Prior Review (US$, millions)	Open International	Open National	Request for Quotation
Works	≥ 5	≥ 15.0	< 15	≤ 0.2
Goods, IT, and non-consulting services	≥ 1.5	≥ 5	< 5	≤ 0.1
Thresholds for Procurement Approaches and Methods (US$, millions) - Consulting Services				
Category	Prior Review (US$, millions)	Short List of National Consultants		
		Consulting Services	Engineering and Construction Supervision	
Consultants (Firms)	≥ 0.5	≤ 0.3	≤ 0.3	
Individual Consultants	≥ 0.2	n.a.	n.a.	

Environmental and Social (including safeguards)

40.   **This project is to strengthen the capacity of the NSOs of the EAC Partner States and the EAC Secretariat to produce harmonized and quality statistics in support of the regional integration and development.** The project activities have no direct social impacts because there is no civil works of any nature, loss of livelihoods, and /or direct link with the peoples of the relevant East African countries. The project will however focus on greater awareness creation regarding the importance and role of statistics to society and development, demonstrating the power of statistics and making the case for National Governments to invest more in statistical production as a 'national good' and statistical development. This project therefore does not trigger any social safeguards policies and hence no safeguards instruments are required. The social safeguards risk rating for this project is Low.

Monitoring and Evaluation

41.   **A Results Framework has been developed for purposes of project M&E and it is given in Section VII.** The implementing agency, with the support of the hired technical experts, will be responsible for gathering all the needed indicators to assess progress in the adequate frequency. In addition, midterm and end-term reviews by independent bodies will be supported by the project.

Role of Partners (if applicable)

42.   It is expected that the following main partners will play different roles in supporting the development of Community statistics and in the implementation of the project's activities:

(a)   **PARIS21.** PARIS21 consortium is at the forefront of statistical advocacy and NSDS processes. The collaboration with this consortium will be developed in advocacy for increased involvement of national stakeholders in statistical development and enhancement of the status of statistics in major international initiatives.

(b)   **IMF/East AFRITAC**. The IMF East AFRITAC is one of the IMF's nine RTACs located around the world. Its goal is to strengthen the human and institutional capacity of East African member countries to formulate and implement policies that promote growth and reduce poverty. Its member countries are: Eritrea, Ethiopia, Kenya, Malawi, Rwanda, Tanzania, and Uganda. IMF East AFRITAC has and continues to provide technical assistance to the Partner States to improve their macroeconomic statistics. Already the Community has been working closely with IMF East AFRITAC to build skills in economic statistics—particularly on national accounts and government finance statistics. In addition, the IMF and EAC Secretariat have collaborative programs on external sector statistics and monetary and financial statistics which are coordinated from the IMF headquarters. The project activities will be implemented in close collaboration with the IMF, especially in the areas of national accounts and price statistics.

(c)   **AfDB.** The AfDB has launched an Open Data Platform as part of the bank's Africa Information Highway initiative launched in November 2012 and aimed at significantly improving data quality, management, and dissemination in Africa. The platform facilitates the collection, analysis, and sharing of data among countries and with international development partners.

It allows various users, such as policy makers, analysts, researchers, business leaders, and investors around the world, to gain access to a wide range of development data on African countries. With assistance from the AfDB, an open data platform has been established and integrated with the EAC statistics portal. AfDB is also assisting with development of harmonized CPIs under the ICP.

COUNTRY : East Africa
EAC Statistics Development and Harmonization Regional Project

Strategy and Approach for Implementation Support

1.   The strategy for implementation support has been developed based on (a) the existing capacity of the implementing agency; (b) the nature of activities involved in the project; and (c) the commensurate risk profile in accordance with the risk assessment. The Implementation Support Plan, as described below, will be a live document and will be reviewed regularly and revised when required during the implementation.

Implementation Support Plan and Resource Requirements

2.   **Implementation support will be provided by at least two implementation support missions per year complemented by remote support on demand.** The implementation support will cover technical, procurement, FM, and project management support. The implementation support will be advisory in nature to ensure that project ownership remains with the EAC Secretariat and that internal capacity is strengthened.

3.   As the project activities include technical support from international consultants, the World Bank's implementation support will focus on coordination, quality control of documents produced, and ensuring ownership from both the EAC Secretariat and Partner States. This will contribute to technical sustainability of the project beyond its duration. It will also help empower the EAC Secretariat in its relationship with the Partner States.

4.   **FM.** Based on the risk assessment of the EAC Statistics Development and Harmonization Regional Project, an Implementation Support Plan has been outlined below to ensure smooth project implementation. Table 3.1 shows the activities that will be carried out as part of the Implementation Support Plan.

Table 3.1. Implementation Support

Activity	Frequency
Desk reviews	
Audit report review - financial report and Management Letter	Annually
Review of other relevant information such as IFRs and internal audit reports.	Quarterly
On site visits	
Review of overall operation of the FM system	Semiannually during implementation support missions.
Monitoring of actions taken on issues highlighted in audit reports, internal audit, and other reports.	Continuous
In-depth transaction reviews	As may be recommended by an FM specialist

5. **Procurement.** Based on the capacity assessment of the implementing agency, a supervision mission will be organized every six months and at least one annual post-procurement review.

Table 3.2. Implementation Support Plan

Time	Focus	Skills Needed	Resource Estimate	Partner Role
First 12 months	Project management and team leadership	Knowledge of World Bank OP/BP and experience in supervising lending operations	12 weeks 4 missions	Partners will participate in technical discussions
	Procurement	World Bank OP/BP on procurement	4 weeks	
	FM	World Bank OP/BP on FM	4 weeks	
	Technical support	National accounts, CPI, external trade, poverty statistics, institutional reform, and statistical coordination	12 weeks 2 missions	
12–48 months	Project management and team leadership	Knowledge of World Bank OP/BP and experience in supervising lending operations	8 weeks 2 missions	Partners will participate in technical discussions
	Procurement	World Bank OP/BP on procurement	4 weeks	
	FM	World Bank OP/BP on FM	4 weeks	
	Technical support	National accounts, CPI, external trade, poverty statistics, institutional reform and statistical coordination	5 weeks 1 mission	

Table 3.3. Required Skills Mix (Duration of Project)

Skills Needed	Number of Staff Weeks	Number of Trips	Comments
Task team leader	44	12	Washington, DC.
FM specialist	20	4	Regional
Procurement specialist	20	4	Regional
National accounts, CPI, external trade	20	8	Washington, DC.
Poverty statistics	20	6	Washington, DC.
Statistics system	10	4	International

ANNEX 4: National Accounts - Methodology Assessment Summary Tables[6]

Table 4. 1: Status of Implementation of Recommended Methods

- 🟩 Already implemented
- 🟧 To be implemented in the 2015 NAS rebasing
- 🟥 To be implemented in the 2020 NAS rebasing

	Recommended Methodology	Burundi	Kenya	Rwanda	Tanzania Mainland	Zanzibar	Uganda	EAC
	Production Account Aggregates							
1.	Compile quarterly and annual gross output by economic activity	AGO achieved QGO by December 2016	Achieved	Achieved	Achieved	Achieved	Achieved	
	Compile quarterly and annual intermediate consumption by economic activity	AIC achieved QIC by December 2016	Achieved	Achieved	Achieved	Achieved	Achieved	
2.	**Valuation of Outputs and Inputs**							
				Achieved				

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[6] South Sudan does not appear because this assessment was carried out in 2016 when South Sudan had not yet joined the EAC Community.

	Recommended Methodology	Burundi	Kenya	Rwanda	Tanzania Mainland	Zanzibar	Uganda	EAC
	Valuation of output of subsistence farming at farm gate prices	The SUT prices are at farm gate prices. Plan to use API for ongoing compilation from December 2017	2009 SUT used farm gate prices. Current onward compilation uses CPI. Expect to use API in the 2015 rebased series.		Plan to use farm gate prices in the 2015 SUT and API for onward compilation.	The SUT prices are at farm gate prices. Plan to use API for ongoing compilation from December 2017	The SUT prices are at farm gate prices. Plan to use API for ongoing compilation from December 2017	
	Compile weighted agricultural commodity price indices	The SUT prices are at farm gate prices. Plan to use API for ongoing compilation from December 2017	Not yet achieved. Agricultural commodity price data not available.	In-house index is compiled and used.	Data collection is ongoing. Technical assistance is required.	Data on agriculture prices required	Data collection is ongoing	
3	**Sector Accounts**							
	Compile sector accounts as recommended by System of National Accounts (SNA) 2008	December 2019	Achieved. However, accounts are not disseminated.	Compiled every 3 years. Later, accounts for 2014 will be disseminated in June 2017.	Compiled every 5 years. Later, accounts for 2015 will be disseminated in December 2017.	Done for the current SUT benchmarks. Plan to produce annual sector accounts for the next rebase exercise (2017)	Done for the current SUT benchmarks. Plan to produce annual sector accounts for the next rebase exercise (2017)	
4	**Production Accounts**							
4.1	**Production Boundary Issues**							

	Recommended Methodology	Burundi	Kenya	Rwanda	Tanzania Mainland	Zanzibar	Uganda	EAC
	Include:							
	All territorial enclaves in production boundary		n.a.	n.a.	n.a.			
	Free zones and bonded warehouses		Achieved	n.a.	Treatment to be determined in the future.			
	Part-time workers (Part-time migrants)		Not yet achieved. Awaiting ILFS to be undertaken in 2016/2017		Expect to get data from the 2014 Labor Force Survey that is ready for use in NAS		Still within schedule	
	Entertainment, literary, and artistic originals	Base year 2015	Partially achieved. Further improvements will be incorporated during the 2015 rebasing.	Not implemented in the 2014 rebasing. To be implemented in the 2017 rebasing.	Implementation will be in 2015 rebase series		Base year 2015	
	Illegal activities	Base year 2015	Not yet achieved. Anticipate to do special surveys.	No data	No data		Base year 2015	
	Financial Intermediation							
4.2	Split Central Bank output as recommended in SNA 2008 into:							

	Recommended Methodology	Burundi	Kenya	Rwanda	Tanzania Mainland	Zanzibar	Uganda	EAC
	Monetary policy	Burundi has not yet migrated to SNA 2008	Achieved	Achieved	Achieved		Treatment in line with SNA 2008	
	World Bank supervision	Burundi has not yet migrated to SNA 2008	Achieved	Achieved	Achieved		Treatment in line with SNA 2008	
	Market output (financial intermediation)	Burundi has not yet migrated to SNA 2008	Achieved	Achieved	Achieved		Treatment in line with SNA 2008	
	Include the informal and other formal financial services		Partially achieved. Further improvements will be incorporated during the 2015 rebasing.	Coverage for informal and other formal financial services has been expanded in the 2014 rebased series	Still a challenge since all the required data is not available with BOT. Expect to get data from Financial Sector Deepening Trust.	Base year 2015	For inclusion in 2015 rebase	
	Separation of financial intermediation from the communication services (mobile money)		Achieved		Exploring possibility of getting the required information from Tanzania Communications Regulatory Authority.	Could not be separated due to insufficient information	Not yet done	
	Computation of FISIM (adjust for loans and deposits to/by households)	Still investigating data/December 2016	Achieved	Achieved	Achieved	Achieved	Achieved	
	Allocate FISIM by activity	Not yet done	Not yet achieved	Disaggregated data on deposits	Data to disaggregate the	Could not be separated due	Achieved	

	Recommended Methodology	Burundi	Kenya	Rwanda	Tanzania Mainland	Zanzibar	Uganda	EAC
			Classification by the Central Bank is still at ISIC revision2. Need to engage CBK in discussions to classify loans and deposits using ISIC revision4.	by ISIC is not availed by the Central Bank.	loans is available. Pursuing BOT to provide disaggregated data on deposits by activity.	to insufficient information on deposits by activity		
	Full coverage of insurance services (to include activities of insurance agents and brokers)	Base year 2014	Not yet achieved. To be implemented during the 2015 rebasing.		To collect information on brokers and agents separately.	Base year 2015	Base year 2015	
	Adjust insurance premiums and claims as recommended by SNA 2008 for non-life insurance	Base year 2014	Not yet achieved. To be implemented during the 2015 rebasing.	Recommendation implemented in the 2014 rebased series	Achieved	Base year 2015	Base year 2015	
	Non-Market Output							
	Include in output for own final use:	Not yet done				Done		
4.3	Informal water collection	Not yet done	Achieved	Achieved	Achieved		Done	Achieved
	Research and development for own account	Included except for manufactured goods		Data not available.		Included except for manufactured goods		

	Recommended Methodology	Burundi	Kenya	Rwanda	Tanzania Mainland	Zanzibar	Uganda	EAC
	Household production of goods for own consumption	Achieved	Achieved	Achieved	Included except for manufactured goods	Achieved	Included except for manufactured goods	
	Output of paid domestic servants	Included in the current estimates	Achieved	Achieved	Achieved	Included in the current estimates	Done	
	Housing services of owner occupiers	Not yet done	Achieved	Achieved	Achieved	Partially done	Included in the current estimates	
	Own account capital formation		Not yet fully achieved, it is done for owner occupiers. Further improvements in terms of coverage for irrigation dams and canals will be achieved in the base year 2015 series.	Partially done for business enterprises. Household component is not estimated.	Within schedule	Done for livestock	Partially done	
	Inventories of finished goods or work in progress	Not yet done	Not yet fully achieved. Further improvements will be achieved in the base year 2015 series.		Within schedule	Achieved	Done for livestock	
	Intellectual Property Products							

	Recommended Methodology	Burundi	Kenya	Rwanda	Tanzania Mainland	Zanzibar	Uganda	EAC
	Include mineral exploration	Data needs to be collected from Ministry of Energy and Mining	Achieved	Expecting to implement it in the 2014 rebase series	Arranging for data collection for 2015 from TPDC, Ministry of Minerals and Energy and Mining companies	Split between the mainland and Zanzibar to be considered	Ministry of Energy and Minerals to provide ongoing data	
	Include system and standard applications software and databases	Explore data sources	Not yet fully achieved. Further improvements will be achieved in the base years 2015 and 2020 series.	Explore data sources		Data needs to be collected	Data needs to be collected	
	Leases and transferable contracts	Explore data sources	Not yet achieved. To explore possible data sources and commence data collection before the 2020 rebasing.	Explore data sources		Data needs to be collected	Data needs to be collected	
4.5	**Non-market output**							
	Include nonprofit institutions serving households (NPISH) activities in the NAS	Available in the current estimates	Current estimate is too low. Planned to undertake survey in 2016/2017	Implemented in the 2014 rebased series	To undertake survey in 2016/2017 with reference to 2015	Estimate included in the SUT but too low and a survey needs to be done to validate	Survey ongoing at the listing stage. To be considered for 2015 rebasing	

	Recommended Methodology	Burundi	Kenya	Rwanda	Tanzania Mainland	Zanzibar	Uganda	EAC
4.6	**Consumption of fixed capital**							
	Introduce perpetual inventory method	Estimates available for the Government	Achieved. There is need to conduct depreciation studies for each type of capital asset.	To be handled by the EAC GFS TWG	Need to conduct depreciation studies by type of capital asset	Need to conduct depreciation studies by type of capital asset	Need to conduct depreciation studies by type of capital asset	
5	**Expenditure Components of GDP**							
5.1	**Final Consumption Expenditure**							
	For the general government							
	Adjust COE for social contributions	Achieved	Achieved	Achieved	Achieved	Achieved	Not yet	
	Compile the Consumption of Fixed Capital	Estimates available	Achieved	EAC GFS TWG is planning to compile this by 2020	To be developed		To be developed	
5.2	**Gross Capital Formation**							
	Capitalize defense-related assets in line with SNA 2008	Not yet done			Data is not available. Not likely to be achieved by December 2017.	Not done	Not yet	
	Includes:							
	Valuables and historical monuments	Not yet done	Not yet achieved. May not be possible	Data is not available	Done for households.	Not done	Not done	

	Recommended Methodology	Burundi	Kenya	Rwanda	Tanzania Mainland	Zanzibar	Uganda	EAC
			do get data from HBS.					
	Agriculture work in progress (for perennial crops for example, coffee, tea, and fruits)	Not yet done	Achieved	Achieved	Achieved	Partially done	Achieved	
	Livestock work in progress (for example, dairy cattle)	Not yet done	Achieved	Achieved	Achieved	Achieved	Achieved	
	Construction works in progress	Not yet done	Achieved	Achieved	Achieved	Achieved	Achieved	
	Small tools (as durable equipment)	Achieved	Achieved	Achieved	Achieved	Achieved	Achieved	
	Working livestock	Data are available	Achieved	Not priority. Activity insignificant	Achieved	Achieved	Achieved	
	Expenditure on mineral exploration	Not yet done	Achieved	Awaiting data for the 2014 rebase	Achieved. Need to validate the available information with other data sources.		Achieved	
	Timber plantation	Data available	Not yet achieved.	Not done	Not done	Not yet	Not done	
	Aquaculture	Not yet done	Not yet achieved. Need to assess whether activity is substantial to implement		Achieved	Not yet	Not done	

	Recommended Methodology	Burundi	Kenya	Rwanda	Tanzania Mainland	Zanzibar	Uganda	EAC
			work in progress.					
	Adjust customs data for informal cross-border trade	ICBT to be conducted in 2017	Achieved. But survey is only done twice a year.	Achieved	Achieved		Achieved	

Table 4.2: Status of Implementation of Specific Methods[a]

Uniform method is applied in all the Partner States

		Burundi	Kenya	Rwanda	Tanzania Mainland	Zanzibar	Uganda	EAC
A	**Production Approach**							
1	Is output for owner occupiers estimated using rentals that tenants would pay for similar accommodation?	Yes	Yes	Yes	Yes	No	No	
2	Is FISIM calculated separately for loans and deposits using a reference rate?	No	Yes	Yes	Yes	No	Yes	
3	Mark the activities for which work in progress is applied							
	Crop growing	No	Yes	Yes	Yes	No	Yes	
	Livestock rearing	No	Yes	Yes	Yes	Yes	Yes	
	Standing timber	No	No	No	Yes	No	No	
	Stocks of fish	No	No	No	Yes	No	No	
	Large construction project	No	Yes	Yes	Yes	No	Yes	
4	Are inventories adjusted for holding gains/losses?	No	No	No	No	No	No	
5	Is Perpetual Inventory Method used to estimate consumption of fixed capital?	Simplified	Yes	No		No	No	
	Central Government only	Yes	Yes	No	No	No	No	
	General Government	Yes	Yes	No	No	No	No	
6	Is cash data converted to accrual by allocating them to the period to which they related							
	a. Taxes and subsidies on products	Yes	Yes	No	No	No	No	

	b. Government revenue data	Yes	Yes	No	No	No	No	
	c. Government expenditure data	Yes	Yes	Yes	No	No	No	
7	Recommended method is used to derive the volume measure of taxes/subsidies on products	No	Yes	No	Yes	CPI all items	Yes	
8	Recommended method is used to derive the volume measure of trade margins?	No	Yes	Yes	Yes	CPI for selected items	Yes	
9	Is measurement of volume change computed using fixed base year?	Yes	Yes	Yes	Yes	Yes	Yes	
10	If fixed base year, change of base year is after how many years?	5	5	3	5	5	5	
11	Is the official GDP estimate validated against unofficial estimates from, Ministries of Finance, international organization, nongovernmental organizations, researchers , and so on?	No	No	Yes	Yes	No	Yes	
12	Are revision studies undertaken on a regular basis?	No	Yes	Yes	Yes	No	Yes	
13	If yes, are the findings used to improve the estimates onward?	Yes	Yes	Yes	Yes	No	Yes	
14	Are QGDP series aligned to the AGDP?	N/A	Yes	No	Yes	Yes	Yes	
15	Are QGDP series seasonally adjusted at ISIC digit level one?	N/A	No	No	No	NO	Yes	
B	**Expenditure Approach**							
16	Are all expenditure components derived independently?	Yes	Yes	No	Yes	No	No	
17	Is SUT framework used to investigate the discrepancies and make the statistical outputs consistent annually?	Yes	No	n.a.	No	No	No	
18	If not, is the statistical discrepancy between GDP-P and GDPE shown explicitly?	N/A	Yes	n.a.	Yes	Yes	No	
19	Do GGFCE and NPISH FCE exclude incidental sales?	Yes	Yes	Yes	Yes	Yes	Yes	
20	Does HHFCE include expenses of residents abroad?	Yes	Yes	n.a.	Yes	No	No	

21	Does HHFCE exclude expenses of nonresidents in the economy?	Yes	Yes	n.a.	Yes	No	Yes
22	What method is used to derive volume measures for changes in inventories?	IPC/IPI	Extrapolate the benchmark using the volume changes	Weighted index from components	Implicit deflators from the production side		

Note: a. For security reason at the time of this assessment, South Sudan was not visited.

ANNEX 5: CPI - STATUS FOR COMPILATION OF CPI IN EAC PARTNER STATES[7]

COUNTRY : East Africa EAC Statistics Development and Harmonization Regional Project

Recommended Best Practices for EAC HCPI	Burundi	Kenya	Rwanda	Tanzania	Uganda	Remarks
	Institut de Statistiques et d'Etudes Economiques du Burundi (ISTEEBU)	Kenya National Bureau of Statistics (KNBS)	National Institute of Statistics of Rwanda (NISR)	National Bureau of Statistics (NBS) and Office of the Chief Government Statistician (OCGS)	Uganda Bureau of Statistics (UBOS)	
1.1 Classification						
1.1 Classification The classification recommended during the compilation of the EAC HCPI and its sub indices is the United Nations Classification of Individual Consumption According to Purpose (COICOP).	ISTEEBU followed the recommended international classification of goods and services in the CPI basket which is COICOP.	The KNBS followed the recommended international classification of goods and services in the CPI basket which is COICOP.	The NISR followed the recommended international classification of goods and services in the CPI basket which is COICOP.	Both the NBS and OCGS followed the recommended international classification of goods and services in the CPI basket which is COICOP.	UBOS followed the recommended international classification of goods and services in the CPI basket which is COICOP.	All the five Partner States are compliant with the recommendation.
1.1.1 Special Categories of Products - Education The recommended best practice is that all goods and services ancillary to education should not be classified under Education (COICOP division 10)	ISTEEBU followed the recommended best practice.	The KNBS followed the recommended best practice.	The NISR followed the recommended best practice.	Both the NBS and OCGS followed the recommended best practice.	UBOS followed the recommended best practice.	All the five Partner States are compliant with the recommendation.

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[7] For security reason at the time of this assessment, South Sudan was not visited

Recommended Best Practices for EAC HCPI	Burundi	Kenya	Rwanda	Tanzania	Uganda	Remarks
1.1.2 Special Categories of Products - Health and Rent The recommended classification for all goods and services related to health and rent should be classified within their respective divisions and classes. For instance, electricity charges should not be classified as part of rent.	ISTEEBU followed the recommended best practice.	The KNBS followed the recommended best practice.	The NISR followed the recommended best practice.	Both the NBS and OCGS followed the recommended best practice.	UBOS followed the recommended best practice.	All the five Partner States are compliant with the recommendation.
1.1.3 Classification of Second-hand Goods Classification of second-hand goods has to be done within the same class of COICOP where new products of similar type are classified.	ISTEEBU followed the recommended best practice.	The KNBS followed the recommended best practice.	The NISR followed the recommended best practice.	Both the NBS and OCGS followed the recommended best practice.	UBOS Followed the recommended best practice.	All the five Partner States are compliant with the recommendation.
1.2 EAC HCPI Coverage						
1.2.1 CPI Product Coverage The recommended best practice is to cover all final consumption goods and services consumed within the economic territory by domestic residents, foreign residents, and nonresidents.	ISTEEBU covers products mostly for the first two categories of the population.	The KNBS covers products mostly for the first two categories of the population.	The NISR covers products mostly for the first two categories of the population.	The NBS covers products mostly for the first two categories of the population while the OCGS covers all the three categories of products.	UBOS covers products mostly for the first two categories of the population.	All the five Partner States need to improve the scope of the product coverage.
1.2.2 CPI Geographical Coverage of Price Collection	ISTEEBU collects consumer prices from the capital	The KNBS collects consumer prices from the capital	The NISR collects consumer prices from the capital	The NSO of Tanzania collects consumer prices	UBOS collects consumer prices from the capital	Only Burundi and Rwanda collect consumer prices

Recommended Best Practices for EAC HCPI	Burundi	Kenya	Rwanda	Tanzania	Uganda	Remarks
The recommended best practice is to collect consumer prices from capital cities, other urban areas, and rural areas (national coverage).	city which is Bujumbura, 17 urban areas, and 17 rural areas.	city Nairobi and 13 other urban areas. Thus, consumer prices from rural areas are not collected.	city which is Kigali, 20 urban areas, and 20 rural areas.	from Dar Es Salaam which is the business city and 25 other urban areas. Thus, consumer prices from rural areas are not collected. The OCGS collects prices from 6 urban areas of Zanzibar. Zanzibar does not collect prices in rural areas.	city which is Kampala and six urban areas. Thus, consumer prices from rural areas are not collected.	from rural areas. Other Partner States should fast-track the process of collecting consumer prices from rural areas.
1.2.3 CPI Geographical Coverage of Household Expenditure The recommended best practice is to include household expenditures of the capital cities, other urban areas, and rural areas during the compilation of weights for the CPI (national coverage).	ISTEEBU CPI weights for Burundi cover household consumption expenditures for the capital city which is Bujumbura, 17 other urban areas, and 17 rural areas.	The KNSO CPI weights for Kenya cover household expenditures for both rural and urban.	The NISR CPI weights for Rwanda cover household expenditures for the capital city which is Kigali and 20 other urban areas. Thus, household expenditures for the rural areas are not included.	The NSO CPI weights for Tanzania cover household consumption expenditures for Dar Es Salaam, which is the busiest business city, 20 other urban areas, and household expenditures for the rural areas.	UBOS CPI weights for Uganda cover household expenditures for the capital city which is Kampala and 7 other urban areas. Thus, household expenditures for the rural areas are not included.	Only Burundi and Tanzania include household consumption expenditures for both urban and rural areas. Other Partner States should fast-track the process of incorporating household consumption expenditures for the rural areas in their CPI weights.
1.3 Determination of Baskets						

Recommended Best Practices for EAC HCPI	Burundi	Kenya	Rwanda	Tanzania	Uganda	Remarks
1.3.1 Data Source According to the recommended best practices, the computation of the EAC HCPI weights, (a) The main source of data should be the results of the HBS (b) The HBS should be conducted for at least 12 consecutive months	ISTEEBU fulfilled only the first recommendation. The HBS lasted for only two months.	The KNSO fulfilled both recommendations.	The NISR fulfilled both recommendations.	Both the NSO and OCGS fulfilled both recommendations.	UBOS fulfilled both recommendations.	Burundi should expand the period for conducting the HBS to at least 12 consecutive months, among other things, to capture seasonality.
1.3.2 Monetary Concept According to the recommended best practices, the computation of the EAC HCPI weights should be based on the monetary concept. The monetary concept implies that only final household consumption expenditures with monetary transactions should be considered.	ISTEEBU followed the recommended best practice during the compilation of the CPI weights.	The KNSO followed the recommended best practice during the compilation of the CPI weights.	The NISR followed the recommended best practice during the compilation of the CPI weights.	Both the NSO and OCGS followed the recommended best practice during the compilation of the CPI weights.	UBOS followed the recommended best practice during the compilation of the CPI weights.	All the five Partner States implemented the recommendation.
1.3.3 Domestic Concept According to the recommended best practices, the computation of the EAC HCPI weights should be based on the	ISTEEBU fairly implemented the recommendation while computing the weights for the national CPI.	The KNSO did not fully implement the recommendation while computing the weights for	The NISR almost fully implemented the recommendation while computing the weights for	Both the NSO and OCGS greatly implemented the recommendation while computing	UBOS almost fully implemented the recommendation while computing the weights for the national CPI.	There is urgent need for all the Partner States to improve on the HBS questionnaire design so that all

Recommended Best Practices for EAC HCPI	Burundi	Kenya	Rwanda	Tanzania	Uganda	Remarks
domestic concept. This implies that all Household Final Monetary Consumption Expenditure (HFMCE) made outside the economic territory should be excluded during the computation of weights. Thus, all the HFMCE made within the economic boundaries of the economy should be considered.	Consumption expenditures made by foreign visitors were to some extent included. However, cross-border purchases were not included and purchases made by households outside the economic territory were not excluded.	the national CPI. Consumption expenditures made by foreign visitors, cross-border purchases were not included. In addition, purchases made by households outside the economic territory were not excluded.	the national CPI. Consumption expenditures made by foreign visitors, cross-border purchases were included. However, purchases made by households outside the economic territory were not excluded.	the weights for the national CPI. Consumption expenditures made by foreign visitors, cross-border purchases were included. However, purchases made by households outside the economic territory were not excluded.	Consumption expenditures made by foreign visitors, cross-border purchases were included. However, purchases made by households outside the economic territory were not excluded.	purchases outside the economic territory are well captured.
1.3.4 Approach used to Compute Weights for the Enumeration Areas The recommended best practice is to follow the Plutocratic approach.	ISTEEBU computed the weights for the national CPI following the recommended approach.	The KNSO computed the weights for the national CPI following the recommended approach.	The NISR computed the weights for the national CPI following the recommended approach.	Both the NSO and OCGS computed weights for the national CPI following the recommended approach.	UBOS computed the weights for the national CPI following the recommended approach.	All the five Partner States fully implemented the recommendation.
1.3.5 Exclusion of illegal transactions According to the recommended best practices, all HFMCE on illegal and black market products should be excluded during the computation of the EAC HCPI weights. Example is	ISTEEBU computed the weights for the national CPI following the recommended approach.	The KNSO computed the weights for the national CPI following the recommended approach.	The NISR computed the weights for the national CPI following the recommended approach.	Both the NSO and OCGS computed weights for the national CPI following the recommended approach.	UBOS computed the weights for the national CPI following the recommended approach.	All the five Partner States fully implemented the recommendation.

Recommended Best Practices for EAC HCPI	Burundi	Kenya	Rwanda	Tanzania	Uganda	Remarks
expenditures on prostitution.						
1.3.5 Exclusion of Narcotics According to the recommended best practices, all HFMCE on narcotics should be excluded during the computation of the EAC HCPI weights.	ISTEEBU computed the weights for the national CPI following the recommended approach.	The KNSO computed the weights for the national CPI following the recommended approach.	The NISR computed the weights for the national CPI following the recommended approach.	Both the NSO and OCGS computed weights for the national CPI following the recommended approach.	UBOS computed the weights for the national CPI following the recommended approach.	All the five Partner States fully implemented the recommendation
1.3.6 Special Categories of Expenditures for Exclusion According to the recommended best practices that should be followed during the computation of weights for the EAC HCPI, the following categories of household expenditures should be excluded: life insurance, games of chance, remittances to relatives, income taxes, interest paid on loans, debt repayments, business expenditures, payments into the savings account, FISIM, and ACPPF.		The KNSO did not include any of the listed expenditures during the compilation of the national CPI.	The NISR did not include any of the listed expenditures during the compilation of national CPI.	Both the NSO and OCGS did not include any of the listed expenditures during the compilation of the national CPI.	UBOS did not include any of the listed expenditures during the compilation of the national CPI.	All the five Partner States fully implemented the recommendation.
1.3.7 Special Categories of Expenditures for Inclusion The following categories of household expenditures	ISTEEBU fully implemented the recommendation for the revised		The NISR greatly implemented the recommendation during the	The NSO included almost household consumption expenditures for	UBOS included the following categories of expenditures	During the next planned HBSs, all Partner States should make an

Recommended Best Practices for EAC HCPI	Burundi	Kenya	Rwanda	Tanzania	Uganda	Remarks
should be included if they meet the threshold for inclusion: legal services, domestic services, social protection services, package holidays, financial services, insurance services other than life insurance, tips and gratuities, seasonal products, second-hand goods, foreign visitors' nonbusiness expenditures, and cross-border purchases.	CPI basket.		computation of the weights since cross-border purchases were covered. However, social protection services, package holidays, financial services, tips and gratuities, foreign visitors' nonbusiness expenditures were not covered.	all the listed products during the computation of weights. The package holiday was not covered.	during the computation of weights for the national CPI: second hand goods, seasonal products, domestic services, package holidays, and insurance services other than life insurance. In addition, foreign visitors' nonbusiness expenditures were also included.	effort to include all the listed household expenditures.
1.3.8 Treatment of Underreported Expenditures According to the recommended best practices that should be followed during the computation of weights for the EAC HCPI, there are well-known categories of products that are always underreported during the HBS survey, alcoholic beverages and tobacco being the most common.	ISTEEBU fully implemented the recommendation for the revised CPI basket.	The KNSO compared the HBS results with data from national accounts and found no discrepancies.	The NISR compared the HBS results with data from national accounts and made the necessary adjustments.	The NSO and OCGS made adjustments for the underreported traditional products.	UBOS compared the HBS results with data from national accounts and necessary adjustments were made.	All the Partner States complied with the recommendation.

Recommended Best Practices for EAC HCPI	Burundi	Kenya	Rwanda	Tanzania	Uganda	Remarks
HBS expenditure values for such products have to be compared with other data sources. Consequently, adjustments are made if there are discrepancies.						
1.3.9 Treatment of Expenditure on Second-hand Goods According to the recommended best practices that should be followed during the computation of weights for the EAC HCPI, only the net value of household consumption expenditure on second-hand goods should be included during the computation of weights.	ISTEEBU followed the recommendation for the revised CPI basket.	The KNSO currently covers only second-vehicles in the national CPI. However, during the computation of weights for the new rebased CPI only household net expenditures will be included.	The NISR followed the recommended best practice.	Both the NSO and OCGS cover second-hand goods during the computation of weights. However, during the computation of weights for the national CPI only household gross expenditures were included.	Though UBOS included expenditure on second-hand goods during the computation of weights, no efforts were made to use the net expenditure.	The KNSO, NSO, OCGS, and UBOS should improve on their HBS so that in future net expenditure on second-hand goods is used instead of the current practice of using gross household expenditures.
1.3.10 Treatment of Expenditure on Insurance Services According to the recommended best practices that should be followed during the computation of weights for the EAC HCPI, only the service charge should be included during the computation of weights for	ISTEEBU included the service charge on insurance services during the computation of weights.	The KNSO will Include only the service charge net household expenditure on insurance services during the computation of weights for the new rebased CPI.	The NISR included the gross household expenditure on insurance services during the computation of weights instead of the service charge.	The NSO included the gross household expenditure on insurance services during the computation of weights instead of the service charge. OCGS used net expenditure.	UBOS included the gross household expenditure on insurance services during the computation of weights instead of the service charge.	The KNSO, NISR, NSO, and UBOS should include service charge during the computation of household expenditure on insurance instead of the current practice of using the gross

Recommended Best Practices for EAC HCPI	Burundi	Kenya	Rwanda	Tanzania	Uganda	Remarks
insurance services.						expenditure.
1.3.11 Treatment of Expenditure on Education Services Weights should be determined by taking the total household expenditure on educational services, less all reimbursements made to individual households by government units or NPISHs as a refund for the expenses on education.	ISTEEBU, there is no reimbursement on education. Hence gross is the same as net expenditure.	The KNSO did not exclude reimbursement while computing current CPI weights for the Education Division. However, this will be done in the new rebased CPI.	The NISR followed the recommendation while computing CPI weights for the Education Division.	The NSO did not exclude reimbursement while computing CPI weights for the Education Division. In case of the OCGS, there is no reimbursement in Zanzibar.	UBOS did not exclude reimbursement while computing CPI weights for the Education Division.	The KNSO, NSO, and UBOS should improve on their HBS so that in future net expenditure on education is used instead of the current practice of using gross household expenditures.
1.3.12 Treatment of Expenditure on Health Services Weights should be determined by taking the total household expenditure on health services, less all reimbursements made to individual households by government units or NPISHs as a refund for the expenses on health.	ISTEEBU, there is no reimbursement on health. Hence gross is the same as net expenditure.	The KNSO did not exclude reimbursement while computing current CPI weights for the Health Division. However, this will be done in the new rebased CPI.	The NISR followed the recommendation while computing CPI weights for the Health Division.	The NSO did not exclude reimbursement while computing CPI weights for the Health Division. In case of the OCGS, there is no reimbursement.	UBOS did not exclude reimbursement while computing CPI weights for the Health Division.	The KNSO, NSO, and UBOS should improve on their HBS so that in future net expenditure on health is used instead of the current practice of using gross household expenditures.
1.3.13 Treatment of EAs Whose Weights Fall Below the Cut-Off Point The recommended best practice is to proportionally distribute their expenditure	ISTEEBU properly followed the recommended best practice in both systems.	The KNSO properly followed the recommended best practice.	The NISR properly followed the recommended best practice.	Both the NSO and OCGS followed the recommended best practice.	UBOS properly followed the recommended best practice.	All the five Partner States are compliant with the recommendation.

Recommended Best Practices for EAC HCPI	Burundi	Kenya	Rwanda	Tanzania	Uganda	Remarks
to the remaining EAs within the same COICOP Class.						
1.3.14 Treatment of Household Expenditures where Products for Price Collection Cannot be Identified The recommended best practice is to proportionally distribute their expenditure to other EAs within the same COICOP class.	ISTEEBU properly followed the recommended best practice.	The KNSO properly followed the recommended best practice.	The NISR excluded such products and their expenditure from the national CPI.	The NSO of Tanzania properly followed the recommended best practice.	UBOS properly followed the recommended best practice.	Apart from Rwanda, the other four Partner States are compliant with the recommendation
1.3.15 Price Updating of Weights According to the recommended best practices that should be followed during the computation of weights for the EAC HCPI, price updating of weights should be done whenever the weight reference period and the price reference period differ. This should be done provided that the difference in the two periods is not more than seven years.	ISTEEBU The weight reference period for Burundi CPI is March–April 2014 while the price reference period for the revised basket is February 2016–January 2017. Price updating was done.	KNSO The weight reference period for Kenya national CPI was 2005/2006 (June 2005 to May 2006) while the price reference period is February 2009. The KNSO did not carry out the price updating exercise when it was computing national CPI weights. However, the KNSO price updated weights for the parallel	NISR The weight reference period for Rwanda CPI is January–December 2014 while the price reference period for the revised basket is February 2014. Hence no need for price updating of weights because the price reference period and weight reference period are similar.	NSO The weight reference period for Tanzania national CPI was 2007 (January–December 2007) while the price reference period for the national CPI is September 2010 and that for the parallel EAC HCPI is December 2010. NSO carried out price updating of weights for both the national CPI and for the parallel EAC HCPI	UBOS The weight reference period for Uganda national CPI is 2009/2010 (May 2009 to April 2010) while the price reference period for the national CPI is 2009/2010 financial year (July 2009 to June 2010). Hence no need for the price updating of the national CPI weights.	All the Partner States are in principle compliant with the recommendation.

Recommended Best Practices for EAC HCPI	Burundi	Kenya	Rwanda	Tanzania	Uganda	Remarks
		EAC HCPI system.		weights. Hence, the NSO followed the recommended best practice.		
1.3.16 Computation of Regional weights The recommended best practice is to use the proportions of the regional HFMCE as weights for the regions.	ISTEEBU used the proportions of the regional HFMCE as weights for the regions.	The KNSO computes the national CPI as a weighted average of the 10 baskets. Three baskets for Nairobi City and one urban basket for each of the remaining 7 provinces. The 3 baskets for Nairobi City represent the 3 income groups within the city. The weight for each income basket is based on proportion of households in	The NISR used the proportions of the regional HFMCE as weights for the regions.	The NSO of Tanzania did not compute regional weights because the 2011/2012 HBS provided estimates at the national level.	UBOS used proportions of the HFMCE between regions to determine weights for the regions.	The KNSO should use household expenditures to determine regional weights instead of the current practice of using proportion of households. The NSO should improve on the HBS design so that regional household expenditures can be obtained.

Recommended Best Practices for EAC HCPI	Burundi	Kenya	Rwanda	Tanzania	Uganda	Remarks
		Nairobi that fall under that basket and the weights for the rest of the 7 baskets are based on the proportion of urban households in the provinces which is not the recommended best practice. However, for the parallel EAC HCPI system, the KNSO computed regional weights using the HFMCE which is the recommended best practice.				
1.4 Product Sample in the HCPI basket Products included in the HCPI should be consistent with the domestic concept and should have monetary transactions.	ISTEEBU generally follows the recommendation for the revised CPI basket.	The KNSO generally follows the recommendation.	The NISR generally follows the recommendation.	Both the NSO and OCGS largely follows the recommendation.	UBOS generally follows the recommendation.	The Partner States should carry out special surveys to identify products mostly consumed by nonresidents and incorporate such products in their national CPI

Recommended Best Practices for EAC HCPI	Burundi	Kenya	Rwanda	Tanzania	Uganda	Remarks
1.4.1 CPI Special Product categories for Inclusion The following special categories of products are recommended for inclusion in the EAC HCPI provided their HFMCE is above the cutoff point: second-hand goods (vehicles, clothes, and shoes), goods and services consumed by foreign visitors, legal services, insurance services, financial services, social protection services, domestic services, and package holidays.	ISTEEB Strongly seasonal products are not covered in the national CPI.	The KNSO covers the following categories of products in the national CPI: weakly seasonal products, second-hand vehicles, legal services, domestic services, and financial services. The rest of the products are not covered.	The NISR covers the following categories of products in the national CPI: weakly seasonal products, insurance services, domestic services, legal services, second-hand clothes, and second-hand shoes. The rest of the products are not covered.	The NSO and OCGS include in the CPI strongly seasonal products; weakly seasonal products; and social protection services. In addition, household expenditure for other categories, legal services and financial services were captured and incorporated but due to difficulties in product description, prices for these products were not collected rather were represented using other items in the same class.	UBOS includes in the national CPI strongly and weakly seasonal products; second-hand goods (vehicles and clothing); domestic services, package holidays; and insurance services. The rest of the products are not covered.	There is a general need for all the Partner States to ensure that the CPI being compiled by the NSOs has a full coverage of the products and expenditure values. The starting point should be during the design of the HBS.
1.4.2 CPI Special Product Categories for Exclusion The following special categories of products are recommended for exclusion during the compilation of	ISTEEBU follows the recommendation.	The KNSO includes Khat during the computation of the national CPI. However, Khat is excluded during	The NISR follows the recommendation apart from rent for owner occupied houses	Both the NSO and OCGS follow the recommendation and does not include any of the above products.	UBOS follows the recommendation and does not include any of the above products.	All the Partner States are compliant with the recommendation during the

Recommended Best Practices for EAC HCPI	Burundi	Kenya	Rwanda	Tanzania	Uganda	Remarks
EAC CPI: narcotics (including Khat), games of chance (gambling), prostitution, life insurance, and black market products.		the compilation of the EAC HCPI.	which is included in the national CPI. However, the parallel EAC HCPI system does not include rent for owner-occupied houses.			compilation of the harmonized CPI.
1.4.3 New Products on the market A system to monitor both evolutionary and revolutionary products on the market should be set up. The same system should also monitor products that are getting out of the market.	ISTEEBU The system does not exist.	KNSO The system does not exist in the current CPI. Plans are in place to have the system in the new rebased CPI.	NISR The system does not exist.	Both the NSO and OCGS do not follow such a system.	UBOS The system does not exist.	All the Partner States should fast-track the establishment such a system. A system to monitor both evolutionary and revolutionary products on the market. However, there is a need to develop a detailed documentation that guides all the Partner States on how to implement such a recommendation
1.4.4 Deletion of existing Products in the HCPI Existing products in the CPI/HCPI should be deleted from the CPI/HCPI whenever they become no longer important.	ISTEEBU follows the recommendation.	The KNSO follows the recommendation.	The NISR follows the recommendation.	Both the NSO and OCGS follow the recommendation.	UBOS follows the recommendation	All the Partner States are compliant with the recommendation

Recommended Best Practices for EAC HCPI	Burundi	Kenya	Rwanda	Tanzania	Uganda	Remarks
1.4.5 Seasonal Products Lists of strongly seasonal products and that of weakly seasonal products together with the months when they are in season and when they are out of season should be readily available.	ISTEEBU does not have any of the two lists.	The KNSO does not have any of the two lists.	The NISR does not have any of the two lists.	Both the NSO and OCGS do not have any of the two lists	UBOS does not have any of the two lists.	Each of the Partner States should make it a priority to develop a list of strongly seasonal products and that of weakly seasonal products together with the months when they are in season and when they are out of season.
2.1 Outlets						
2.1.1 Selection of outlets within Locations Scientific probabilistic method of sampling is the most recommended procedure for selecting outlets within locations. However, where it is not applicable, non-probabilistic sampling method is also recommended.	ISTEEBU uses the non-probabilistic sampling method for selecting outlets.	The KNSO uses the non-probabilistic sampling method for selecting outlets.	The NISR uses the non-probabilistic sampling method for selecting outlets.	Both the NSO and OCGS use the non-probabilistic sampling method for selecting outlets.	UBOS uses the non-probabilistic sampling method for selecting outlets.	The Partner States should, where applicable, develop sampling frames and start selecting outlets flowing the probabilistic method of sampling.
2.1.2 Outlet-types Outlet-types included in the HCPI should be consistent with the domestic concept of population coverage. In addition, inclusion of outlet-types should be	ISTEEBU is not fully compliant because outlet types selected were not based on the proportion of expenditures.	The KNSO is not fully compliant because outlet types selected were not based on the proportion of expenditures.	The NISR is not fully compliant because outlet types selected were not based on the proportion of expenditures.	The NSO and OCGS are not fully compliant because outlet types selected were not based on the proportion of	UBOS is not fully compliant since outlet types selected were not based on the proportion of expenditures.	The Partner States should incorporate a question on point of purchase during the design of their HBS. The

Recommended Best Practices for EAC HCPI	Burundi	Kenya	Rwanda	Tanzania	Uganda	Remarks
based on the proportion of expenditures.				expenditures.		information will be used to determine the outlets types for inclusion. Alternatively, Partner States should undertake a mini HBS during the general revision of the CPI.
2.2 Price Collection						
2.2.1 Frequency of Price Collection Prices of all items in the HCPI should be collected at least once a month. However, consumer prices on products whose prices are very volatile should be collected more than once a month.	ISTEEBU collects prices of food whose prices are volatile twice a month and other products and clothing items once a month. Rental charges are collected once every three months. Administered prices for metered water, electricity, imported fuel are collected whenever there is official communication	The KNSO collects all the prices in the national basket on a monthly basis and once a month.	The NISR collects prices for the selected items in each of the five geographic regions. Prices are collected from up to six outlets per item, one for each selected area. Prices are collected once a month. Prices for those goods and services whose prices are less volatile or cannot change without government	The NSO collects prices for volatile items thrice a month, rent once in three months, and primary and secondary education charges once in an academic term. Electricity and metered water charges are collected whenever the changes have been announced. Prices for the rest of the items are collected on a monthly basis.	UBOS collects prices for volatile items twice a month, rent once in three months, and primary and secondary education charges once in an academic term, tertiary education charges once per semester, electricity and metered water whenever the changes have been announced, and the rest of the items on a monthly basis.	The frequency of collecting consumer prices varies within the Partner States. The KNSO, NISR, and OCGS should identify items whose consumer prices are very volatile such as food crops, imported fuels, and so on and start collecting such prices at least twice a month.

Recommended Best Practices for EAC HCPI	Burundi	Kenya	Rwanda	Tanzania	Uganda	Remarks
	of price changes. Education charges are collected whenever a new academic term begins. Prices for the rest of the items are collected once a month.		approval, for example, petrol, utilities, medical services, education fees, housing services and so on, are collected once every three months.	The OCGS collects all the prices of the CPI basket on a monthly basis and once a month.		
2.2.2 Timing of Price Collection Prices of items in the HCPI should be recorded during the first three weeks of the month that is, from the 1st to 21st of each month.	ISTEEBU collects consumer prices for any particular month during the 1st and the 3rd week of the month.	The KNSO collects consumer prices during the 2nd and the 3rd week of the month.	The NISR collects consumer prices during the 1st and the 3rd week of the month.	The NSO collects consumer prices during the first two weeks of each month. OCGS collects consumer prices from 10th to 20th of each month.	UBOS collects consumer prices during the 1st and the 2nd week of the month.	All the five Partner States are compliant with the recommendation.
2.2.3 Mode of Price Collection Goods with no standard unit of measurement should be bought, weighed, and their standard unit price established.	ISTEEBU products with no standard unit of measurements are bought once in three months (quarterly) and their standard unit price established. For the rest of	KNSO Products with no standard unit of measurements are bought, weighed, and their standard unit price established.	The NISR does not make any purchases of products with no standard unit of measurements. Such products are just weighed from the stalls and their standard unit price established.	NSO and OCGS Products with no standard unit of measurements are bought, weighed, and their standard unit price established.	UBOS Products with no standard unit of measurements are bought, weighed, and their standard unit price established.	To capture disguised price changes during price collection, the NISR should buy all goods in the CPI basket with no standard unit of measurements. ISTEEBU should

Recommended Best Practices for EAC HCPI	Burundi	Kenya	Rwanda	Tanzania	Uganda	Remarks
	the months, such goods are weighed from the stalls and their standard price established.					also add more resources so that goods with no standard unit of measurements in the CPI basket are bought every month.
2.2.4 Treatment of Public Holidays that Fall Within Sampled Days of Price Collection Price collection should be done on earlier days or extended to the following working days.	ISTEEBU does not carry out price collection on public holidays.	The KNSO does not carry out price collection on public holidays.	The NISR does not carry out price collection on public holidays.	The NSO and OCGS do not carry out price collection on public holidays.	UBOS does not carry out price collection on public holidays.	All the five Partner States are compliant with the recommendations.
2.2.5 Instruments used During Price Collection The recommendation is that all Partner States should use electronic devices during the collection of consumer prices.	ISTEEBU is using paper questionnaire and at the same time is testing the use of electronic devices.	KNSO uses paper questionnaires in the current CPI. However, the new rebased CPI is planned for the use of tablets.	NISR uses both Paper questionnaires and electronic devices. However, it plans to shift to electronic devices.	NSO and OCGS both use paper questionnaires.	UBOS uses paper questionnaires. However, it plans to introduce electronic devises soon.	All the Partner States use paper questionnaires during the collection of consumer prices. Some have started the process of shifting to electronic devices. All the Partner States by now, should fast-track the process of

Recommended Best Practices for EAC HCPI	Burundi	Kenya	Rwanda	Tanzania	Uganda	Remarks
						shifting to using electronic devices during the collection of consumer prices.
2.3 Price Data Validation and Editing						
2.3.1 Reported Prices Reported prices should be subjected to rigorous validation checks by making sure that all planned price quotations have been obtained.	ISTEEBU follows the recommended best practice.	The KNSO follows the recommended best practice.	The NISR follows the recommended best practice.	The NSO and OCGS follow the recommended best practice.	UBOS follows the recommended best practice.	All the five Partner States are compliant with the recommendation.
2.3.2 Specification of the Items Reported prices should be vigorously checked to ensure that they relate to the detailed specifications of the items they represent.	ISTEEBU follows the recommended best practice.	The KNSO follows the recommended best practice.	The NISR follows the recommended best practice.	The NSO and OCGS follow the recommended best practice.	UBOS follows the recommended best practice.	All the five Partner States are compliant with the recommendation.
2.3.3 Validation Mechanism There should be a system of checking of prices by price collectors, field supervisors, and finally, at the central office.	ISTEEBU follows the recommended best practice.	The KNSO follows the recommended best practice.	The NISR follows the recommended best practice.	The NSO and OCGS follow the recommended best practice.	UBOS follows the recommended best practice.	All the five Partner States are compliant with the recommendation
2.3.4 Treatment of Missing Prices and Missing Items For the first three months of no availability, missing	ISTEEBU follows the recommended best practice.	The KNSO follows the recommended best practice.	The NISR follows the recommended best practice.	The NSO and OCGS follow the recommended best practice.	UBOS follows the recommended best practice.	All the five Partner States are compliant with the

Recommended Best Practices for EAC HCPI	Burundi	Kenya	Rwanda	Tanzania	Uganda	Remarks
prices of an item should be imputed following the recommended best practices. However, during the fourth consecutive month of no availability of the item, a replacement should be made.						recommendation.
2.3.5 Treatment of Temporary Price Reductions Price reductions should be included only when reductions are nonconditional and when they apply to individual products.	ISTEEBU follows the recommended best practice.	The KNSO follows the recommended best practice.	The NISR follows the recommended best practice.	The NSO and OCGS follow the recommended best practice.	UBOS follows the recommended best practice.	All the five Partner States are compliant with the recommendation.
2.4 Computation of the CPI						
2.4.1 Sizes of EAs Elementary aggregates should be appropriately balanced in terms of weights and should have more than one item.	ISTEEBU follows the recommendation.	The KNSO is fully compliant.	The NISR follows the recommendation.	The NSO and OCGS follow the recommendation.	UBOS follows the recommendation.	The recommendation is fully implemented in the new CPI.
2.4.2 Like with Like Principle The principle of comparing like with like must be followed during the computation of EAIs. Calculations of EAIs should begin with the calculations of price relatives on	ISTEEBU follows the recommendation.	The KNSO follows the recommendation.	The NISR follows the recommendation.	The NSO and OCGS follow the recommendation.	UBOS follows the recommendation.	All the five Partner States are compliant with the recommendation.

Recommended Best Practices for EAC HCPI	Burundi	Kenya	Rwanda	Tanzania	Uganda	Remarks
individual items						
2.4.3 Index Formula Jevons Index formula should be used during the computation of EAIs.	ISTEEBU follows the recommendation.	The KNSO follows the recommendation.	The NISR follows the recommendation.	The NSO and OCGS follow the recommendation.	UBOS follows the recommendation.	All the five Partner States are compliant with the recommendation.
2.4.4 Calculation of the EAIs Chained monthly calculations should be used.	ISTEEBU follows the recommendation.	The KNSO follows the recommendation.	The NISR follows the recommendation.	The NSO and OCGS follow the recommendation.	UBOS follows the recommendation.	All the five Partner States are compliant with the recommendation.
2.4.5 Computation of the Higher-Level Indices Stepwise weighted average aggregation should be done while computing higher level indices.	ISTEEBU follows the recommendation.	The KNSO follows the recommendation.	The NISR follows the recommendation.	The NSO and OCGS follow the recommendation.	UBOS follows the recommendation.	All the five Partner States are compliant with the recommendation.
2.4.6 Computation of the National Index The national index at all levels should be calculated directly as the weighted average of different regional indices.	ISTEEBU calculates the national index as a weighted average of urban and rural areas.	The KNSO calculates the national index as a weighted average of all regional indices.	The NISR calculates the national index as a weighted average of all regional indices.	The NSO does not compile regional indices.	UBOS calculates the national index as a weighted average of all regional indices.	NSO should fast-track the process of compiling regional indices which are the building block for the national index.
2.4.7 Computation of the Derived Indices Derived indices should be calculated as a weighted average of all the components indices within the aggregates.	ISTEEBU follows the recommendation while computing derived indices.	The KNSO follows the recommendation while computing derived indices.	The NISR follows the recommendation while computing derived indices.	The NSO of Tanzania follows the recommendation while computing derived indices.	UBOS follows the recommendation while computing derived indices.	All the Partner States are compliant with the recommendation.
2.4.8 Approach for	ISTEEBU	The KNSO	The NISR	The NSO and	UBOS computes	All the five Partner

Recommended Best Practices for EAC HCPI	Burundi	Kenya	Rwanda	Tanzania	Uganda	Remarks
Computation of the CORE Indices The recommended approach for computation of EAC core indices is to use the exclusion approach.	Computes core indices by using the exclusion approach.	computes core indices by using the exclusion approach.	computes the core Indices by using the exclusion approach.	OCGS compute core indices by using the exclusion approach.	core indices by using the exclusion approach.	States are compliant with the recommendation.
2.4.9 Components for Exclusion. The recommended components for exclusion from the basket while computing the EAC core indices are food crops, fresh milk, tobacco leaves, petrol, diesel, paraffin, gas, charcoal, firewood, electricity, and both metered and unmetered water. However, the Partner States could exclude other products whose prices are very volatile in their countries	ISTEEBU during the computation of EAC core inflation excludes prices of fish, food crops, fresh milk, tobacco leaves, petrol, diesel, paraffin, gas, charcoal, firewood, electricity, and both metered and unmetered water.	KNSO during the computation of EAC core inflation excludes prices, of food crops, fresh milk, tobacco leaves, petrol, diesel, paraffin, gas, charcoal, firewood, electricity, and both metered and unmetered water.	NISR during the computation of EAC core inflation excludes prices, of food crops, fresh milk, tobacco leaves, petrol, diesel, paraffin, gas, charcoal, firewood, electricity, and both metered and unmetered water.	NSO and OCGS during the computation of EAC core inflation exclude prices, of food crops, fresh milk, tobacco leaves, petrol, diesel, paraffin, gas, charcoal, firewood, electricity, and both metered and unmetered water.	UBOS during the computation of EAC core inflation excludes prices, of food crops, fresh milk, tobacco leaves, petrol, diesel, paraffin, gas, charcoal, firewood, electricity, and both metered and unmetered water.	All the five Partner States are compliant with the recommendation.
2.4.10 Software for Computation of the CPI Partner States should adopt a fully compatible software for the compilation of the HCPI.	ISTEEBU uses CSPro for capturing CPI prices and MS Excel for the computation of the CPI.	The KNSO uses MS Excel for data entry and Foxpro for the computation of the CPI.	The NISR uses MS Access for both data entry and for the computation of the CPI. However, the NISR uses Excel for the tables.	The NSO and OCGS both use MS. Excel for data entry and for the computation of the CPI.	UBOS uses MS Excel for data entry and for the computation of the CPI.	There is an urgent need to support all the Partner States within the EAC region to adopt a fully compatible software for the compilation of the HCPI.

Recommended Best Practices for EAC HCPI	Burundi	Kenya	Rwanda	Tanzania	Uganda	Remarks
2.5 Publication and Dissemination The recommended date for submission of the national HCPI of the current month together with the matrix of events to the EAC Secretariat is the 10th day of the following month.	ISTEEBU disseminates the national CPI on 10th day of the following month. However, matrices of events are not documented.	The KNSO disseminates the national CPI to the public on the last working day of that very month. However, matrices of events are not documented.	The NISR disseminates the national CPI to the public on the 10th day of the following month. However, matrices of events are not documented.	The NSO and OCGS disseminate the national CPI to the general public on the 10th day of the following month However, matrices of events are not documented.	UBOS disseminates the national CPI to the public on the last working day of that very month. However, matrices of events are not documented.	Rwanda has to devise means such as the harmonized CPI of the current month is submitted to the EAC Secretariat by the 10th day of the following month. All Partner States should start compiling monthly matrices of events which have to be submitted together with the national CPI to the EAC.

ANNEX 6: TRADE STATISTICS - KEY CHARACTERISTICS OF THE COMPILATION OF EXTERNAL TRADE STATISTICS IN EAC PARTNER STATES[8]

COUNTRY : East Africa
EAC Statistics Development and Harmonization Regional Project

	Burundi	Kenya	Rwanda	Tanzania M	Uganda	Zanzibar
Customs Procedures						
Number of customs offices	22	91	About 30	About 30	34	7
Of which in network	16	90	Almost all	All	32	7
Software used for customs declarations	ASYCUDA World	SIMBA 2014	ASYCUDA World	TANCIS 2014	ASYCUDA World	ASYCUDA ++ TANCIS 2014
Number of declarations handled by Customs Offices	11,000 a month (M+X)	100,000 a month		600 a day	50,000 a month	30,000 a year
Threshold for simplified declaration	US$2,000	US$5,000	RWF 100,000		US$2,000	
Considered in statistics?	Yes		Yes			
How are manual declarations handled?	Included in a supplementary database sent every quarter to the NSO (starting in January 2017)					
Importance on transactions handled manually	Significant (1 bureau = 10% of total exports)					
Threshold for declaration		US$500		< US$500 = 'baggage declaration'	US$500	US$500

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[8] For security reason at the time of this assessment, South Sudan was not visited.

	Burundi	Kenya	Rwanda	Tanzania M	Uganda	Zanzibar
Risk management system	Yes	Yes	Yes	Yes	Yes	Yes
Reassessments considered in statistics?	Only if it occurs before the file is closed.					
Statistics available on reassessments	No	No				No
Information available in customs and other departments seizures?	No	No		Yes		No
Classification of products used	HS 2012	HS 2012	HS 2012	Hs 2012	HS 2012	HS 2012
Is FOB value of imports available					No	No[9]
Valuation used for bank notes and coins	Transaction value	Transaction value			Transaction value (M) Facial value (X)	Not relevant
Valuation used for electricity	Not included		Not included	Not included		
Valuation used for returned goods	As declared by the returning agent				Original value	Not common
Valuation used for goods bundled with services	No distinction					
Exchange rate used	Exchange rates of the previous day, as communicated by Central Bank			Exchange rates of the previous day, as communicated by CB	Exchange rates of the previous month, as communicated by CB	Exchange rates of the previous week, as communicated by CB every Monday
Partner country: imports	Country of purchase/country		Country of purchase/country		Country of last consignment/of	Country of purchase

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[9] The NSO mentioned FOB values can be retrieved from the Invoice of Traders

	Burundi	Kenya	Rwanda	Tanzania M	Uganda	Zanzibar
	of origin		of origin		origin/of destination	
Partner country: exports	Country of last known destination		Country of last known destination (country of first destination)		Country of last known destination/origin	Country of last known destination
Classification of modes of transport	Free field		Road/ Air/ Sea		Road/ Rail/ Water	Sea/ Air
External Trade Statistics						
Unit empowered for the compilation of ITS	NSO CB	NSO CB	NSO CB	NSO CB	NSO CB	NSO
Number of staff	4 (NSO) 6 (CB)	5 (NSO) 3 (CB)	6 (NSO)	4 (NSO)	4 (NSO) 3 (CB)	3
Resources are adequate		Yes (NSO) No (CB)	Yes			
Harmonization/ validation Committee/Commission in place?	Yes	Yes	Yes		yes	No
Composition	CB/NSO/Customs					
Trade System used	General	General	General (NSO) Special (CB)	General	General	General
Valuation of imports	CIF		CIF	CIF	CIF	CIF
Valuation of exports	FOB		FOB	FOB	FOB	
Main sources of data	Customs	Customs	Customs	Customs	Customs/ICBT/Co mmodity bodies	Customs
Periodicity of transmission of customs data	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly
Completeness of information transmitted by customs	Full database	Full database	Full database		90%	
Timeliness of transmission of	10 days	45 days	2 days	30 days	21 days	15 days

	Burundi	Kenya	Rwanda	Tanzania M	Uganda	Zanzibar
customs data						
Software used	Eurotrace (NSO)	Access, Excel, Eurotrace	Eurotrace and Access (NSO)	Access/ Excel	Dbase (Dos)	Excel
CIF first point of EAC entry/ CIF national border adjustment	No	Not relevant	10%	Not relevant		Not relevant
Vintage						
Adjustments for ICBT	No	Yes	Yes	No	Yes	No
Vintage		Survey conducted twice a year	Continuous			
Other adjustments	No	No		No		No
Vintage						
Are re-imports included?	Yes	No	Yes			Yes
Are re-imports separately released?	Yes		No			Yes
Are re-exports included?	Yes	Yes	Yes			Yes
Are re-exports separately released?	Yes	Yes	Yes			Yes
Are transactions with free zones included			No (CB=special trade)	Yes	Not relevant	No
Periodicity of statistics	Quarterly	Annual	Monthly/quarterly	Annual	Monthly	Quarterly
Timeliness	45 days	120 days	30 days/60 days	270 days	30 days	30 days
Availability of data on website	Yes	Yes	Yes		Annual only	Yes
Availability of metadata on website	Yes	Yes	Yes		Yes	Yes
External Trade Indices						
Compilation of external trade indices	Yes	Yes	Yes	Yes	No (under way)	No (under way)
Methodology	UVI	UVI	UVI (mix survey/UVI in a		UVI	UVI

	Burundi	Kenya	Rwanda	Tanzania M	Uganda	Zanzibar
			near future)			
Base period (weights)	CY 2013	CY 2009	2014/15	Q1 2013	2009/10	CY 2016
Base period (prices)	CY 2013	CY 2009	Q1 2015	Q1 2013	July 2015–June 2016	October–December 2016
Sample weight for imports (base period)	74%	85%	41%		85%	
Sample weight for imports (last period)	73%	85%	39%			
Sample weight for exports (base period)	76%	85%	81%		85%	
Sample weight for exports (last period)	69%	85%	90%			
Level of HS UVI are calculated						
Periodicity	Quarterly					
Timeliness	60 days					
Availability of data on website	Yes					
Availability of metadata on website						
Use of External Trade Statistics/Customs Data by the Central Bank						
CIF/FOB adjustment	18%		25%	10%		9%
Of which freight						97%
Of which insurance						3%
Source of adjustment	Provided by the customs offices			Inspecting companies		TRA
Vintage	"Very old"		2011	2011		2012
CIF first point of EAC entry/CIF national border adjustment		Not relevant		Not relevant		
Vintage						

	Burundi	Kenya	Rwanda	Tanzania M	Uganda	Zanzibar
Adjustments for ICBT	5% on imports, excluding international organizations and electricity			No		
Vintage	Old					
Other adjustments	Tea (X), electricity (M), gold (X), imports by international organizations			Gold (X), Tobacco (X), Sisal (X), Electricity (M)	Coffee (X), Electricity (X) Oil (M) gold (X)	Gloves (X)
Vintage	Quarterly					
Processing	No activity				No activity	No activity
Merchanting	Not captured				No activity	No activity

ANNEX 7: POVERTY STATISTICS - SUMMARY OF THE ASSESSMENT OF POVERTY STATISTICS IN EAC PARTNER STATES[10]

COUNTRY : East Africa
EAC Statistics Development and Harmonization Regional Project

1.   The main source data for official poverty estimates in all the five EAC Partner States visited is the HBS except in Rwanda where the LSMS constitutes the source for official poverty numbers. Although Uganda and Tanzania are conducting both the HBS and LSMS, the latter is used only for poverty dynamics analysis in years between HBSs.

2.   Both the HBS and LSMS are surveys focusing on households' consumption and expenditure on goods and services to provide a picture of the living condition in households. However, while the HBS' data collection involves the use of diaries or records maintained by households and/or individuals, generally on a daily basis and spreads generally over 12 months to account for seasonality, the LSMS is based on recording transactions on a recall period basis and the survey generally spans a more limited amount of time.

3.   In all the Partner States, the poverty statistics generated from these surveys are at least representative at national, urban and rural areas. In almost all the countries, they are almost representative at the first administrative level.

Challenges

- Aggregates from the surveys are not comparable because the methodologies used by the Partner States for data collection are not harmonized.

- Tanzania and, similarly Uganda conduct both HBS/National Household Survey (NHS) and the LSMS/National Panel Survey (NPS). However, while Uganda uses the same poverty line for both surveys and has the same set of staff to work on both surveys, in Tanzania, each of the surveys generates its own poverty line which results in different levels and trends in poverty, and the surveys are administered by two different teams.

- Tanzania and Zanzibar, which constitute the United Republic of Tanzania, are not conducting coordinated HBS poverty surveys. That leads to no poverty numbers for Tanzania as a whole.

- Sample design is one of the main activities that the NSOs rely on for technical assistance.

- Sample design does not allow for lower levels of poverty estimates.

Recommendation

- Tanzania should continue its effort to have one team working on both surveys and to harmonize the methodology for the two surveys.

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[10] For security reason at the time of this assessment, South Sudan was not visited.

- Tanzania should conduct a single HBS for the United Republic of Tanzania.

- There should be more statistical capacity building in sample design.

- Poverty maps should be produced to allow for small area poverty analysis.

- There is need for capacity building on small area estimation methodology in member states to facilitate production of data and poverty maps at lower levels

Questionnaire Design

4.   The questionnaires used for data collection by the EAC Partner States vary considerably in their design across the countries, which in turn makes it difficult to compare produced indicators on poverty, even though all the questionnaires have core sections on demographic, education literacy, health, migration, economic activity, nonfarm household business, agriculture, and dwelling characteristics.

5.   In particular, core information used to derive poverty estimates are often collected in a noncomparable manner because the questions are asked differently (diary versus recall) and the reference periods differ across countries.

6.   For instance, in Tanzania, the HBS used a 28-day diary for food expenditure while Burundi used a 9-day diary and Uganda, a 7-day diary for data collection of the same information. They also had differences in the recall period for many other services such as housing and utilities, building maintenance, communication, health expenditure, and some of the recreational and culture activities.

7.   The scope of the data collection in consumption is also not always the same. For instance, Uganda is not collecting information on communication, recreation, and cultural activities.

8.   However, a comparison between Rwanda, Tanzania, and Uganda, with regard to the LSMS data collection method, shows the same recall periods for all items except public transportation which has one month in Rwanda and seven days' recall period in Tanzania and Uganda.

Challenges

- **The 28-day diary is too long.** As the number of days increased, there is a tendency to record less and poorer quality information.

- **Literacy issues especially in rural households.** Some of the respondents are not able to read and write the information required to complete the diary.

- **Memory lapse.** When respondents are required to provide information on expenditure in the last three or more months, some of them find it difficult to recall for such long periods.

Recommendation

- Start working on a regional approach to implement poverty surveys

- The proposed TWG on poverty statistics should consider harmonization of the questionnaire as part of its ToRs.

Diary

- Harmonize the length of the diary across the member states

- In view of the low literacy levels, the data collectors should visit the respondent household daily.

Data Collection

9.   The HBS and NHS are cross-sectional surveys and the LSMS/NPS uses panels. In almost all the surveys, the duration of data collection is 12 months except for Burundi's HBS which has a 9-month data collection period.

10.   In most cases, the surveys have used paper questionnaires. However, the most recent ones have introduced CAPI with a combination of paper questionnaires. Interviewers also carry measuring scales for items that are reported in nonstandard measures.

Challenges

- Use of a paper questionnaire does not allow adequate quality field control and time saving in data analysis

- In-field data entry could result in data loss if the data are not adequately saved in different sources and properly archived.

Recommendations

- All the Partner States are encouraged to migrate to use of CAPI for data collection. This will reduce cost and data processing time as well as improve data quality

- The EAC Secretariat should provide technical assistance to the Partner States on use of the CAPI approach for data collection.

Poverty Measurement

11.   The methodological differences in estimating poverty statistics exist and are numerous in various stages of the process to reach poverty estimates, including the amount of required adult equivalent kilocalories per day, inclusion or not of imputed rent, the use of price deflators, and the estimation of the poverty line.

12.   Average adult equivalent kilocalories per day ranged from 2,100 in Burundi to 3,000 in Uganda. Imputed rent is included in all the countries except in Tanzania, even though this information is collected. Burundi and Rwanda unlike Kenya and Uganda, received technical assistance in estimating imputed rent.

13.   All of the countries use regional and temporal price deflators for adjusting food and non-food consumption expenditure in the HBS/NHS and the LSMS/NPS.

14.   The reference group that is used to estimate the food line and the poverty line for the HBS/NHS is also different across the EAC.

15.   For instance, Uganda estimates a food line based on required adult 3,000 kilocalories a day and then uses the proportion of food consumption of the poorest 25 percent to scale up the food line and estimate the poverty line.

16.   In Tanzania, the reference group for food poverty line is the population between the second and fifth total consumption deciles. The food poverty line is the estimated cost of food consumed by the adult equivalent of this reference group to satisfy a need of 2,200 Kcal per day. Another reference group is then used to determine the poverty line. This second reference group comprises those whose total consumption lies between the poverty line and 1.2 times the poverty line. The proportion of their food consumption to total consumption is used to scale up the food line and estimate the poverty line.

17.   The NPS for Tanzania used a different methodology from the HBS to estimate the food line and poverty line. Poverty estimates from the two surveys are at different levels and the trends in poverty are moving in the opposite directions.

Challenges

- The capacity to conduct poverty analysis is limited. NSOs still rely on technical assistance to assist with consumption aggregates, imputed rent, poverty indicators, and so on.

- Poverty estimates are not comparable across the Partner States because the methodology to derive poverty lines are not harmonized.

Recommendations

- Capacity building in poverty analysis must be ongoing.

- Methodology for food line and poverty line estimations needs to be standardized.

- Collaboration with the food and nutrition experts (institute) in the region to facilitate in the harmonization of the recommended kilocalories per adult.

- Establish and agree on the reference groups for food and overall poverty line calculation