



**FOR OFFICIAL USE ONLY**

Report No: PAD2757

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

IN THE AMOUNT OF SDR 14 MILLION

(US\$20 MILLION EQUIVALENT)

TO THE

REPUBLIC OF NIGER

FOR THE

QUALITY DATA FOR DECISION MAKING

June 11, 2018

Poverty And Equity Global Practice  
Africa Region

This document is being made publicly available prior to Board consideration. This does not imply a presumed outcome. This document may be updated following Board consideration and the updated document will be made publicly available in accordance with the Bank's Policy: Access to Information.

## CURRENCY EQUIVALENTS

Exchange Rate Effective April 30, 2018

Currency Unit = CFA Franc (CFAF)

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CFAF 550 = US\$1

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SDR 0.69538128 = US\$1

## FISCAL YEAR

January 1 - December 31

## ABBREVIATIONS AND ACRONYMS

CAPI	Computer-assisted Personal Interviewing
CNS	National Statistics Council ( <i>Conseil National de la Statistique</i> )
CPF	Country Partnership Framework
CPI	Consumer Price Index
DA	Designated Account
DG	Director General
DRFM	Directorate of Finance and Equipment ( <i>Direction des Ressources Financières et Matérielles</i> )
DSS	Directorate of Sector Statistics
FCV	Fragility, Conflict, and Violence
FM	Financial Management
FMS	Financial Management Specialist
FY	Fiscal Year
GDP	Gross Domestic Product
GStat	Statistics Group ( <i>Groupe Statistique</i> )
HDI	Human Development Index
IFR	Interim Financial Report
INS	National Statistical Institute ( <i>Institut National de la Statistique</i> )
IT	Information Technology
ITS	Bachelor in Statistics ( <i>Ingénieurs de Travaux Statistiques</i> )
MCA	Millennium Challenge Account
NDQAF	National Data Quality Assurance Framework
NSDS	National Strategy for the Development of Statistics
NSS	National Statistical System
PAD	Project Appraisal Document
PBF	Performance-based Financing
PDES	Economic and Social Development Strategy ( <i>Plan de Développement Economique et Social</i> )
PDO	Project Development Objective
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management

PIM	Project Implementation Manual
PIU	Project Implementation Unit
PMT	Project Management Team
PPA	Project Preparation Advance
PPSD	Project Procurement Strategy for Development
SCD	Systematic Country Diagnostic
SDG	Sustainable Development Goal
SDR	Special Drawing Rights
SOE	Statements of Expenditure
STEP	Systematic Tracking of Exchanges in Procurement
TA	Technical Assistance
TF	Trust Fund
ToR	Terms of Reference
WA	Withdrawal Application
WAEMU	West African Economic and Monetary Union

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## DATASHEET

### BASIC INFORMATION

Country(ies)	Project Name	
Niger	Quality Data for Decision Making	
Project ID	Financing Instrument	Environmental Assessment Category
P165062	Investment Project Financing	C-Not Required

### Financing & Implementation Modalities

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

Expected Approval Date	Expected Closing Date
02-Jul-2018	30-Jun-2023

Bank/IFC Collaboration

No

### Proposed Development Objective(s)

To improve the quality, availability and use of macroeconomic and sector statistics.

### Components

Component Name	Cost (US\$, millions)
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Component 1: Improvement in Data Quality and Use	11.00
Component 2: Modernization and Professionalization of the National Statistical System	7.00
Component 3: Project Management and Coordination	2.00

### Organizations

Borrower:	Ministère du Plan
Implementing Agency:	Institut National de la Statsitique

### 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
National PBA	0.00	20.00	20.00
<b>Total</b>	<b>0.00</b>	<b>20.00</b>	<b>20.00</b>

##### Expected Disbursements (in US\$, Millions)

WB Fiscal Year	2018	2019	2020	2021	2022	2023
Annual	0.00	1.54	3.79	5.46	5.29	3.91

Cumulative	0.00	1.54	5.33	10.79	16.09	20.00
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## INSTITUTIONAL DATA

### Practice Area (Lead)

Poverty and Equity

### Contributing Practice Areas

Governance

### 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	Yes
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	● Moderate
4. Technical Design of Project or Program	● Substantial
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● Substantial
7. Environment and Social	● Low
8. Stakeholders	● Moderate
9. Other	● Substantial

10. Overall

● Substantial

**COMPLIANCE**

**Policy**

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

☐ Yes ☒ No

Does the project require any waivers of Bank policies?

☐ Yes ☒ No

**Safeguard Policies Triggered by the Project**

Yes

No

Environmental Assessment OP/BP 4.01

✓

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 Project Implementing Entity shall, not later than one month after the Effective Date, recruit or appoint, as the case may be, the financial management specialist and procurement specialist referred to in Section I.A.2 (a) of Schedule 2 to the Financing Agreement.

**Sections and Description**

The Project Implementing Entity shall, not later than three months after the Effective Date, acquire and install a computerized accounting software capable of correctly recording and consolidating financial information and automatic generation of financial statements (interim and annual).



#### Sections and Description

The Project Implementing Entity shall, not later than three months after the Effective Date, recruit, on terms and conditions acceptable to the Association, an external auditor having qualifications and experience acceptable to the Association, to audit annual financial statements.

#### Conditions

Type	Description
Effectiveness	The Project Implementation Manual has been prepared and adopted, in form and substance satisfactory to the Association.
Effectiveness	The instrument establishing the PMT has been duly adopted.
Disbursement	Notwithstanding the provisions of Part A above, no withdrawal shall be made for PBF benefits under Category 2, unless and until evidence satisfactory to the Association has been provided to the Association that the PBF Manual has been finalized and adopted in form and substance acceptable to the Association, and incorporated in the Project Implementation Manual.

## I. STRATEGIC CONTEXT

### A. Country Context

1. **Niger is a vast, landlocked country extending over an area of 1,267,000 km<sup>2</sup>.** Its population is estimated at more than 19 million inhabitants with one of the highest population growth rates in the world at 3.9 percent. The current decline in the prices of natural resources, the instability prevailing with 'Boko Haram' activities in the Lake Chad area, and the similar instability in Libya and Mali with the Islamic State are significant hits on its economy and the social sector. Niger's economic growth heavily depends on agriculture. The primary sector accounted for nearly 42 percent of gross domestic product (GDP) in 2016. Agriculture, which absorbs more than 80 percent of the country's workforce, is the main activity. Nevertheless, agriculture is practiced on no more than 12 percent of the territory.

2. **Despite the progress achieved in reducing poverty, Niger remains among the poorest countries in the world.** Niger ranks last among 188 countries based on the Human Development Index (HDI), estimated at 0.35 in 2016. When poverty is assessed based on a multidimensional index, Niger is also among the six countries with the highest proportion (more than 60 percent) of population deprived in more than half of the dimensions considered. The other countries include South Sudan, Chad, Ethiopia, Burkina Faso, and Somalia. Life expectancy at birth is estimated at about 61 years. Child and maternal mortality rates are high. The under-five mortality rate is estimated at 104 per 1,000 live births, and the maternal mortality rate is estimated at 553 per 100,000 live births, higher than the average for Sub-Saharan Africa (546).

3. **The Government of Niger has stated its development objectives in the second Economic and Social Development Strategy** (*Plan de Développement Economique et Social*, PDES) for 2017–2021, following the first plan that was implemented from 2012 to 2015. The overarching goal of this strategy is to reduce poverty from 45 percent in 2014 to 37.9 percent by 2021 and improve the HDI from 0.35 in 2016 to 0.41 in 2021. The PDES focuses on the following strategic results: (a) improving the well-being of the population; (b) promoting socioeconomic development; (c) promoting sustainable and inclusive growth; (d) improving governance and security; and (e) promoting sustainable management of land, water, and natural resources.

4. **As a tool to implement this plan, the country has now adopted a results-based budgeting system** like other West African Economic and Monetary Union (WAEMU) countries. In this regard, the first programmatic budget for 2018–2021 has recently been adopted for all the sectors. The target and intermediate indicators have been identified for all the sectors and an annual evaluation will be conducted to assess the level of achievement.

5. **In this context, an increase in demand for quality and timely statistics is expected, especially for sector statistics.** Therefore, it is essential to further strengthen the foundation of development monitoring and analysis systems. This is particularly important for Niger which operates in a resource-constrained environment. While there have been many surveys conducted in an ad hoc way, the challenge is now to consolidate the lessons learned, institute a more systematic and predictable approach to data production and dissemination, and bring innovations for better disaggregated and accessible data.

6. **The PDES 2017–2021 recognizes that the availability of reliable, accessible, and timely data relevant to the realities of the country is urgent.** Thus, the National Strategy for the Development of

Statistics (NSDS) 2017–2021 calls for the modernization of the production of improved quality data and the strengthening of the capacities of the National Statistical System (NSS) to monitor development results. The ministries of finance and planning, departments, and other institutions are also looking for greater assurance that the impacts of sectoral policies are well-measured in this results-oriented framework. Within the Government, bilateral and multilateral agencies alike, there is also an increased pressure to adequately measure results and show the real impacts of the use of public resources. The principal outcome of this project is to improve the quality of data produced both at the National Statistics Institute (*Institut National de la Statistique, INS*) and at selected sector ministries to monitor progress toward development goals.

## B. Sectoral and Institutional Context

7. **Niger has a decentralized statistical system with the INS as the main official provider of statistics.** The institute was created in 2004 following a reform of the statistical system introduced by the 2004 Statistics Act to replace the then Directorate of Statistics. It is currently under the Ministry of Planning and has legal and financial autonomy through a functioning nine-member board of directors.<sup>1</sup> The autonomy of management granted to the INS has allowed it to attract and retain qualified staff. It currently has 259 agents, nearly 80 percent of whom have profiles related to data production. The INS has established eight regional branch offices, one in every region in Niger, including in the capital. Almost all the ministries have set up a Directorate of Sector Statistics (DSS) to conduct their own statistical activities, mainly based on administrative sources. These directorates depend on the financial resources of the ministries and are governed by their own management structures. The institute has no direct influence over the statistical production process in the directorates. However, a coordination mechanism exists within the system with the National Statistics Council (*Conseil National de la Statistique, CNS*) for which INS is assuring the secretariat.

8. **The main conclusion of the sectoral and institutional assessment<sup>2</sup> of the statistical system in Niger is twofold:** (a) even though the central agency scores high in producing various data, findings of quality issues raised doubt about the data production process and (b) while line ministries collect statistical information in respective sectors as a byproduct of administrative work and service delivery, they do not carry out processing, compiling, and dissemination in a systematic manner.

9. **The overall quality of data produced needs improvement.** While there is significant amount of statistical production<sup>3</sup> at the INS, the quality of many of them need to be improved. As demands rise for greater variety of data, there are risks for further quality deterioration from overloading the collection and operations as the existing staff is stretched thin. There is a need to take into account cost-benefit analysis on the trade-offs between ever larger sample size and larger budget throughout all statistical

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<sup>1</sup> The president of the board is appointed by decree.

<sup>2</sup> *Rapport sur l'Etat de la Statistique*, Juin 2017.

<sup>3</sup> The regular production of the institute includes, for example, the following products: Consumer Price Index (CPI), national accounts, quarterly and annual foreign trade bulletins, quarterly foreign trade indexes, quarterly statistics bulletin, national and regional statistical yearbooks, dashboard quarterly business outlook, the Industrial Production Index, the Construction Materials Price Index and weekly dashboards, particularly on the prices of major cereal products and on public finances. The INS also produces population projections, national reports on the Sustainable Development Goals (SDGs), and conducts studies on a number of economic, demographic, and social themes. Regarding major surveys operations and censuses that are requested, the INS conducts them regularly, particularly population censuses, surveys on living conditions of households, population surveys, and health and Multiple Indicator Cluster Surveys (MICS). The only exceptions are the employment surveys and the economic census.

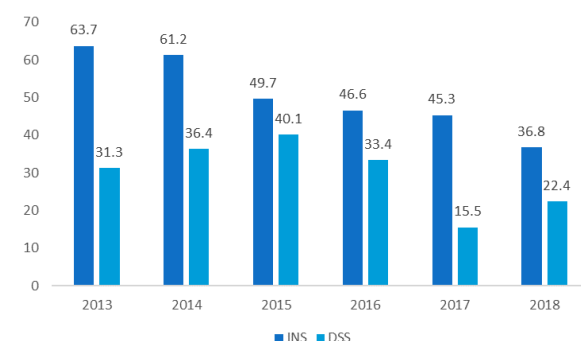
operations. Some quality issues are more data specific: for instance, welfare data is regularly produced but not comparable over time. The national accounts base year is 13 years old, while the international standard requires rebasing once every five years. It also needs to be moved to the 2008 system of national accounts. Enterprise/business statistics suffer from incompleteness because they do not cover the informal sector and their sample frame needs to be updated.

10. **Dissemination and use of micro-data is limited.** There is a lack of an effective producer-user dialogue which leads to discrepancies between data supply and data demand. In addition, the weak analytical capability and limited micro-data dissemination have constrained the use of existing economic and social data. The INS holds a significant amount of macro- and micro-data that are not sufficiently used by the Government during preparation of policy reforms and development strategies. Micro-data are not shared with ministries and researchers, and there is a limited understanding of how these data can be used to inform alternative policy scenarios. Only 55 percent of micro-data for surveys conducted by INS and DSS are available on their websites.

11. **The demand for better and new type of data exists.** For instance, while most of the INS surveys have been designed to provide statistics representative at the national and regional levels, there is an increasing demand for communes and sometimes even lower-level data and information. Development of digital cartography for enumeration areas (census blocks) with geo-references are highly demanded and will be cost-effective in the long run. Data on drought monitoring or refugee welfare are potential new areas of future demand as these issues become more severe.

12. **Public Financing of the NSS is limited.** **Figure 1. Share of Public Financing (Percentage, 2013–2018)**

The public financing of statistics activities, specifically to the INS, has recorded significant improvement after the reform introduced in 2004. The annual state contribution to the INS' activities rose from an estimated US\$500,000 in 2004, essentially in the form of salary directly paid by the Ministry of Finance, to more than US\$4 million in 2015. However, since 2013, the share of state contribution to the overall budget is declining, leaving the INS with limited resources to adequately implement its activities after salary payment. In addition, sector ministries also find themselves in a vicious cycle of limited funding, limited equipment, and limited autonomy, which leads to misaligned incentives, low-capacity staff, and low-quality data output. Breaking this cycle would require a gradual process aimed at increasing data quality, leading to greater confidence of authorities in the system, which in turn can open the space for enhanced budget allocation and increased autonomy.



Source: INS 2017

13. **The critical issues of the NSS in Niger** are the following: (a) the existing legislative framework (in terms of resources and administrative arrangement for sector statistics), institutional coordination, and old equipment limit efficient statistical operations; (b) ad hoc external financing of statistical activities, has hindered earlier efforts by Niger to better institutionalize its core statistics, such as census and economic surveys, and to ensure appropriate correlation between central and sector statistics; (c) the lack of an effective producer-user dialogue produces discrepancies between data supply and data needs; and (d) weak analytical capability, and limited micro-data dissemination, have constrained the use of existing economic and social data.

14. **Despite multiple challenges, there is scope to transform the NSS if appropriate incentives are put in place.** Doing so requires a three-pronged approach: (a) institutional development (professionalization and modernization, staffing, staff incentives, coordination); (b) production and dissemination of data relevant to poverty reduction and public policy making; and (c) improvement in the work environment (renewal of equipment). These elements will need to be accompanied by capacity building, focused on updating technical skills in selected areas and strengthening general management.

### C. Relevance to Higher Level Objectives

15. The proposed project is consistent with the Systematic Country Diagnostic (SCD<sup>4</sup>) and the priorities of the Country Partnership Framework (CPF<sup>5</sup>) 2018–2022. The SCD found that inadequate core funding hinders the efficiency of statistical operations and creates a dependence on ad hoc donor funding. For example, to date, most of the institutional budget that the INS receives is allocated to salaries and wages, leaving little discretionary resources for field operations or methodological innovations. The CPF identifies three main areas of focus: (a) Improved Rural Productivity and Incomes; (b) Improved Human Capital and Social Protection; and (c) Better Governance for Jobs, Service Delivery, and Growth. This statistics project is included in the CPF with the aim of informing the Government and the World Bank in the design and implementation of development projects for results.

16. The proposed project promotes the International Development Association (IDA) gender commitment and the PDES gender goals. The project considers the availability of timely disaggregated gender data as an important quality dimension. Therefore, the project will ensure that this aspect is integrated in the project implementation manual (PIM). All data collection activities supported by the project will be disaggregated by gender. Project support to data analysis will be disaggregated by gender. The relevant activities supported by the human resource component will include gender considerations such as special considerations for qualified female candidates in the short- and long-term learning programs, as well as in the hiring of female enumerators for data collection.

17. The proposed project contributes to achieving the goals of regional statistical activities within the WAEMU zone by strengthening the quality and scope of enterprise statistics and producing quality and timely quarterly national accounts, as well as supporting the production of a National CPI by extending price collections beyond the capital cities.

18. **The proposed project is timely for Niger.** Its successful implementation will increase efficiency of all public and private investments in Niger, by reducing the cost of information. The Government PDES has consistently highlighted the need to broaden the list of indicators, amenable to reliable, meaningful measurement to which the project will directly contribute. By strengthening key economic planning agencies, including the planning/statistics divisions in priority sector line ministries, the project will also help efforts supported by donors to strengthen the country's economic management.

19. In addition to generating and disseminating data, the project will build human capacity in key institutions through training in data analysis. This increased capacity will stimulate sector ministries and local governments to take ownership for initiatives in policy identification, program evaluation, and

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<sup>4</sup> Report No. 115661-NE

<sup>5</sup> Report No. 123736-NE

outcome measurement, and will enlist them as more active participants in social and economic development and poverty reduction.

20. Furthermore, this project comes just after the NSS has adopted a National Data Quality Assurance Framework (NDQAF) which recognizes the need for the statistical system to pay greater attention to the quality of data produced and strengthen users' trust in official statistics. The NDQAF is built on international best practices, especially the International Monetary Fund Data Quality Assessment Framework, the Eurostat Quality Assurance Framework, and the Canadian and South African Data Quality Assurance Frameworks.

## **II. PROJECT DESCRIPTION**

### **A. Project Development Objective**

#### **PDO Statement**

To improve the quality, availability, and use of macroeconomic and sector statistics.

#### **PDO-Level Indicators**

21. The Project Development Objective (PDO) will be assessed by the relevance and quality of the output/outcome obtained within the NSS. The main expected outcomes of the project are the following:

- (a) Number of statistical products supported by the project designed and implemented in line with the NSS quality standards framework<sup>6</sup>
- (b) Number of core data<sup>7</sup> sets produced and publicly disseminated as per the statistical calendar
- (c) Number of government officials and private citizens trained in the use of statistical information

20. The following key intermediary indicators of the project will be monitored:

- (a) Timely<sup>8</sup> release of rebased quarterly GDP statistics and revised monthly CPI
- (b) INS website provides public access to micro-databases
- (c) Online platform is put in place to collect users feedback on data quality and gender relevance<sup>9</sup>
- (d) Improvement in HR management and work environment

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<sup>6</sup> On a scale of 1 to 100, product scores above mean of 50.

<sup>7</sup> Sector (agriculture, planning, finance) and macroeconomic (national account, price, enterprise, labor) data.

<sup>8</sup> 75 days for quarterly GDP and 10 days for CPI.

<sup>9</sup> The survey will collect information on data quality and the relevance of gender disaggregated information. Survey result will be used by INS and donors to set data collection priorities

## B. Project Components

22. **Scope.** The project alone cannot address all the issues affecting the NSS. In line with the SCD recommendation of building selected centers of excellence, the project will focus on improving data quality; strengthening the capacity of sector statistics in the following key four institutions: Ministries of Planning, Finance, and Agriculture and Livestock, in addition to the INS; and transforming them into champions of high-quality statistics. The project will continually assess the institutional arrangements and interactions, as the data quality improves, engage in a dialogue with the authorities with the aim of addressing the lack of long-term core funding for statistics and the lack of highly qualified staff throughout the NSS, specifically for sector statistics (including through Development Policy Operations). Based on the progress made, the possibility of an additional financing will be explored midway through the project. At that time, the prospect of a larger performance-based financing (PBF) or a Program-for-Results approach will also be reassessed.

23. **Approach.** Realizing the structural constraints leading to insufficient data quality, the approach taken is through a process of gradual reforms, in which the project implementation will continually strive to align incentives with quality data production, and as the quality of statistical production improves, the funding and autonomy of the system is enhanced, thus creating a virtuous cycle of continuous improvement. The approach also consists of embracing new technologies and innovation for data collection and dissemination which are critical for improvement of data quality and use. Therefore, the project will support the NSS for a broader use of innovative technologies because accumulated experience has shown that digitization of data collection leads to cost savings, improves the quality of field data, and drastically cuts down on the time it takes to make statistical information available to data users.

24. **Outcomes.** The project will improve quality, especially their accuracy and consistency (through procedures, standards and methodology, statistical infrastructure, and use of innovative technologies) and availability (timeliness, presentation, and dissemination), and use of statistics produced. Effectiveness and efficiency will be achieved through better information and communication technology, streamlining of collection, and improvement in skills.

25. The project will have three components: (1) Improvement in Data Quality and Use; (2) Modernization and Professionalization of the NSS; and (3) Project Management and Coordination.

### **Component 1: Improvement in Data Quality and Use (US\$11.0 million equivalent)**

#### *Subcomponent 1.1. Economic Statistics and Call Center (US\$4.0 million equivalent)*

26. **National accounts (US\$1.0 million equivalent).** National accounts are the core of a modern system of economic statistics. The INS is in the process of moving to the 2008 System of National Accounts, developing a new base year and estimating quarterly GDP statistics. To that end, substantial improvement is needed in the scope and coverage of source data. Economic activities in several sectors (agriculture, construction, trade, and services) are poorly measured. This subcomponent will support the improvement of source data, statistical methodologies, and statistical practices. The INS has developed a clear roadmap that will lead to (a) upgrading national accounts from the 1993 to the 2008 system ; (b) rebasing to year 2015 the national accounts using new source data collected; (c) producing backward extrapolation and



forecast of the new series of accounts; and (d) producing quarterly estimates of GDP from the new base year.

27. **Price statistics (US\$0.5 million equivalent).** The CPI is produced monthly and is accompanied by an explanatory note on price trends. The product weights index dates to 2014 and collected data is analyzed with appropriate software (the Phoenix software developed for the WAEMU member countries). However, the CPI still only covers the country's capital. The process of producing a national index considering other urban centers and a sample of rural markets has started and is in progress. The first national indices are already available but their officialization awaits a joint decision at the regional level, insofar as this process has been initiated with all the other WAEMU member countries. Since the data collection is still based on papers, the project will contribute to efforts to modernize collection at the market level using tablets instead of paper-based instruments.

28. **Enterprise/Business statistics (US\$2.0 million equivalent).** Enterprises statistics are often used as inputs for national accounts. Unfortunately, many Sub-Saharan countries collect administrative data on enterprises just for this objective. However, any country aiming to better understand the dynamic of its economy needs solid enterprises statistics that go beyond national accounts purposes. In Niger, enterprise statistics are needed for labor demand, wage statistics, investment climate, or competitiveness. A comprehensive subsystem of enterprises statistics includes an economic census and a system of annual data collection. The World Bank has financed enterprise surveys in Niger. This subcomponent will finance an enterprise census (the first in Niger) and help build a system of annual data collection. The annual system of data collection will consist of administrative data (for those enterprises completing the fiscal and statistical statements) and data collection with questionnaires for the medium and small enterprises which do not fill out fiscal and statistical statements. The project will also strengthen the quality of the existing system of infra-annual enterprises surveys by providing a more accurate sample frame, modernizing the data collection process, and technical assistance (TA). It will also support the ongoing collaboration between the Department of taxation and INS to explore the possibility to build an electronic platform accessible to both institutions for enterprises completing the annual tax statement.

29. **Call center and labor statistics (US\$0.5 million equivalent).** The macro statistics unit is modernizing its data collection using tablets and plans to implement a frequent employment survey with mobile phones. Under this activity, the project will finance TA that will establish, within the macro unit, a team of statisticians, economists, IT developers, and administrators of databases to carry out the data collection, analysis, and dissemination. If successful, the production of data and quarterly bulletins will be expanded to other specific topics demanded by public institutions (ministries) or private agencies (such as for newspapers). As the call center builds more databases with phone contacts depending on demand, data and publications will be expanded. The first data collection activities will be financed out of the project preparation advance (PPA).

#### *Subcomponent 1.2. Agriculture Statistics (US\$2.0 million equivalent)*

30. Despite the importance of the agricultural sector for poverty reduction and the national accounts, the agricultural monitoring system is weak. Agricultural surveys are important both from the point of view of food and nutritional security and for national accounts. While the last agricultural census dates to 2007, the project cannot finance another agricultural census due to its high cost. However, the diagnosis of the current annual agricultural survey shows that there are significant gaps in coverage, quality, and adequacy of the data. The survey provides only an estimate of the cereal food balance. The estimates are produced



without rigorous statistical methods, and the quantities (production and cultivated areas) are known only partially. This subcomponent will strengthen the quality of agricultural statistics. The project will finance activities that include (a) a fully developed manual of general methodology that describes survey design, data collection, and analysis of results; (b) a manual of a quality control mechanism and adopted computer-assisted personal interviewing (CAPI) in data collection; (c) an updated sampling frame based on the 2012 RGPH (*Recensement Général de la Population et de l'Habitat*) cartography; (d) expanded coverage of the survey to include new modules as necessary; and (e) data that are archived timely and made available online.

31. *Climate.* Niger's economy is exposed to rainfall variability, which will likely be heightened by future climate change with consequences for poverty reduction. A harsh climate leading to recurrent droughts and flooding continue to make the population of Niger vulnerable to hunger and malnutrition. Over the last five years (2009–2014), while 52 percent of households observed less rainfall only 13 percent of them have any adaptation strategy with respect to climate change. Therefore, modernizing the annual agricultural survey, implies collecting information that inform public policies about areas and population subgroups most susceptible and the existing adaptation strategies that are being used.

32. This subcomponent will be implemented by the Ministry of Agriculture in collaboration with the Niger Millennium Challenge Account (MCA) which is investing US\$4 million in strengthening the institutional aspects of the agricultural production system.

#### *Subcomponent 1.3 Planning and Finance Statistics (US\$2.0 million equivalent)*

33. The Government redistributes a large part of the national income through the budget, so it is important to know for which policy purposes the money is spent. Therefore, the availability of reliable finance and planning statistics is a central element for development planning. Both the Ministry of Planning and Ministry of Finance currently lack experience in executing and using monitoring and evaluation reports and studies to inform the policy planning and execution process. The objective of this subcomponent is to enhance data production and management for improved planning, budgeting, and monitoring of overall development spending. This subcomponent will include technical improvements to the two institutions' data systems and enhanced human capacity among their workers for the capture, management, dissemination, and use of data.

#### *Subcomponent 1.4. Performance Incentives for Data Quality (US\$1.5 million equivalent)*

34. Given that the INS already produces lots of data, one of the main goals of the proposed project is to focus on improving data quality, particularly as poor survey planning and weak field supervision continue to affect data quality. When a survey is poorly planned and budgeted, a larger than necessary household sample is usually interviewed. With the incentive to generate larger revenue, multiple surveys are carried out without an attempt to reduce duplication of efforts. Lack of donor funding coordination only adds to the number of overlapping and large surveys. This subcomponent aims to improve both operational and cost efficiency of data collection. It will invest in system-wide activities that enhance the overall quality. These include improving priority setting processes around statistical collections, exploring trade-offs between competing needs to ensure that the INS work program is doable with existing resources, exploring possibilities to increase integration among survey activities, and reducing duplication among data collection. It will conduct a comprehensive methodology review of key data collection activities to improve accuracy.

35. This subcomponent will introduce a pilot PBF for data production. It draws on the design of similar approaches in Central African Republic (Data For Decision Making, P160717), in Mali (Improving Mali's Statistical System, P160977), and in the Democratic Republic of Congo (Additional Financing - RoC - Statistics Capacity Building Project, P162345). It involves identifying and remunerating individuals and teams that contribute to improvement in the system and producing actual results. During preparation and updating of the PIM, results or objectives to be financed will be identified and verification mechanisms will be agreed upon.

36. **Quality Committee.** To keep the focus on quality, the project will put in place a 'Quality Committee' comprising of the Director General (DG), the departmental directors, and the '*Inspecteurs General de la Statistique*'. Following the recommendation of the Quality Framework, this committee with appropriate mandate and staff including statistical experts will (a) establish a program of review of all surveys: on a rotating basis, based on a standard quality template; (b) establish a set of quality and performance indicators, which may differ somewhat between surveys, for which values are to be collected for each survey occasion and a selection of which will appear on a quality dashboard for senior management on a quarterly basis; (c) introduce quality issues as a standing agenda item at senior management/board meetings and establish a mechanism whereby quality problems are identified, prioritized, and brought to the attention of senior management/board at the time it is making resource allocations; and (d) introduce quality awareness training for all staff, emphasizing that quality is a corporate objective, discussing the main quality issues and how they are being addressed, and indicating the role each staff member plays in quality outputs.

37. To be effective and strengthen the extent to which improved quality performance can be sustained, performance payments to the Quality Committee will be paid for agreed quality improvements. Payments will consist of cash incentives (including salary top ups of officials and public servants of the recipient's civil service). Details of the PBF payment arrangements, will be included in the PIM, including the identification of specific activities subject to PBF, and the deliverables and performance indicators for each such activity, including the unit of measure; the eligibility criteria and mechanisms for calculating PBF payments for each such deliverable, including procurement assessments, flow of funds, and mechanisms for reimbursement of said PBF payments; the verification mechanisms for said deliverables and PBF payments; the periodicity of calculating PBF payments; the reporting mechanisms related to PBF payments; and the terms and conditions of PBF payments, including modes of payment.

#### *Subcomponent 1.5. Use of Data and Demand-side Strengthening (US\$1.0 million equivalent)*

38. Promoting the use of statistics in decision making is important for enhancing policy effectiveness. While the INS produces a good number of statistical products and services, it continues to face challenges related to the inadequate access and use of data by key stakeholders and the public. Hence, there is low visibility for the central agency and the loss of opportunity for resource mobilization.

39. This subcomponent aims to address these shortcomings by carrying out of a program of activities to promote the use of statistics in decision making by strengthening access to statistical products and services, and use of data by key stakeholders and public through: (a) improvement in data access and dissemination systems which include developing communication plans for all statistical activities, marketing products and services, putting all production in digital form, and improving the user friendliness of websites; (b) creating a platform/ecosystem that would bring together data producers, analysts, journalists, and civil society; (c) strengthening the planning function in selected Government agencies;

and (d) providing training for journalists and civil society on the use of data to more compellingly cover issues related to evidence-based decision making, transparency, and accountability.

40. **Support to analysis.** The project will also provide TA to the poverty unit at the INS in the areas of (a) consumption aggregates; (b) poverty analysis; (c) geo-spatial analysis; (d) analysis of new type of data (big data, open street map, decentralized data, and mobile phone surveys); (e) perception surveys analysis; and (f) business cycle monitoring and analysis. The poverty unit will be supported to work in collaboration with universities and think tanks to develop microeconomic data analysis and publication of knowledge products that will inform development policies. To further strengthen the link between analysis and policy making, the support will extend to collaboration with the economic forecasting unit or the macroeconomic and budget framework unit in the Ministry of Planning and the *Cellule d'Analyse et de Prospective en Développement* (CAPEG) of the Prime Minister's cabinet.

41. Other specific activities that could be funded include: support statistical advocacy to further promote the broad use of statistics in society, provide TA for data anonymisation, and support communication activities on the role and importance of statistics at the regional and local levels.

#### *Subcomponent 1.6. Innovation (US\$0.5 million equivalent)*

42. Integrating technological innovations into data collection efforts can greatly increase their quality and usability and thus the cost-effectiveness of data. The proposed project will make the best possible use of existing technologies such as Global Positioning System, the use of mobile phones for high-frequency data collection, satellite imagery, and remote sensing, to name a few. In addition, this subcomponent will support innovations primarily through (a) the development of tools for project monitoring; (b) survey experimentation on more accurate and cost-effective ways of collecting information from households; (c) the continued development of tools and platforms to increase the speed and quality of data collection; and (d) validation efforts exploring the scope of increased data quality and use. This subcomponent will serve to mainstream successful technological innovations into the project implementation with the goal of continuous cost-effective improvement in data quality and use.

### **Component 2: Modernization and Professionalization of NSS (US\$7.0 million equivalent)**

#### *Subcomponent 2.1. Institutional Reforms (US\$1.0 million equivalent)*

43. The current statistical law is designed as a decentralized statistical system with the INS being the central body. In this statistical organization, which is found in most countries, the sectoral ministries are responsible for producing the statistics, mainly administrative, of the sector of their competences and the INS is responsible for ensuring the conduct of the main operations. To consider recent innovations in the development of statistics, the Government is in the process of amending the 2014 statistical law. The new law will enable the creation of a national statistical development fund to support the implementation of the NSDS, as well as the necessary professionalization of the statistical function in the sectoral ministries.

44. One of the solutions anticipated to remedy the fragmentation in the system is the adoption of a mechanism to centralize the human resources management of the statistical system so that all the statisticians and demographers of public services are governed by the INS. The advantage is, in addition to providing the INS with an additional tool for coordinating the statistical system, it will above all allow

an effective presence of qualified statisticians in the sectoral ministries with higher remuneration provided by the INS.

45. The project will conduct a study that assesses the optimal institutional form of sector statistical services and support the implementation of its recommendations. The project will also support a comprehensive organizational restructuring of the INS and develop a new staffing regulation with appropriate incentives for quality data production.

*Subcomponent 2.2. HR Development (US\$4.0 million equivalent)*

46. This subcomponent will establish a modern and sustainable system of continued direct and professional education for statisticians in different data-providing agencies by defining the needed skill mix in modern statistical work, developing appropriate new job descriptions, and designing training and re-training programs, including distance learning for the staff at the regional offices and different categories of statistical data users. It will also include the introduction of staff performance incentives and improvement of the remuneration system by linking it to performance, as well as development of job specifications for managers and regular staff within the NSS and establishing the staff management information system. An institutional assessment will be conducted as to better define the activities under this subcomponent.

47. The subcomponent will also specifically (a) support a feasibility study for the establishment of a National School of Statistics to train engineers in statistical work for Bachelor in Statistics (*Ingénieurs de Travaux Statistique, ITS*); (b) reduce the deficit in the urgent gap of middle cadre by offering a special training for a cohort of 30 engineers in statistical work; (c) award scholarships for students admitted to three African school of statistics; (d) support the recruitment of national expert statisticians on behalf of the priority sector statistical services; (e) provide continuous training to managers working in the NSS in the implementation of the capacity-building plan developed under the NSDS 2017–2021; (f) support the acquisition of an integrated software for human resource management and personnel payroll; and (g) support the establishment of an e-learning system at the National School of Statistics.

*Subcomponent 2.3. ICT and Equipment (US\$2.0 million equivalent)*

48. This component will help establish IT and equipment for statistical operations, including vehicles, computers, and networking equipment. The type and configuration of the equipment will be determined through the IT strategy for the NSS that the project will support. New equipment will be provided to INS computer center and conference and training rooms. The project will also provide computer equipment to selected sectoral ministries to improve their data collection. The mini-printing service will also be supported to facilitate larger production of different publications within the NSS.

**Component 3: Project Management and Coordination (US\$2.0 million equivalent)**

49. The INS will be the main implementing agency of the project and thus responsible for its overall management. The INS with its current existing staff has the capacity to implement the project. In addition, the INS's existing remuneration scale is competitive to attract qualified staff for project implementation. To effectively support the agency, a project management team (PMT), consisting of a project coordinator (the DG of the INS), a financial specialist, and a procurement specialist who are staff of the INS, will be established to perform daily project administrative work. Specifically, the PMT will coordinate project

activities and all beneficiary agencies to include statistical departments in other ministries, manage reporting and auditing activities, and ensure compliance with the procurement, disbursement, and financial management (FM) policies and procedures of the World Bank.

50. The project recognizes that many data production operations do not lead to official statistics. Therefore, they can as well be produced by private entities to keep the focus of the limited resources within the NSS on official statistics. This subcomponent finances the coordination of statistical activities across different sectors and donor coordination. It includes adoption and regular updating of the national statistical strategy and survey calendar. It also includes support to the group of donors Statistics Group (*Groupe Statistique*, GStat) and the '*reseaux des DEP*', which will ultimately be extended to the DSS.

51. Given the importance of change management and improved leadership for the success of the project, financial resources under project management would also be dedicated to the project team for management training and functioning of the board and the supervisory organ of the NSS (CNS).

### **C. Project Beneficiaries**

52. The main beneficiary of the project is the INS. Other entities producing official statistics, particularly in line ministries (for example, planning, finance, agriculture, and livestock) will also benefit. In addition, the project supports various stakeholders in the Government, donors, academia, nongovernmental organizations, and civil society to facilitate data use.

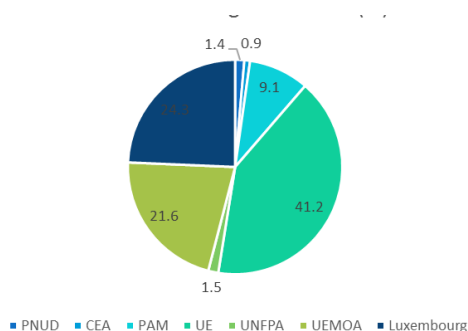
### **D. Results Chain**

53. The proposed project activities will focus on the core features to produce quality, timely, and reliable statistics enabling cross-sectoral evidence-based development policy making. Given the current level of data production in Niger, the underlying logic of the project is to put in place the foundations of a virtuous cycle that goes from better and accessible statistics to a more regular use of statistics; to better analysis and policy making. There are two main causal assumptions: (a) timely availability of quality data will lead to its increased use in policy making and (b) intentional actions to strengthen the demand side of the data will lead to higher quality. This requires improvement in the institutional framework, human resources, and work environment, all underpinned by better public resources for statistics.

### **E. Rationale for World Bank Involvement and Role of Partners**

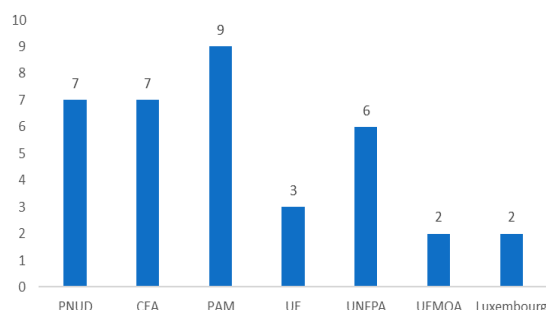
54. The World Bank is the sole source of external financing for this project. However, other donors have financed sector-specific statistical operations in Niger, and this project will complement their activities. From 2016 to 2018, the NSS benefited from a cumulative investment of US\$15 million with the largest share coming from the European Union, WAEMU, and United Nations Development Programme. This was equivalent to 36 active projects covering 15 different agencies in the NSS. The INS benefited from 10 projects. While education and health data are important for Niger, the project does not intervene in this area due to the ongoing focus of the European Union in those two sectors. The United Nations Population Fund (UNFPA) is focused on improving data quality in gender equality and child protection. The Luxembourg Cooperation is investing to improve the data quality for water.

**Figure 2. Donor Financing 2016–2018 (Percentage)**



Source: INS 2017

**Figure 3. Number of Donor Projects (2016–2018)**



Source: INS 2017

## F. Lessons Learned and Reflected in the Project Design

55. The general lesson learned from the experience of the design team in developing statistical capacity is that fragmented, uncoordinated programs of support do not result in sustainable systems. In addition, effective investments in IT infrastructure, or improved methodologies, require accompanying organizational and management change. This lesson guided the project design in developing the various components and focused its capacity-building support on the central agency and selected ministries. This initial focus will give the project stronger coherence and accountability.

56. Another lesson learned from statistics development projects is that the benefits of projects tend to be limited to the lifetime of the project, due to the absence of a long-term strategy and a well-planned integration mechanism. This project focuses on strengthening legal and institutional frameworks, building human resources, and improving statistical infrastructure. This ensures that appropriate assistance and investments are provided to all areas of the statistical system, with the active involvement of a wide range of users and producers. New demand for high-quality data, stimulated by training, producer-user dialogue, and data dissemination, will provide an additional impetus for sustainability.

57. A third lesson derived from the failure of long-term TA in Niger to create sustainable results has led to the design of a project management structure closely integrated into the INS and staffed with civil-servants. Training and World Bank supervision guidance to the PMT in financial and procurement management will contribute to developing a critically needed capacity in these areas. TA is limited to well-targeted, short-term interventions.

58. A fourth lesson that has emerged from reviewing other statistical capacity-building projects across the region is that a more focused and result-oriented approach is needed for their success. Capacity building will be achieved through data collection (learning-by-doing), TA, and collaboration (peer-to-peer learning).



### III. IMPLEMENTATION ARRANGEMENTS

#### A. Institutional and Implementation Arrangements

59. The proposed implementation arrangements seek to build strong ownership and sustainability. Its goal is to depart from the traditional approach of creating isolated project implementation units (PIUs) toward implementation units that are integrated in the regular operations of the INS. Therefore, all aspects of the project will be executed by relevant staff within the INS but seconded with assistance when needed.

60. The DG of the INS will be in charge of the fiduciary responsibility in his role as project coordinator. The DG of the INS reports to the board and executes data production plans and budget on behalf of the board. The PMT (comprising of the DG, the financial management specialist (FMS), the procurement specialist, and a project assistant) that will be established will conduct the day-to-day implementation of the activities. The role of project coordinator can be delegated to the Secretary General of the INS or another department director according to acting rules of the INS. The PMT will work in close collaboration with the CNS which is the principal national body responsible for interagency coordination. The main role of CNS is to control the quality and adequacy of the statistical production

61. The proposed project will build on existing institutional structures. Like the ongoing WAEMU Regional Program to Harmonize and Modernize Living Conditions Surveys Project (P153702), the FM of the project will be housed in the Directorate of Finance and Equipment (*Direction des Ressources Financières et Matérielles*, DRFM). The project will also follow the new World Bank procurement policies building on training already provided on the use of the World Bank's Systematic Tracking of Exchanges in Procurement (STEP). The financial and procurement capacity assessment completed in January 2018 demonstrated the INS' weaknesses and the need to support it as the leading executing agency of the project.

62. On the World Bank side, the proposed project will benefit from stronger field implementation support. Under the ongoing WAEMU project, the Poverty and Equity Global Practice has a full-time consultant in Niamey to enhance supervision of the project and provide implementation support. Close supervision with the INS will help in facilitating the modernization of data collection through tablets and the introduction of PBF.

#### B. Results Monitoring and Evaluation Arrangements

63. The INS is committed to achieving results. This project will finance several fundamental inputs to the Government's new PDES. The project will also be central in strengthening evidence-based decision making through the Government's performance-based budgeting agenda. To track progress toward the desired results, the PMT will monitor a set of PDO and intermediate results indicators in accordance with the Results Framework specified in this Project Appraisal Document (PAD).

64. The board of the INS will be central to holding accountable the PMT. The board will (a) review half-yearly the implementation of the project as defined in this PAD and address any emerging issues; and (b) ensure that set targets and timelines are met. Annual work plans (including a detailed list of activities) and budgets will be prepared by the project coordinator and approved by the World Bank. The PMT will report to the World Bank on progress in implementation.

## **C. Sustainability**

65. Sustainability of this project would largely depend on the Government's future commitment to provide budgetary funding to support the statistical system. In approving the PDES which integrates the NSDS2, the Government committed to allocate budget for the implementation of the PDES over a period that would go beyond the lifetime of this project. Despite its functional autonomy, the INS is limited in terms of its budget capacity—therefore, a steady increase in the INS budget would be required to sustain some of the results of this project.

66. The modernization and professionalization of the NSS will continue beyond the five-year period of the project. The manuals, operating procedures, and management practices adopted for this project are expected to remain after the project period. For example, developing the users/producers dialogue and through the improvement of the dialogues between the Ministry of Planning and the NSS, the project will increase the demand for statistics within the Government and civil society which are expected to continue after the end of the project.

## **IV. PROJECT APPRAISAL SUMMARY**

### **A. Technical, Economic and Financial Analysis**

67. Spending on the production of statistics is likely to yield a good return on investment. While investment in statistics is not amenable to a detailed cost-benefit analysis, research in middle-income contexts has demonstrated that the availability of quality, transparent, and timely disseminated data reduce sovereign borrowing costs on international capital markets. In a fragile context such as Niger, the national statistical office has very limited opportunities for significant cost recovery (apart from revenue generated from data dissemination), so the financial returns from this project will not be representative of the economic returns which are likely to be very high. Therefore, improvements in statistical operations will produce higher-quality data with broader coverage which will have numerous benefits. First, high quality data will reduce the information costs of all economic activity and increase efficiency throughout the country. Second, better data will enhance evidence-based decision making at the policy, program, and project levels. Third, the project will build the capacity of producers and users, including the media, to interpret and act on statistical information, and it will elicit cooperation among economic actors through shared understanding of development prospects. These benefits may be hard to quantify, but it is evident that the opportunity costs of lack of data are high. In the absence of reliable data, the likelihood that public spending is misallocated increases dramatically as does the ability to assess whether spending is used efficiently. Understandably, both have implications in a fragile resource constrained Government.

68. Statistics are a public good, and investment in statistics creates positive externalities. The production of official statistics remains a sovereign mission of the state. Therefore, it is incumbent on the Government to provide funding for it. The current legal status granted to the INS does not allow it to self-finance most or a substantial part of its activities. The INS' products and services are consumed mainly by the Government for the management of the national economy. In any event, experience shows that even in developed countries where the central statistical agencies offer varied products and services, their own generated revenues rarely reach or exceed 10 percent of their required financial resources. The private sector will only invest in these kinds of data activities if there is a large demand for it and there is the possibility of profit beyond cost recovery. Without this project and Government funding, the capacity of the country's national statistics system would remain limited, and major data gaps would take



considerable time to fill. In addition, statistics used by different levels of Government, citizens, and businesses for evidence-based decision making will be limited without this project.

69. The World Bank has broad knowledge of statistical systems of many countries worldwide through its long support for the development of the NSSs. Qualified staff are available in the Poverty and Equity Global Practice, the Fragility, Conflict, and Violence Group, and in Development Data Group to help in statistical capacity building. The World Bank is also ideally suited to assist this project because of the combination of its emphasis on (a) promotion of the use of statistics in policy design, monitoring, and evaluation; (b) capacity building and institutional reforms; and (c) commitment to poverty reduction and boosting shared prosperity in Niger. As a major user of economic and social statistical information, the World Bank also has knowledge of data measurement issues in household surveys and national accounts data. It has a global perspective and substantial experience through the administration of both investments loans and grants (such as the Trust Fund [TF] for Statistical Capacity Building). Unlike other partners without the same economy-wide perspective and who are unable to provide support for all aspects of institutional development, the World Bank has additional leverage through Development Policy Lending operations to advance difficult reforms.

70. The largest activity of the project is to fill data quality gaps which include welfare, macroeconomic, and sectoral statistics. The absence of the project will have serious negative consequences: data quality would remain low, particularly in the case of the agricultural and national accounts surveys which would impact the capacity of the Government to use evidence for informed policy making.

71. The technical design of the project is based on a detailed analysis of the strengths and weaknesses of the NSS. The proposed activities in the management of statistical agencies, statistical infrastructure, and statistical operations and the choice of technology are appropriate to the Borrower's existing implementation capacity and will build incrementally on expected capacity growth. The project is designed to experiment with new ways of improving data quality such as performance-based budgeting. In addition, the outputs of the project will conform by design to international good practice and standards. The specifications for works and equipment, including computing and communications equipment, will be reviewed by technical specialists and will be in line with the World Bank procurement practices and local requirements.

72. All activities of the project will contribute to the achievement of the PDO. The INS will appoint a project team (including financial and procurement) and key technical staff who will be responsible for individual components and the main activities. The INS has the technical staff to design, organize, and implement the data production activities in this project. Full implementation of the project activities will result in a stronger, better-coordinated, and more responsive statistical system with a broader and deeper suite of statistical products and services.

## **B. Fiduciary**

### **Financial Management**

73. The FM assessment was conducted during preparation in January 2018. The objectives of the assessment were to determine whether the INS has adequate FM arrangements in place to ensure that (a) the funds will be used efficiently and economically for the intended purposes and that the entity is capable of correctly and completely recording all transactions and balances related to the project; (b) the

project's financial reports will be prepared accurately, reliably, and on time; (c) the entity's assets will be safely guarded; and (d) the project will be subjected to auditing arrangements acceptable to the World Bank.

74. The proposed FM and disbursements arrangements are compliant with the World Bank Directive Financial Management Manual for World Bank Investment Financing Operations effective on March 1, 2010, and reissued on February 10, 2017, and the supporting guidelines.

75. The INS has successfully implemented two recipient-executed TFs: National Living Conditions Panel Survey Project (P123802, TF97661), and NSDS2 (P129572, TF12013,) in the amounts of US\$1,600,000, and US\$299,156, respectively which closed in December 2016. The INS is also part of the WAEMU Regional Program implementation. Therefore, the INS has some familiarity with certain aspects of the World Bank's FM procedures.

76. The assessment concludes that the INS FM system is adequate and does comply with the minimum requirements under World Bank Policy and Directive for Investment Project Financing. The overall FM risk for the project is substantial and the proposed mitigation measures are identified in the following paragraphs:

- (a) **Elaboration of a PIM.** Before effectiveness the PIM should detail the roles and responsibilities of all involved stakeholders, as well as the project implementation mechanism. The PIM should also describe the governance and oversight arrangements, including FM procedures required for the project such as staffing, budgeting, accounting, reporting, funds flows, and disbursement arrangements. In addition, the manual should detail the subsidiary agreement requirement and mechanism.
- (b) **The following actions should be dated covenants:** (i) the appointment or recruitment of one FMS, familiar with World Bank procedures as part of the PMT, no later than one month after effectiveness; (ii) the acquisition and installation of a computerized accounting software capable of correctly recording and consolidating financial information and automatic generation of financial statements (interim and annual) no later than three months after effectiveness; (iii) the recruitment of an external auditor to audit annual financial statements no later than three months after effectiveness; if the FMS and internal auditors' positions are fulfilled by internal process, the proposed staff must be acceptable to IDA.

## **Procurement**

77. **Procurement Rules and Procedures.** Procurement for works, goods, non-consulting, and consulting services for the project will be carried out in accordance with the procedures specified in the 'World Bank Procurement Regulations for IPF Borrowers' dated July 2016, as revised in November 2017 (Procurement Regulations) and the World Bank's 'Anti-Corruption Guidelines: Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants' (revised as of July 1, 2016), as well as the provisions stipulated in the Financing Agreement.

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

accordance with the requirements set forth or referred to in Section VII. Approved Selection Methods: Consulting Services of the 'Procurement Regulations', the Project Procurement Strategy for Development (PPSD), and Procurement Plan approved by the World Bank.

79. **PPSD.** Based on the main conclusions of the PSD, the national market environment is favorable for the procurement of supplies for the implementation of the project. In particular, the domestic market is able to meet the needs for computer hardware, but with regard to the estimated value of the acquisitions, suppliers at the international level, especially regional ones, may be interested in such contracts. These contracts must adopt an international approach, which will make them even more competitive. For the vehicle rental (which represent 30 to 40 percent of survey operation costs), given the experience of INS in this kind of operation and the capacity of the local suppliers and their number, an open national competition is recommended. As for the office equipment that will be bought, there are a multitude of companies of various sizes on the market able to meet the demand. Also, an open quote request may be made to allow the participation of small companies wishing to compete.

80. For individual consultants who will provide technical support, the client will disseminate widely the solicitation of expressions of interest that will be published at United Nations Development Business online and in relevant newspapers and on other electronic portals to generate maximum interest.

81. The Procurement Plan, including its updates, shall include for each contract

- (a) A brief description of the activities/contracts;
- (b) The selection methods to be applied;
- (c) The cost estimates;
- (d) Time schedules;
- (e) The World Bank's review requirements; and
- (f) Any other relevant procurement information.

82. The Procurement Plan covering the first 18 months of the project implementation was agreed upon on May 11<sup>th</sup>, 2018. Any updates of the Procurement Plan shall be submitted to the World Bank's approval.

83. The Recipient shall use the World Bank's online procurement planning and tracking tools (STEP) to prepare, clear, and update its Procurement Plans and conduct all procurement transactions.

84. When approaching the national market, the country's own procurement procedures may be used with the requirements set forth or referred to in the Paragraphs 5.3 to 5.6 related to National Procurement Procedures. For Niger, the requirements for national open competitive procurement include the requirements detailed in Table 1.

**Table 1. Requirement for National Open Competitive Procurement**

Requirements for National Open Competitive Procurement	Actions
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(a) Open advertising of the procurement opportunity at the national level	No action needed
(b) Procurement is open to eligible firms from any country	No action needed
(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 Anti-Corruption Guidelines, including without limitation the World Bank's right to sanction and the World Bank's inspection and audit rights	The form elaborated by Operations Policy and Country Services must be added to each contract agreement with bidders/consultants
(d) Contracts with an appropriate allocation of responsibilities, risks, and liabilities	No action needed
(e) Publication of contract award information	No action needed
(f) Rights for the World Bank to review procurement documentation and activities	The requirement should be included in the Procurement Plan
(g) An effective complaints mechanism	The PIM must develop an effective complaints mechanism in line with World Bank Regulations
(h) Maintenance of records of the procurement process	The PIM must spell out the practical modalities and the appropriate documentation to archive

85. The INS's limited experience in procurement with World Bank funds will be mitigated by extensive project procurement support. The procurement assessment revealed that the INS has limited experience with the World Bank's and other international financing institutions' procurement requirements. The INS will address the noted capacity gaps by recruiting a procurement specialist. If needed, the INS will secure the experience of a TA consultant with relevant experience in World Bank-funded procurement to help ensure compliance with the requirements, while at the same time building INS capacity and systems. The World Bank's procurement team will provide hands-on support to the INS, as required.

86. A summary of the procurement capacity assessment and project procurement arrangements, including a mitigation action plan, is provided in Annex 1.

87. The Client requested a PPA. During the PPA period, the fiduciary activities include, among others, (a) the purchase of equipment; (b) hiring a procurement specialist, an FMS, and an individual consultant to elaborate the PIM; (c) training; and (d) hiring of consultants.

## C. Safeguards

### Environmental Safeguards

88. No adverse environmental impacts are expected under this project in accordance with Environmental Assessment OP 4.01. The environmental screening category is C as the project funds institutional reforms, data collection, and data dissemination.

## Social Safeguards

89. All statistical producers and key donors and regional institutions, such as the WAEMU and *Observatoire économique et statistique d'Afrique Subsaharienne* (known as AFRISTAT), participated in the elaboration and the discussion of the NSDS2. In the implementation of the project, civil society organizations will participate through the training of users, assessment of user satisfaction, and determination of future strategy for data development. In addition, the project includes the strengthening of social statistics to help the Government implement better-focused social policies and services for poverty reduction and to monitor progress toward the SDGs.

## Grievance Redress Mechanisms

90. 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](http://www.inspectionpanel.org).

## V. KEY RISKS

91. The overall risk rating for this project is substantial as there are important risks identified during project preparation that could jeopardize the achievements of the project results. The main risks identified are related to the sector strategies and policies, the institutional and fiduciary capacities.

92. However, the risks are manageable once project mitigation measures are considered.

93. **There are Substantial risks related to the technical design of the program.** The project supports multiple data collection all of which require the introduction of CAPI innovation. The data are collected by multiple ministries and therefore achieving the quality goals will require changes in management actions. As a mitigation measure, a performance incentive is introduced to mainstream focus on quality in all aspects of data production and dissemination. The PBF will first be piloted in the INS and the conditions will be specified in the PBF Manual<sup>10</sup> as part of the disbursement condition for the incentive payments.

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<sup>10</sup> a PBF Manual in the form of a separate chapter of the Project Implementation Manual, or an addendum thereto, setting forth the guidelines and procedures governing PBF benefits, including: (i) identification of specific activities subject to PBF, along with deliverables and performance indicators corresponding to each such activity; (ii) eligibility criteria and guidelines for calculating PBF payments for each such deliverable; (iii) verification mechanisms for deliverables and PBF payments; (iv) periodicity of calculating PBF payments; (v) reporting mechanisms related to PBF payments; and (vi) terms and conditions of PBF payments, including modes of payment.

94. **Institutional Capacity for Implementation and Sustainability risks are Substantial.** The INS is undergoing major institutional reforms related to funding for sectoral statistics, establishing the national fund for statistical development, funding of the NSDS, and approving a new statistics act. In particular, the risks of inadequate budget provisions by the Government over the lifetime of the project and beyond is substantial. While the outcomes of the reforms are uncertain, if they do not materialize, this could weaken further the ability of the INS to implement the project. These risks are mitigated by including an incentive mechanism that keeps the focus on results achievement within the project. A gradual process aimed at increasing data quality, will lead to greater confidence of the authorities in INS, which in turn can open up space for enhanced budget allocation.

95. **A Moderate risk is accorded to Sector Strategies and Policies.** There are risks of duplication of efforts by sectors due to inadequate coordination mechanisms. There are also risks of interference in the production and use of statistics which will continue to affect the integrity of official statistics. Since staff are not well-remunerated within the sector ministries, there are risks of high staff turnover leading to loss of core and experienced staff to other organizations. For the risk mitigation, the project will invest in improving coordination within the system and invest in quality control to prevent inconsistencies in the data produced.

96. **Fiduciary risks are also Substantial.** There are shortcomings in the FM and procurement capabilities in the INS, but the World Bank will work closely with the INS to ensure that this does not affect implementation through close supervision and the hiring and training of fiduciary specialist. The approved PPA will be used to address identified weaknesses, including the hiring of dedicated staff and the preparation and adoption of PIM.

97. **The security risks remain Substantial for Niger, however the country remains politically stable.** The security risks are mainly the growing terrorist threat in western Tahoua and northern Tillabery emanating from Mali; in western Tillabery emanating from Burkina Faso; and the residual Boko Haram terrorist threat in Diffa from across the border in Borno State (Nigeria). Those parts of the country will be under the state of emergency until, at least, August 2018. These security threats may affect the ability of the INS to collect data in parts of the country. To reach some areas, the INS and the World Bank will use third parties, including non-governmental organizations, to help monitor and provide effective implementation in insecure areas.



## VI. RESULTS FRAMEWORK AND MONITORING

### Results Framework

#### Project Development Objectives(s)

To improve the quality, availability and use of macroeconomic and sector statistics.

PDO Indicators by Objectives / Outcomes	DLI	CRI	Unit of Measure	Baseline	Intermediate Targets			End Target
					1	2	3	
Data quality								
Number of statistical products supported by the project designed and implemented in line with the NSS quality standards framework			Number	0.00	2.00	4.00	6.00	8.00
Data availability								
Number of core data sets produced and publicly disseminated as per the statistical calendar			Number	0.00	5.00	10.00	15.00	20.00
Use of macroeconomic and sector statistics								
Number of government officials and private citizens trained in the use of statistical information			Number	0.00	50.00	100.00	150.00	200.00
Intermediate Results Indicators by Components	DLI	CRI	Unit of Measure	Baseline	Intermediate Targets			End Target
					1	2	3	
Improvement in Data quality and Use								



Timely release of rebased quaterly GDP statistics and revised monthly CPI			Yes/No	N	Y	Y	Y	Y
INS website provides public access to micro-databases			Yes/No	N	Y	Y	Y	Y
Online platform is put in place to collect users feedback on data quality and gender relevance			Yes/No	N	Y	Y	Y	Y
<b>Modernization and Professionalization</b>								
Improvement in HR management and work environment			Yes/No	N	Y	Y	Y	Y

#### Monitoring & Evaluation Plan: PDO Indicators

<b>Indicator Name</b>	Number of statistical products supported by the project designed and implemented in line with the NSS quality standards framework
<b>Definition/Description</b>	The national quality standard framework was signed by the Ministry of Planning on August 2, 2017. In the framework, product are graded on scale of 1 to 100. This is the number of product with score greater than 50.
<b>Frequency</b>	Annual
<b>Data Source</b>	INS
<b>Methodology for Data Collection</b>	INS
<b>Responsibility for Data Collection</b>	INS





<b>Indicator Name</b>	Number of core data sets produced and publicly disseminated as per the statistical calendar
<b>Definition/Description</b>	A web-portal will support access to data by stakeholders for policy making, commercial or research purposes. Number of products successfully completed as planned on the statistical calendar.
<b>Frequency</b>	Annual
<b>Data Source</b>	INS
<b>Methodology for Data Collection</b>	INS
<b>Responsibility for Data Collection</b>	INS
<b>Indicator Name</b>	Number of government officials and private citizens trained in the use of statistical information
<b>Definition/Description</b>	The number of individuals trained in accordance with the training plan, which will be developed as part of the project.
<b>Frequency</b>	Quarterly
<b>Data Source</b>	INS
<b>Methodology for Data Collection</b>	INS
<b>Responsibility for Data Collection</b>	INS

**Monitoring & Evaluation Plan: Intermediate Results Indicators**

<b>Indicator Name</b>	Timely release of rebased quarterly GDP statistics and revised monthly CPI
<b>Definition/Description</b>	75 days after the quarter for GDP statistics and 10 days after the month for Consumer Price Index (CPI).
<b>Frequency</b>	Monthly and quarterly
<b>Data Source</b>	INS website
<b>Methodology for Data Collection</b>	Administrative
<b>Responsibility for Data Collection</b>	INS
<b>Indicator Name</b>	INS website provides public access to micro-databases
<b>Definition/Description</b>	This is access to the official website of the INS. A section or link is made available on the website which allows the public to request access to databases.
<b>Frequency</b>	Monthly
<b>Data Source</b>	INS
<b>Methodology for Data Collection</b>	Administrative
<b>Responsibility for Data Collection</b>	INS
<b>Indicator Name</b>	Online platform is put in place to collect users feedback on data quality and gender relevance
<b>Definition/Description</b>	The result of the online survey will be used by INS and donors to set data collection priorities related to quality and gender relevance.



<b>Frequency</b>	Annual
<b>Data Source</b>	INS
<b>Methodology for Data Collection</b>	Survey
<b>Responsibility for Data Collection</b>	INS
<b>Indicator Name</b>	Improvement in HR management and work environment
<b>Definition/Description</b>	A survey of staff about changes in HR management and work environment in terms of availability of equipment. More than 50 percent of staff should notice an improvement.
<b>Frequency</b>	Annual
<b>Data Source</b>	INS
<b>Methodology for Data Collection</b>	Administrative
<b>Responsibility for Data Collection</b>	INS



## **ANNEX 1: IMPLEMENTATION ARRANGEMENTS AND SUPPORT PLAN**

**COUNTRY: Niger**

**Quality Data for Decision Making**

### **Implementation Arrangements**

#### **Financial Management**

1. An FM assessment of the INS, the implementing entity of the proposed project, was carried out in January 2018. The INS FM system was assessed to determine whether (a) the FM arrangements are adequate to ensure that the project funds will be used for the intended purposes in an efficient and economical way; (b) the financial reports will be prepared on time, with accuracy and reliability; (c) the project's assets will be safeguarded; and (d) the project will be subjected to auditing arrangements acceptable to the World Bank.

2. The INS has a total of 13 staff in the finance, accounts, and procurement management process. This department is divided into three teams: (a) the Public Procurement Division; (b) the Accounting Division; and (c) the Material and Logistics Division. The key staff of the Accounting Division currently consists of the head of the division and two accountants. The head of the Accounting Division was the World Bank focal point for all FM matters regarding the two recipient-executed TFs that were managed by the INS. The staffing is deemed adequate. The two recipient-executed TFs' FM was rated Moderately Satisfactory throughout the TFs' implementation with neither qualified audit opinions nor significant internal control issues. There were no overdue audits nor overdue interim financial reports (IFRs) for the two recipient-executed TFs implemented by the INS.

3. The Government of Niger has adopted the national PDES for 2017–2021, which is the framework of the public investments. The Government has also approved the national Anti-Corruption Strategy for 2018–2020 that aims to improve the development objectives for mainly those related to the SDGs. The Public Expenditure and Financial Accountability (PEFA), undertaken in 2016, has highlighted some improvements in comparison with the situation reflected in 2012 PEFA report including credibility, transparency, and comprehensiveness of the budgeting system. In detail, eight indicators were upgraded, six indicators were downgraded, and 14 indicators remained unchanged. However, the Government is still struggling with effective implementation of the Medium-Term Expenditures Framework and the modernization of the procurement system. The predictability in the availability of funds for commitment of expenditures and the effectiveness of internal audit need to be improved. Furthermore, accounting and reporting, as well as external scrutiny and audits, are reported to be weak.

#### **Risk Assessment and Mitigation**

4. The World Bank's principal concern is to ensure that project funds are used economically and efficiently for the intended purposes. Assessment of the risks that the project funds will not be so used is an important part of the FM assessment work. The risk features are determined based on two elements: (a) the risk associated with the project (inherent risk) and (b) the risk linked to a weak control environment for the project implementation (control risk). Table 1.1 summarizes the inherent and control risks and mitigation measures proposed.



**Table 1.1. Project Risks and Mitigation**

Risk Factors/Description of Risk	Risk Rating	Risk Mitigating Measures Incorporated into the Project Design	Conditions of Negotiations, Board, Effectiveness, or covenants (Yes or No)	Residual Risk Rating
Inherent Risk				
<b>Country level:</b> Progress has been made in reform of the country’s public financial management (PFM) over the years, but these reform efforts are yet to address weaknesses in the effectiveness of internal audit, accounting, reporting, external scrutiny, and audits.	S	The strengthening of PFM through the World Bank-funded NE-Public Sector Capacity and Performance for Service Delivery project (P145261) is expected to contribute enhancing the PFM system to provide timely and reliable information and improve governance in Niger.	No	S
<b>Entity level:</b> The implementing agency may not be able to meet the FM requirement due to limited experience in handling World Bank-financed operations.	S	A qualified and experienced project FMS will be recruited no later than one month after the project effectiveness and the INS finance staff who will be deployed will be trained no later than one month after the project effectiveness date.	Yes	S
<b>Project level:</b> The project implementing agency may fail to ensure acceptable project FM environment due to the absence of internal audit functions within the INS.	S	Qualified and experienced project FMS with support of one accountant will handle FM matters.	Yes	S
		A financial controller of public contracts will be designated to help the management ensure that adequate systems of internal control are maintained at the central level.	No	
		In addition, the Financial and Accounting Procedures Manual and guidelines will be prepared and adopted by the INS for project implementation.	Yes	
Control Risk				
<b>Budgeting:</b> Weak budgetary execution and control leading to low budgetary execution rate or inappropriate use of project funds.	M	The Administrative, Financial, and Accounting Procedures Manual will spell out the budgeting and budgetary control arrangements to ensure appropriate budgetary oversight. The unaudited IFRs will include comparison of planned and actual project expenditures.	Yes	M



<b>Accounting:</b> Project funds, expenditures, and resources not properly recorded.	S	<p>Qualified and experienced project FMS will be recruited based on ToRs satisfactory to the World Bank.</p> <p>The INS will make use of a multi-project, multi-donor, and multisite accounting software to account for project funds, expenditures, and resources. The accounting software will be purchased and installed no later than three months after project effectiveness.</p>	Yes	S
<b>Internal control:</b> The risk of non-compliance with key internal control procedures due to weak FM capacity.	S	<p>Administrative, financial, and accounting procedures to be used by the INS in project implementation will be documented in the Administrative, Financial, and Accounting Procedures Manual to be elaborated and adopted before project effectiveness.</p> <p>A financial controller of public contracts will be designated to help INS management to maintain adequate project systems of internal controls.</p> <p>World Bank regular FM implementation support through desk reviews and field visits will make appropriate recommendations to improve project FM environment.</p>	<p>Yes</p> <p>No</p> <p>No</p>	S
<b>Funds flow:</b> Funds will be channeled from the designated account (DA) to the regions to finance activities to be implemented by line ministries (for example, agriculture, livestock, health, education). There is a risk that project funds may not be used for intended purposes.	S	Internal control mechanisms for transfer of funds from the DA to regions will be documented in the Administrative, Financial, and Accounting Procedures Manual, and simplified guidelines will be produced and distributed to the INS's regional offices. The regional offices staff who will be managing project funds will be trained before transfer of funds to the regions. The project internal auditor will check at regional levels the use of project funds and resources, accounting system, and records.	No	S
<b>Financial reporting:</b> The implementing agency may not be able to produce the financial reports in a timely manner as required to monitor	S	Initially, the project will disburse through statements of expenditures (SOEs) and semiannual unaudited IFRs formats and contents will be part of the Administrative, Financial, and Accounting Procedures Manual.	No	M



and effectively manage the project.				
<b>Auditing:</b> Delays in submission of audit reports or delays in implementing the recommendations of the Management Letter.	M	An independent external auditor will be hired (three months after effectiveness) by the project to ensure compliance with the audit submission timelines set out in the Grant Agreement. The project financial controller will monitor and follow up implementation of the external auditors' recommendations.  In addition, the World Bank FM support mission will include a follow-up on activities	Yes	M
<b>Governance and accountability:</b> Possibility of corrupt practices including bribes, abuse of administrative and political positions, misprocurement, and misuse of funds, and so on are a critical issue.	S	Robust FM arrangements (including a comprehensive annual audit of project accounts, project financial controller audit, World Bank FM support mission including review of transactions and asset verification) designed to mitigate the fiduciary risks in addition to the INS's overall internal control systems.	No	M
<b>OVERALL FM RISK</b>	S			S

Note: H = High; S = Substantial; M = Modest; L = Low; ToRs = Terms of references; DA = Designated account.

5. The overall residual risk rating is Substantial.

### Financial Management Action Plan

6. To establish an acceptable control environment, and to mitigate FM risks, the following measures should be taken by the due dates as indicated in table 1.2.

**Table 1.2. FM Action Plan**

Issue/Topic	Remedial Action Recommended	Responsible Body/Person	Completion Date	FM Effectiveness Conditions
Staffing	Appointment or recruitment of one finance officer familiar with World Bank FM procedures	INS	one month after effectiveness	No
Information system accounting software	Acquisition and installation of an accounting software for the project and training the users	INS	three months after effectiveness	No
Internal control	PIM including financial and accounting procedures	INS	Before effectiveness	Yes
External	Appointment of the external auditor	INS	three months	No



Issue/Topic	Remedial Action Recommended	Responsible Body/Person	Completion Date	FM Effectiveness Conditions
auditing	completed and contract signed		after effectiveness	

7. **Staffing.** The PIU will be adequately staffed with one FMS and one qualified and experienced accountant recruited on a contractual basis, in accordance with the ToRs agreed with the World Bank. The FMS and the accountant consultants will support the fiduciary dedicated team from the INS. The INS will identify two accountants among its staff employees able to form the dedicated team and submit their curriculum vitae to the World Bank for evaluation during the preparatory phase. The World Bank FMS will provide training to the project's fiduciary staff on the World Bank-financed project financial procedures at the project launching but also at the demand of the INS if when needed. The INS FM staff will also benefit continuing professional development to strengthen the entity capacity.

8. **Budgeting.** The management of the INS with the coordination of the PIU will prepare the project annual work plan and budget. The procedures governing the budget preparation, execution, and monitoring cycle will be developed in the project's financial and administrative procedures manual, and the budget will be reviewed and adopted by the project's Steering Committee before the beginning of the year, that is, not later than November 15 each year. Annual budgets adopted by the Steering Committee will be submitted to the World Bank's no-objection before implementation. The budget execution will be monitored at least on a quarterly basis. The budget execution report will be part of the IFRs and any variances will be explained and remedial measures indicated. The budget forecast shall be reliable and based on the best assumptions and aligned with the work program, technical constraints, and the Procurement Plan. Periodic regularization of budget execution will be performed.

9. **Accounting software.** For the project, the INS will acquire and install a multi-project and multi-donor accounting system. The computerized accounting package will be purchased and installed within three months after the effectiveness date. The INS should maintain throughout the project implementation a sound computerized accounting software that enables key controls, recording project transactions correctly, and capable of producing timely and reliable financial information, including preparation of Withdrawal Applications (WAs) and periodic financial reports (IFRs and annual financial statements).

10. **Accounting policies and procedures.** The current accounting standards in use in West African Francophone countries for ongoing World Bank-financed projects will be applicable. SYSCOHADA is the assigned accounting system in West African Francophone countries. Project accounts will be maintained on an accrual basis, supported with appropriate records and procedures to track commitments and to safeguard assets. Annual financial statements will be prepared by the DRFM in accordance with the SYSCOHADA and World Bank requirements. Accounting and control procedures will be documented in the Administrative, Financial, and Accounting Procedures Manual.

11. **Internal control.** The Financial Controller deployed by the Ministry of Finance, and based at the INS with an assistant, has responsibility of internal audit functions for the INS expenses financed under the national budget. The Financial Controller role will be expanded to include activities of the project. The financial controller will play the role of internal auditor and will be designated three months after project effectiveness, to help INS management accomplish project objectives. The project financial controller will





advise on the adequacy of project systems of internal controls. The will also offer help to improve those systems and processes where necessary. The project Financial Controller will conduct reviews of the implementation of project activities at the central and provincial levels, including management funds channeled to the regions to finance eligible expenditures to be incurred at the regional level. The role of project Financial Controller will also include following up on implementation of appropriate actions to improve effectiveness of risk management, control, and governance processes at all levels and training of INS staff.

12. **Financial Procedures Manual.** The finance and administrative procedures to be employed by the implementing agency will be documented in the INS Financial Procedures Manual to be revised, and adopted before project effectiveness. This manual will cover at least the following aspects: institutional arrangements, budget and budgetary control, disbursement procedures and banking arrangements, receipt of goods and payment of invoices, internal control procedures, accounting system and transaction records, reporting requirement, and audit arrangement. The manual will also include guidance for handling project funds at the regional level as well as annexes with template forms and reports such as asset control form and register; budget formats; monthly, quarterly, and semiannual reports; annual financial statements; and so on.

### **Financial Reporting Arrangements**

13. For this project, the INS will prepare semiannual unaudited IFRs. These will be submitted to the World Bank within 45 days of the end of the semester. The format and the content, consistent with the World Bank's standards, will be agreed with the INS during project negotiations. At a minimum, the financial report will include (a) a statement of sources and uses of funds and opening and closing balances for the semester and cumulative; (b) a statement of uses of fund that shows actual expenditures appropriately classified by main project activities (categories, subcomponents) including comparison with budget for the semester and cumulative; (c) a statement on movements (inflows and outflows) of the project's DA, including opening and closing balances; (d) a statement of expenditure forecast for the next semester together with the cash requirement; (e) notes and explanations; and (f) other supporting schedules and documents.

14. In compliance with IDA requirements, the INS will produce annual project financial statements similar to the contents of the semiannual IFRs. These financial statements will comply with the accounting system implemented in the subregion (SYSCOHADA) and will be submitted for audit within three months after the end of each year.

### **Auditing Arrangements**

15. The annual audited financial statements and audit reports (including Management Letter) will be submitted to the World Bank no later than six months from the end of the fiscal year by the INS. The annual financial statements will be prepared in accordance with the standards indicated in the audit ToRs to be agreed during negotiation. The audit will be carried out by an independent external auditor with qualification and experience satisfactory to the World Bank.

16. The audit will be carried out in accordance with the International Standards of Auditing (ISA) issued by the International Federation of Accountants (IFAC). The auditor will prepare a work plan to cover all the major risk areas. The following mechanisms are proposed to systematically monitor the timing of



audit reports and the timely action on audit findings: (a) the INS has the responsibility to prepare audit action plans within one month of the receipt of the annual audit report and (b) Within two months of the receipt of the audit report, action must be taken on all audit findings and notified to the World Bank.

17. In accordance with the World Bank Policy on Access to Information, the Borrower is required to make its audited financial statements publicly available in a manner acceptable to the World Bank; following the World Bank's formal receipt of these statements from the Borrower, the World Bank also makes them available to the public. The audit reports that will be required to be submitted by the INS with due dates for submission are provided in Table 1.3.

**Table 1.3. Audit Reports**

<b>Audit Report</b>	<b>Due Date</b>
Project-specific financial statements and Management Letter to be submitted by the INS	Submitted within six months after the end of each financial year

### **Implementation Support and Supervision Plan**

18. FM implementation support intensity and frequency will be in line with a risk-based approach and will involve a collaborative approach with the entire task team. The first implementation support mission will be performed six months after project effectiveness. Afterward, the missions will be scheduled by using the risk-based approach model and will include the following due diligences: (a) monitoring of the FM arrangements during the supervision process at intervals determined by the risk rating assigned to the overall FM assessment at entry and subsequently during implementation; (b) integrated fiduciary review on key contracts; (c) review of the IFRs; (d) review of the audit reports and Management Letters from the external auditors and follow-up on material accountability issues by engaging with the task team leader, client, and/or auditors; (d) the quality of the audit (internal and external) is to be monitored closely to ensure that it covers all relevant aspects and provides enough confidence on the appropriate use of funds by recipients; and (e) other assistance to build or maintain appropriate FM capacity and an efficient internal control system. The FM team will perform periodic field missions at the INS to review the FM performance and risk and provide adequate advice and recommendations.

### **Disbursements**

#### **Funds Flow and Disbursement Arrangements**

19. **Disbursements arrangements.** The disbursement methods that would be used under this project will be based on the Disbursement Guidelines for Investment Project Financing, dated February 2017. Disbursement methods that are commonly used could be direct payments to a third party for works, goods, and services upon the Borrower's request; special commitments and letters of credit; reimbursements for expenditures incurred under the project, and so on. Further details about disbursements to the project will be included in the disbursement procedures described in the Disbursement and Financial Information Letter and the Administrative, Financial, and Accounting Procedures Manual. The disbursement of IDA funds will be done on a transaction basis. The project will have the option to move to report-based disbursement once the FM system and the project's forecasting capacity have been assessed as satisfactory for that procedure of disbursement. Once the report-based disbursement procedure is used, semester IFRs will be acceptable as the basis for supporting documents for application of withdrawal. As the implementing agency of the project, the INS will maintain a DA. If



ineligible expenditures are found to have been made from the DA, the Borrower will be obligated to refund the same. If the DA remains inactive for more than six months, the Borrower may be requested to refund to IDA amounts advanced to DA.

**Table 1.4. Eligible Expenditures**

Category	Amount of the Grant Allocated (expressed in SDR)	Percentage of Expenditures to be Financed [(inclusive of Taxes)]
(1) Goods, works, non-consulting services, consulting services for the Project, Operating Costs and Training	11,950,000	100%
(2) PBF benefits	1,050,000	100% of amounts disbursed
(3) Refund of Preparation Advance	1,000,000	Amount payable pursuant to Section 2.07 (a) of the General Conditions
<b>TOTAL AMOUNT</b>	14,000,000	

20. **Banking arrangements.** The INS will open a DA denominated in West African CFA franc in a commercial bank on terms and conditions acceptable to IDA. The project's DA will function under the co-signature of the project coordinator and the DRFM of the INS. The DA needs to be opened and the details including the account signatories need to be communicated to the World Bank within one month after effectiveness.

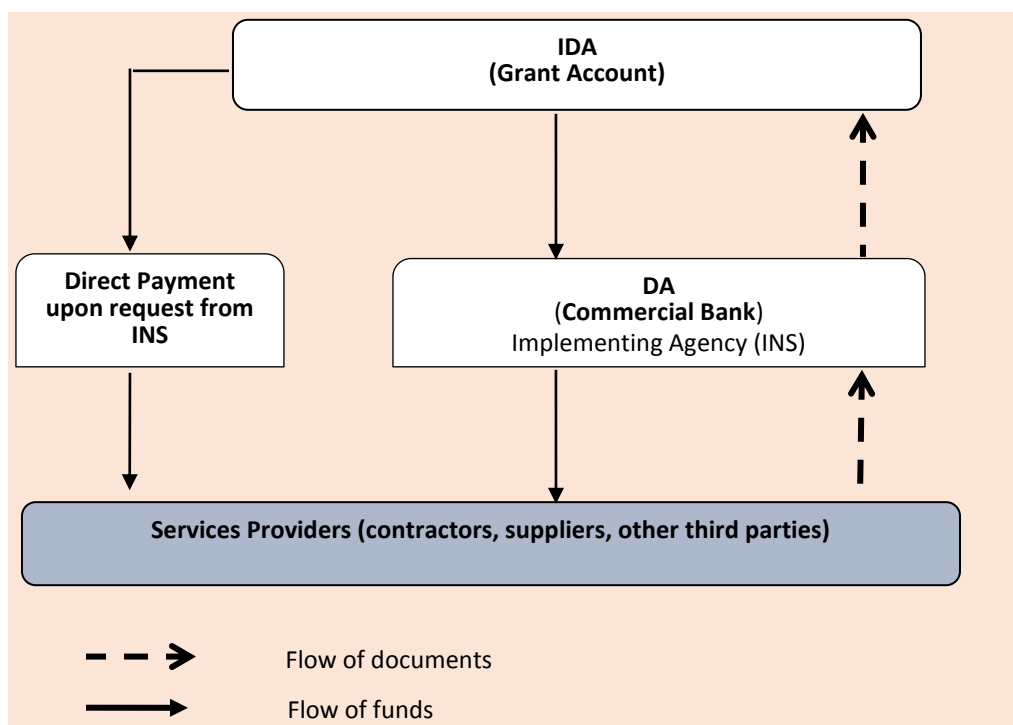
21. **Flow of funds arrangements.** Funds flow arrangements for the project (through the abovementioned DA) are as follows.

- (a) IDA will make an initial advance disbursement into the DA for the project being implemented by the INS in West African CFA francs upon receiving a WA from the INS.
- (b) Replenishment of funds from IDA to the DA will be made upon evidence of satisfactory utilization of the advance, reflected in SOEs and/or, on full documentation for payments above SOE thresholds. Replenishment applications would be required to be submitted regularly on a monthly basis.

22. Figure 1.1 depicts the funds flow mechanism that will be deployed for the project.



Figure 1.1. Proposed Flow of Funds



## Procurement

23. **Procurement risk assessment and mitigating measures.** The INS will be responsible for implementing the project. No Project Coordination Unit will be created for this project, but only three key staff (FMS, procurement specialist, and project assistant) will be hired through a competitive process. The procurement team shall be trained on procurement regulations and project activities.

24. The procurement assessment shows that (a) the existing staff have limited procurement skills and insufficient experience in World Bank procurement procedures; (b) the Tender Committee is not trained in the World Bank procurement procedures; and (c) the filing system in place is not acceptable.

25. **PPSD.** Based on the main conclusions of the PPSP, the national market environment is favorable for the procurement of supplies for the implementation of the project. In particular, the domestic market is able to meet the needs for computer hardware, but with regard to the estimated value of the acquisitions, suppliers at the international level, especially regional ones, may be interested in such contracts. These contracts must adopt an international approach, which will make them even more competitive. For the vehicle rental (which represent 30 to 40 percent of survey operation costs), given the experience of INS in this kind of operation and the capacity of the local suppliers and their number, an open national competition is recommended. As for the office equipment that will be bought, there are a multitude of companies of various sizes on the market able to meet the demand. Also, an open quote request may be made to allow the participation of small companies wishing to compete.

26. **Procurement risk rating.** The project procurement risk before the mitigation measures is 'High'. The risk is reduced to a residual rating of 'Substantial' upon consideration of successful implementation



of the mitigation measures. According to the procurement risk assessment, the following procurement mitigation measures are proposed.

**Table 1.5. FM Action Plan**

Implementing Agency	Procurement Mitigation Measures	By When
INS	Recruitment of a procurement specialist with a strong experience in World Bank procedures to support the INS Procurement Directorate for the management of the project with transfer of knowledge to the Procurement Directorate team	No later than one month after effectiveness date.
INS	Update the existing Operations Manual dated 2006, which is not in line with the new institutional arrangements of the INS and has never been approved. The updated Implementation Manual with a Procurement section will be submitted to IDA for its approval	Before effectiveness
INS/World Bank	Train the procurement specialist and the Tender Committee in the World Bank New Procurement Framework	Within three months after signing of the Financing Agreement
INS	Set up in the INS of an acceptable filing system – described in the PIM	Before effectiveness

27. **Oversight and monitoring arrangements for procurement.** The existing PIM will be updated and will be submitted to the World Bank for review and be adopted before project effectiveness. It will define the project's internal organization and its implementation procedures and will include, among other things, all the relevant procedures for calling for bids, selecting consultants, and awarding contracts.

28. **Prior review thresholds.** All contracts estimated to the following amounts or above will be submitted to the World Bank for prior review: (a) US\$5,000,000 for works; (b) US\$1,500,000 for goods and services others than consultant services; (c) US\$500,000 for consultants' services (firms); and (d) US\$200,000 for individual consultants. All other contracts shall be archived for post review.

### Strategy and Approach for Implementation Support

29. The strategy for implementation support will be 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.

30. The implementation support will cover technical, procurement, FM, and project management support. Technical support from experts in the subregion (including the WAEMU Project) to build capacity on survey implementation, tools, and analysis will be harnessed.

### Implementation Support Plan and Resource Requirements

**Table 1.6. Focus of Implementation Support**

Time	Focus	Skills Needed	Resource Estimate	Partner Role
First 12 months	Project management	Knowledge of	eight weeks	Partners will



	and team leadership	World Bank OP/BP, experience in supervising lending operations	two missions	participate in technical discussions
First 12 months	Operational support	Drafting ToRs, Operations Manuals, work plans and budgets, reporting, and general project management skills	six weeks	—
First 12 months	Procurement	Procurement specialist	four weeks	—
First 12 months	FM	FMS	four weeks	—

**Table 1.7. Skills Mix Required**

Skills Needed	Number of Staff Weeks	Number of Trips	Comments
Task team leader	8	2	Washington, DC
Operational support	6	—	Global Practice and Country office
FMS	4	—	Country office
Procurement specialist	4	—	Country office
Survey specialist	4	—	Country office

**Table 1.8. Partners**

Name	Institution/Country	Role
MCA	Partnership with MCA on strengthening the institutional dimensions of agricultural statistics production and dissemination	Support to modernize agriculture data
WAEMU	Partnership with the WAEMU and the Regional Program to Harmonize and Modernize Living Conditions Surveys Initiative	Support to modernize household survey