

PROJECT INFORMATION DOCUMENT (PID) IDENTIFICATION/CONCEPT STAGE

Report No.: PIDC33490

Project Name	LK: Improving poverty estimation
Region	SOUTH ASIA
Country	Sri Lanka
Sector(s)	Public administration- Information and communications (100%)
Theme(s)	Economic statistics, modeling and forecasting (100%)
Lending Instrument	Lending Instrument
Project ID	P151462
Borrower Name	Ministry of Finance
Implementing Agency	Sri Lanka Department of Census and Statistics
Environment Category	C - Not Required
Date PID Prepared	14-Sep-2015
Estimated Date of Approval	22-Jul-2014
Initiation Note Review Decision	The review did authorize the preparation to continue

I. Introduction and Context

Country Context

Sri Lanka is in many respects a development success story. Economic growth has averaged over 7 percent a year over the past five years, following an average growth of 6 percent the preceding five years. Sri Lanka has made notable strides in reducing poverty and promoting shared prosperity. The national poverty headcount ratio declined from 22.7 to 6.7 percent between 2002 and 2012/13. Consumption per capita of the bottom 40 percent grew at 3.3 percent a year, compared to 2.8 percent for the total population. Other human development indicators, such as educational and health outcomes, are also impressive by regional and lower middle income standards. Finally, Sri Lanka has succeeded in ending decades of internal conflict in 2009 and taking steps towards lasting reconciliation. Sri Lanka's track record of solid economic growth, strong poverty reduction, overcoming internal conflict, effecting a remarkable democratic transition in recent months, and overall strong human development outcomes would make any country proud.

However, there are strong indications that the drivers of past progress are not sustainable moving forward, and the country faces several key challenges. The recently completed systematic country diagnostic identifies competitiveness and social inclusion as major issues that hinder further progress in raising living standards. To better monitor Sri Lanka's future performance along these dimensions, timely and accurate labor market and poverty statistics are critical.

Sectoral and Institutional Context

Sri Lanka's poverty and labor market monitoring system is managed by the Department of Census and Statistics. While strong by regional standards, there is room for improvement. Poverty figures

are derived from the Sri Lanka Household Income and Expenditure Survey, which is conducted every three to four years. However, the 2012/13 data, was not released to the Bank until October 2014. Though completed in June 2013, a number of factors including slow processing led to this delay in releasing the data. Labor Force Survey Statistics are published every quarter, but reports are published six months after data is collected. Data is still collected by pen and paper and often cleaned and processed by hand. Investing in more modern methods of data collection and processing will help improve the accuracy of timeliness of the data, while also reducing cost.

Relationship to CAS/CPS/CPF

In the context of the Bank's new goals for reducing extreme poverty and boosting shared prosperity, statistics measuring poverty and living standards are paramount. The 2012-2016 CPS recognizes this and its statistical assessment recommends building capacity in DCS through training and ICT enhancement. More effective use of technology to collect and process household survey data on tablets will help improve data quality, reduce delays associated with collection, and provide a building block for potential future efforts to implement an annual welfare survey that can track annual changes in poverty. Expert opinion on questionnaire design will help improve the ability of DCS' household surveys to accurately capture changes in well-being and labor market outcomes. Finally, the definitions of Sri Lanka's urban, rural, and Estate sector date back to the 2001 census and need to be updated to better understand the role of urbanization in Sri Lanka's development and as well as poverty in the tea plantations that comprise the Estate sector.

II. Project Development Objective(s)

Proposed Development Objective(s)

The objectives of the Project are to improve poverty measurement through piloting the use of technology to improve data collection, improve the sampling and questionnaire design of the Labor Force Survey (LFS) and the Household Income and Expenditure Survey (HIES), and update definitions of residential sectors as appropriate.

Key Results

1. An assessment of the technology needs of the Sri Lanka DCS completed.
2. The procurement of tablets or other electronic equipment designed to improve data collection
3. An assessment of questionnaire quality for Sri Lanka's LFS and HIES surveys completed.
4. The production of a paper analyzing urbanization, infrastructure, and recommendations for updating sectoral definitions.

III. Preliminary Description

Concept Description

The project is a grant funded by the Trust Fund for Statistical Capacity Building (TFSCB). It has three components:

1. The provision of technical assistance to improve household survey design and implementation, including the effective use of technology to improve data collection, the questionnaire, and the sampling frame.
2. The procurement of technology, potentially tablets, designed to improve data collection or processing.
3. The analysis of spatial patterns of urbanization, infrastructure, and recommendations for updating sectoral definitions.

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:	0.16	Total Bank Financing:	0
Financing Gap:	0		
Financing Source			Amount
Borrower			0
Trust Fund for Statistical Capacity Building			0.16

VI. Contact point

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