

**PROJECT INFORMATION DOCUMENT (PID)  
IDENTIFICATION/CONCEPT STAGE**

Report No.: PIDC52901

<b>Project Name</b>	Development of a National Welfare Monitoring System
<b>Region</b>	EUROPE AND CENTRAL ASIA
<b>Country</b>	Turkmenistan
<b>Sector(s)</b>	General public administration sector (100%)
<b>Theme(s)</b>	Poverty strategy, analysis and monitoring (100%)
<b>Lending Instrument</b>	IPF
<b>Project ID</b>	P158751
<b>Borrower Name</b>	Government of Turkmenistan
<b>Implementing Agency</b>	State Statistics Committee
<b>Environment Category</b>	C - Not Required
<b>Date PID Prepared</b>	26-Apr-2016
<b>Estimated Date of Approval</b>	21-Mar-2016
<b>Initiation Note Review Decision</b>	The review did authorize the preparation to continue

## **I. Introduction and Context**

### **Country Context**

1. Turkmenistan is a landlocked country in Central Asia region with population of 5.3 millions of people (2014). GNI per capita is US\$ 8,040 (Atlas method), which places Turkmenistan in the category of upper-middle income countries. The country is unique in many aspects and most prominent feature that determined its political, economic structure and growth, since obtaining independence in 1991, is vast energy resource endowments. Turkmenistan's natural gas reserves are estimated to be the fourth largest globally with exports to China, Iran and Russia among others. While expected to decline, the growth rate of GDP per capita in the last five years averaged at impressive 10 percent per annum, one of the highest rate in the world.

2. However, rapid economic growth has not yet resulted in institutional improvements, notably the establishment of a national welfare monitoring system. This is due to the lack of underlying statistical data, especially from household surveys. Moreover, it reflects limited international exposure and knowledge of how to establish a monitoring system. This is the major constraint in assessing the country's progress in achieving MDG, monitoring the welfare of the population and measuring the level of poverty and the size of the middle class. Furthermore, the government's untargeted approach to providing basic services (i.e., education, health, and housing and public transportation) at low or no cost, is proving to be unsustainable in the current economic environment. The current statistical system is not prepared to provide the government with effective information for policymaking.

3. Recent adverse external shocks have led the government to adopt reform measures that will

adversely affect the population's welfare. Given the importance of natural gas to the economy and to government revenues, the recent decline in energy prices has led to increasing utility prices for households. The government has recently initiated a set of measures to gradually remove subsidies and bring tariffs closer to cost recovery for selected utility services such as energy and water. This signals a shift in the economic paradigm on the part of the government to slowly liberalize the market. With the increase in prices, the population will need to begin paying for services that used to be free. Consequently, household welfare will decrease and some groups—such as the poor or bottom 40 percent of the population—may be hurt more than others, especially, if the government has not put into place any mitigation measures. However, without data—especially reliable and official data, it is difficult to identify who is affected, to what degree, and how best to mitigate the burden for the vulnerable.

### **Sectoral and Institutional Context**

4. Turkmenistan joined the World Bank in 1992, but despite our long-term relationship the agenda of monitoring welfare has advanced relatively slowly especially compared to other countries in the region. This may be reflective of centralized structure of the decision making in the country and adherence to the self-reliance in policy making that resulted in low degree of exposure to international practices and experience. Over the years the capacity of the counterparts, specifically in the State Statistics Committee has not benefited from new knowledge on or training in the field of welfare measurement. This has also contributed to limited cooperation on the systematic production of household survey data and social indicators.

5. In recent years, the Bank and Turkmenistan have slowly begun to cooperate on statistical capacity development. For example, between 2009 and 2012, Turkmenistan received a grant under the framework of TFSCB to develop a statistical master plan and get technical assistance with conducting and processing of data for informal economy and Living Standard Management surveys. That project was rated satisfactory and was successful in terms of advancing a dialogue on benefits of household survey data for policy making. The project significantly contributed to the capacity of the State Statistical Committee (SSC) in the conduct of field work, data processing and analysis of household survey. While unit level data have not been shared, the experience showed that cooperation is both possible and desired by the client.

6. In Turkmenistan, statistical capacity, especially in the design and collection of household income and expenditure survey data remains low. The country conducts periodic household surveys, but has limited knowledge on how to measure welfare (monetary and non-monetary) or to ensure the household survey's quality. Currently, the SSC produces summary tables based on the official survey but this information is insufficient to monitor welfare. The culture of using data to inform policy appears to be under developed. Furthermore, until the country is able to measure welfare, any further distributional analysis that could inform policy or help with developing a targeted safety net will be stymied.

### **Relationship to CAS/CPS/CPF**

7. The proposed project objectives and activities are strongly aligned with the Country Engagement Note (CEN) for Turkmenistan. In the CEN the need for advancing the agenda of the welfare measurement and statistical capacity building is prominently featured. This document (and the previous Interim Country Strategy) support the Government's National Program for Socioeconomic Development (2011-2030) where one of the main country priorities is improving the

welfare of the population and quality of life. To support the objective of the country's and Bank's program and better formulate social policies the Government needs to improve on its monitoring system based on household surveys to measure progress of the living standards.

8. The lack of welfare data means that the engagement in Turkmenistan cannot be effectively aligned with the Bank's twin goals of poverty reduction and shared prosperity. In order to ensure that the Bank's activities enhance the population's welfare, better quality, relevant and timely data are needed. The identification of service gaps and the assessment of the impact of policy changes resulting from the Bank's activities would require that the statistics office be in a position to measure welfare systematically. The Bank's Executive Board noted during the discussions of that the Bank needed to make a greater effort to assist Turkmenistan in measuring welfare and using this information to contribute to the design of specific components of the program.

9. The gradual modernization of Turkmenistan supported by the Bank means that institutions will need to be reoriented and developed. The medium term outlook of the strategy underlines the importance of the private sector and market oriented reforms for sustaining economic growth and diversifying the economy. It is understood that, economic reforms agenda will be central for Government going forward. This in turn leads to the need to better understand social and distributional impacts of policy changes using micro-household data. The proposed activities will support efforts by the Government to link explicitly the development objective of welfare improvement with economic policy making.

## **II. Project Development Objective(s)**

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

10. The primary objective of the proposed task is to support the Government of Turkmenistan in developing a modern national welfare monitoring system. This will require assisting the SSC to improve their household survey questionnaire, collect consumption and income data, and adopt international good practice in measuring poverty and the middle class (including non-monetary aspects such as access to services and employment). By working on the main aspects of welfare statistics, the aim is to ensure that the SSC upgrades its current household survey instrument and uses it more effectively to help inform government policy. Currently, little is known to what degree growth is translating into better living standards in the country.

11. The Bank support was requested to support the efforts in improving the welfare measurement system. More specifically, the project will build on the activities started by previous TF to strengthen SSC's capacity to timely collect high quality household surveys, introduce new tools to quickly analyze household data and promote the use of micro data for distributional impact analysis. The TF will be used for the introduction of new systems of conducting surveys to monitor welfare and social indicators more frequently and cost effectively such as through Computer Assisted Personal Interviewing (CAPI).

### **Key Results**

12. The project will (i) increase will contribute to evidence-based policy making by strengthening the information base for better measurement and monitoring of social indicators and progress in the country. The project activities will contribute to (i) the introduction to the best international practices in the field of household data collection; (ii) better understanding of how to measure monetary and non-monetary welfare; (iii) the ability to measure poverty and the middle class over time; and (iv) the development of a national statistical monitoring system.

### III. Preliminary Description

#### Concept Description

13. The proposed project would provide technical assistance to the State Committee of Statistics (SCS) of Turkmenistan, especially the departments conducting the household survey, and transfer knowledge on best practices of welfare measurement and monitoring, including introduction to CAPI (Computer Assisted Personal Interviewing) methodology based on Survey Solutions software. The technical assistance is comprised of two main stages. The first stage will require a review of the existing steps involved in measuring welfare such as sample design, survey questionnaire, and survey implementation. The second stage will provide training to the Statistics Committee on CAPI implementation with Survey Solutions software, welfare measurement and methodology including the consumption aggregate, estimation of welfare lines, vulnerability and middle class measurement, and non-monetary welfare index.

#### Stage 1: Household Survey Review

14. The objective of this stage is to understand the existing official system for monitoring monetary and non-monetary welfare (if any) and capacity of SCS in implementing CAPI in order to ensure that the technical advice provided at later stages builds upon existing systems. This stage will consist of workshops, consultations/interviews, technical review, and study tour.

15. Based on review of baseline status of the welfare measurement system in SSC the project consultant will conduct analysis and provide a high-level report and advice on the Turkmenistan household survey on the following key survey aspects:

- The sample design review and advice will cover the SCS's sampling approach, sample selection, sampling frame, sample size, and survey weights.
- The review of the survey questionnaire will focus on issues of whether it collects relevant and sufficient information for measuring monetary and non-monetary welfare in Turkmenistan.
- The survey implementation review will aim to document the SCS's activities that take place before the fielding of the survey (for example, manuals, training, data entry), activities while the survey is in the field (such as supervision, transportation, communication, and data management), data entry and processing, and activities required after the survey is complete (debriefing, preparation of the final data set and documentation), and data analysis. Also, the capacity of the SCS staff to implement CAPI for official household survey data collection will be evaluated.

16. A review of the welfare measurement approach currently used for both monetary and non-monetary poverty. The purpose of this review is to provide a common in-depth understanding of the instrument used to measure welfare in Turkmenistan. The depth of the discussion will depend upon the level of detail shared by the SCS officials. This phase will deliver one report which: (i) describes the SCS's sample design, survey questionnaire, survey implementation process, and welfare measurement methodology and (ii) provides high priority recommendations for improving the household survey in order to better measure welfare. A study tour of selected SCS officials to 3-4 countries [possibly, Moldova, Kazakhstan, Kyrgyzstan and Armenia] will be suggested in order to see how different statistics departments approach collection and analysis of household survey data, including in CAPI.

#### Stage 2: Welfare Measurement and New Technologies in Data Collection

17. The objective of Stage 2 would be to provide practical training to the SCS on how to measure monetary and non-monetary welfare including the size of the middle class (since poverty is a sensitive issue), CAPI. This stage builds upon the knowledge gained from the review stage and focuses on knowledge sharing.

18. The workshop on measuring monetary welfare will provide training on computing the consumption aggregate, establishing/estimating a welfare lines, a middle class line, and measuring the level/rate of vulnerability and the middle class. The data used for the training should be the government’s existing official household survey data and this should be provided in confidence and specifically for the purposes of this training.

19. The workshop on non-monetary welfare will introduce the concept and techniques of measuring welfare from multidimensional perspective. The workshop will provide an overview of approaches used to measure multidimensional welfare and the methodology for estimating the index, covering selection of dimensions, indicators, cut-offs and then decomposing the dynamics of the index overtime.

20. The workshop on CAPI will provide hands–on training on fundamentals of implementing CAPI for official household survey. It starts with focused training on implementation of “Survey Solutions”- a Bank software that is used to design, structure and implement the household questionnaire in electronic (tablet) format. The workshop will cover topics relevant for setting up a first survey in CAPI format: technical requirements for servers, wireless/transmission networks, tablets and operation systems. Depending on capacity and interest of SCS the workshop can be followed up by pilot field test of selected module of official household survey.

21. An Operational Manual on all methodological aspects of measuring monetary and non-monetary welfare will be produced to ensure sustainability of the methodology. Currently there is no practice and methodology in place to construct a national welfare line in Turkmenistan. The team will provide all the required methodological materials with international experience in welfare measurement.

#### IV. Safeguard Policies that Might Apply

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

#### V. Financing (*in USD Million*)

Total Project Cost:	0.35321	Total Bank Financing:	0
Financing Gap:	0		
<b>Financing Source</b>			<b>Amount</b>
Trust Fund for Statistical Capacity Building			0.35321

## VI. Contact point

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