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PROJECT PERFORMANCE ASSESSMENT REPORT



KENYA

Development of the National Statistical System Project

Report No. 110966

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PROJECT PERFORMANCE ASSESSMENT REPORT

REPUBLIC OF KENYA

DEVELOPMENT OF THE NATIONAL STATISTICAL SYSTEM PROJECT

(IDA-4276-KE)

December 14, 2016

IEG Human Development and Economic Management
Independent Evaluation Group

Currency Equivalents (Annual Averages)

Currency Unit = Kenyan Shilling (K Sh)

2007	US\$1.00	K Sh 67.60
2008	US\$1.00	K Sh 67.65
2009	US\$1.00	K Sh 76.58
2010	US\$1.00	K Sh 80.35
2011	US\$1.00	K Sh 91.20
2012	US\$1.00	K Sh 84.30
2013	US\$1.00	K Sh 87.35

Abbreviations and Acronyms

CBS	Central Bureau of Statistics
DFID	U.K. Department for International Development
GDDS	General Data Dissemination Standards
ICR	Implementation Completion and Results Report
IDA	International Development Association
IEG	Independent Evaluation Group
IMF	International Monetary Fund
KIHBS	Kenya Integrated Household Budget Survey
KNBS	Kenya National Bureau of Statistics
KODI	Kenya Open Data Initiative
NSS	national statistical system
PAD	project appraisal document
PPAR	Project Performance Assessment Report
SIMP	Strategic Implementation Master Plan
STATCAP	Statistical Capacity Building Program
TSU	Transition Support Unit

Fiscal Year

Government: July 1 – June 30

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This report was prepared by Ann Elizabeth Flanagan, Chad Leechor, and Swizen Rubbani, who assessed the project in June 2016. The report was peer reviewed by Rasmus Heltberg and panel reviewed by Robert Mark Lacey. Yezena Z. Yimer provided administrative support.

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Principal Ratings

	ICR*	ICR Review*	PPAR
Outcome	Moderately unsatisfactory	Moderately unsatisfactory	Moderately satisfactory
Risk to development outcome	Significant	Significant	Moderate
World Bank performance	Moderately satisfactory	Moderately unsatisfactory	Moderately satisfactory
Borrower performance	Moderately unsatisfactory	Moderately unsatisfactory	Moderately satisfactory

* The Implementation Completion and Results Report (ICR) is a self-evaluation by the responsible World Bank global practice. The ICR Review is an intermediate Independent Evaluation Group product that seeks to independently validate the findings of the ICR.

Key Staff Responsible

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IEG Mission: Improving World Bank Group development results through excellence in independent evaluation.

About this Report

The Independent Evaluation Group (IEG) assesses the programs and activities of the World Bank for two purposes: first, to ensure the integrity of the World Bank's self-evaluation process and to verify that the World Bank's work is producing the expected results, and second, to help develop improved directions, policies, and procedures through the dissemination of lessons drawn from experience. As part of this work, IEG annually assesses 20–25 percent of the World Bank's lending operations through fieldwork. In selecting operations for assessment, preference is given to those that are innovative, large, or complex; those that are relevant to upcoming studies or country evaluations; those for which Executive Directors or World Bank management have requested assessments; and those that are likely to generate important lessons.

To prepare a Project Performance Assessment Report (PPAR), IEG staff examine project files and other documents, visit the borrowing country to discuss the operation with the government, and other in-country stakeholders, interview World Bank staff and other donor agency staff both at headquarters and in local offices as appropriate, and apply other evaluative methods as needed.

Each PPAR is subject to technical peer review, internal IEG panel review, and management approval. Once cleared internally, the PPAR is commented on by the responsible World Bank country management unit. The PPAR is also sent to the borrower for review. IEG incorporates both World Bank and borrower comments as appropriate, and the borrowers' comments are attached to the document that is sent to the World Bank's Board of Executive Directors. After an assessment report has been sent to the Board, it is disclosed to the public.

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IEG's use of multiple evaluation methods offers both rigor and a necessary level of flexibility to adapt to lending instrument, project design, or sectoral approach. IEG evaluators all apply the same basic method to arrive at their project ratings. Following is the definition and rating scale used for each evaluation criterion (additional information is available on the IEG website: <http://ieg.worldbankgroup.org>).

Outcome: The extent to which the operation's major relevant objectives were achieved, or are expected to be achieved, efficiently. The rating has three dimensions: relevance, efficacy, and efficiency. *Relevance* includes relevance of objectives and relevance of design. Relevance of objectives is the extent to which the project's objectives are consistent with the country's current development priorities and with current World Bank country and sectoral assistance strategies and corporate goals (expressed in poverty reduction strategy papers, Country Assistance Strategies, sector strategy papers, and operational policies). Relevance of design is the extent to which the project's design is consistent with the stated objectives. *Efficacy* is the extent to which the project's objectives were achieved, or are expected to be achieved, taking into account their relative importance. *Efficiency* is the extent to which the project achieved, or is expected to achieve, a return higher than the opportunity cost of capital and benefits at least cost compared with alternatives. The efficiency dimension is not applied to development policy operations, which provide general budget support. *Possible ratings for Outcome:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

Risk to Development Outcome: The risk, at the time of evaluation, that development outcomes (or expected outcomes) will not be maintained (or realized). *Possible ratings for Risk to Development Outcome:* High, Significant, Moderate, Negligible to Low, and Not Evaluable.

Bank Performance: The extent to which services provided by the World Bank ensured quality at entry of the operation and supported effective implementation through appropriate supervision (including ensuring adequate transition arrangements for regular operation of supported activities after loan or credit closing, toward the achievement of development outcomes). The rating has two dimensions: quality at entry and quality of supervision. *Possible Ratings for Bank Performance:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, and Highly Unsatisfactory.

Borrower Performance: The extent to which the borrower (including the government and implementing agency or agencies) ensured quality of preparation and implementation, and complied with covenants and agreements, toward the achievement of development outcomes. The rating has two dimensions: government performance and implementing agency(ies) performance. *Possible ratings for Borrower Performance:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, and Highly Unsatisfactory.

Preface

This Project Performance Assessment Report (PPAR) assesses the Kenya Development of the National Statistical System Project, which was approved by the World Bank on March 20, 2007. The total project cost was estimated at US\$50.5million. A total of US\$11.7 was disbursed, while US\$8.8 million was canceled. The project underwent three level 2 restructurings without altering the project's objectives. The original closing date of the project, December 31, 2010, was extended by almost two years (21 months) to September 30, 2012, to facilitate the completion activities, including fieldwork on the Fifth National Sample Survey and Evaluation Program, and to activate the cancellation of the undisbursed balance of US\$8.8 million.

The report was prepared by Chad Leechor, consultant to the Independent Evaluation Group (IEG) and Swizen Rubbani, consultant to the IEG. The findings are based on a field visit to Kenya from June 14 to 25, 2016. The team met with the Kenya National Bureau of Statistics and all the participating agencies in the project. The team also conducted interviews with a broad range of users of statistics, including research institutions, government agencies, other development partners, and civil society organizations.

IEG is grateful for the excellent cooperation of all of the stakeholders and the support of the World Bank country office in Nairobi, Kenya.

Following standard IEG procedures, a copy of the draft report was sent to the relevant government officials and agencies for their review and feedback. No comments were received.

Summary

This project was initiated in September 2003 at the request of the government of Kenya. The government had prepared the Strategic Implementation Master Plan in data development to counteract a progressive decline of statistical institutions and capacity in the preceding two decades. At the time, a growing international consensus was emerging on the need for global action to promote better statistics among developing countries.¹ The World Bank agreed to provide the support, but the support was delayed for several years due to external events. In March 2007, an International Development Association credit of US\$20.5 million was approved for the Development of the National Statistics System Project (also known as the Statistical Capacity Building Program [STATCAP]). It closed in September 2012.

The objective of the project was “to establish a sustainable national statistical system to provide reliable, timely and accurate data in accordance with international standards.” (World Bank 2007, 8). It was well aligned with the priorities of the government, both at the time of appraisal, as stated in the Investment Program for the Economic Recovery Strategy for Wealth and Employment Creation, and at closure as mentioned in the Second Medium-Term Plan. It was also consistent with the partnership strategies of the World Bank with Kenya over the relevant period. The relevance of objectives is substantial.

The design of the project was based on the comprehensive and integrated approach developed under the multidonor STATCAP administered by the World Bank. It encompassed institutional reforms to create an autonomous agency with clear mandates, training, and technical assistance to enhance managerial and professional skills as well as statistical infrastructure and information and communication technology equipment. The project provided a convincing results framework that spelled out the causal chains linking project-supported activities to the intermediate and final outcomes. There was, however, one shortcoming: the assessment of external events and risks viewed the prevailing fiduciary risk as one of capacity limitation rather than a misalignment of incentives.² Nonetheless, the relevance of design is, on balance, substantial.

The project was largely implemented as designed but was beset by delays. Before project approval, the World Bank suspended new operations in Kenya because of concerns about governance. Later, the country suffered civic strife involving an outbreak of violence. By the time the project gained traction, it was already years behind schedule and needed restructuring. Further delays were experienced as a result of inadequate record keeping and irregularities in procurement. Most activities were carried out, but two extensions of the closing date were needed.

The outcome of the project is rated moderately satisfactory, compared with a moderately unsatisfactory assessment in both the Implementation Completion and Results Report

¹ See for example PARIS21, URL: <http://www.paris21.org/about>.

² Since the World Bank suspended operations in Kenya in 2006 because of inadequate corruption control, the project appraisal document, which was presented to the Board less than a year later, should have recognized the risk of corruption more explicitly in such a governance environment/

(ICR) and the ICR Review by the Independent Evaluation Group (IEG). At the time of the ICR (May 2013)—eight months after the project closed—progress was rated modest on two of the objectives (accessibility of data and accuracy) and substantial on the third (timeliness). Since then, however, substantial progress has been made as the implementing agency, the Kenya National Bureau of Statistics (KNBS), continues to achieve the goals of the project. By June 2016, all three objectives had been substantially achieved.

Accessibility of data was advanced by a new dissemination framework put in place by the new KNBS management. As a result, most official statistics are available online and usable as envisaged by the project, including historical data and anonymized microdata sets. KNBS has also embarked on an ambitious outreach program to engage the media and communicate with data users. Today, Kenya is one of the most advanced countries in Africa in terms of open access to official data.

The coverage of source data has been enlarged by more frequent and regular surveys and by an updated registry of business establishments. Available administrative data are now being used to a greater extent, including value-added tax records, crop and livestock data, and insurance data from regulators. Statistical techniques have been substantially improved, with the updating of base years for most data sets, the introduction of supply and use tables for data validation, and regular revision studies, which are communicated to data users.

Data are released in a timelier manner. As noted in the ICR Review, lag times were reduced as envisaged in producing the full range of national account aggregates and data on banking institutions (World Bank 2013). Thereafter, further progress has been made, with the principal publications—the Annual Economic Survey and the Statistics Abstract—now being available within five months, as stipulated by the program.

The additional progress made since the ICR is largely attributable to the STATCAP project. First, the new KNBS management was pursuing the goals established under STATCAP in a deliberate effort to rectify the shortcomings noted in the ICR. Second, key managers responsible for the progress were recruited and brought into the KNBS with funding support from STATCAP. Third, the improvements in methodologies and technologies acquired under STATCAP primarily accounted for the implementation of International Monetary Fund recommendations made in 2005 under the Report on the Observance of Standards and Code (Data Module).

No standard cost-benefit analysis was presented in the project appraisal document or ICR. It was argued that statistics is not amenable to pricing and cost recovery. Nor was any attempt made to gauge “value for money” through a comparative cost analysis. There were, moreover, considerable operational and administrative inefficiencies. Efficiency is rated modest.

With substantially relevant objectives and design and with all the objectives substantially achieved but with modest efficiency, the outcome of this project is rated moderately satisfactory.

The risk to development outcome was rated significant by IEG at the time of the ICR Review. Since then, however, major changes have occurred at the national and agency level. At the national level, the new government, operating under the new 2010 constitution, has devolved most responsibilities and revenue to subnational authorities, thereby highlighting the central role of data in the determination of expenditures and revenue sharing, among other things. As principal provider of official statistics, the KNBS and other data producers have benefited from increased recognition. At the agency level, KNBS now has a new management after some of the top executives in charge during project implementation were removed from office in 2013. The new management has striven to improve the sustainability of outcomes. When the Statistics Program-for-Results operation was appraised in 2015, World Bank staff also found significant improvements in financial management and procurement practices. The risk to development outcomes is rated moderate.

Quality at entry is rated moderately satisfactory. The institutional reforms were well targeted and appropriately sequenced, with the Statistics Act promulgated before the project was effective. The capacity building agenda was comprehensive and integrated. The commitment of the government and participating agencies was firm. However, fiduciary risk was understated, and the design of monitoring and evaluation did not adequately capture some of the outcomes.

Supervision was also mostly adequate. It was carried out as planned with an appropriate mix of skills on the team, including staff from World Bank headquarters and from the country office. A midterm review was conducted as scheduled, paving the way to one of three rounds of restructuring. Implementation of the main capacity building agenda improved after the midterm review, despite slow disbursement and modest progress on the data dissemination framework. The project team could have shown greater candor, however, with respect to the role of KNBS management in questionable procurement practices, rather than attributing the practices to inadequate capacity of staff. The project team could also have considered undertaking a deep restructuring—one that involved a change of objective or implementing agency. Supervision and overall World Bank performance are rated moderately satisfactory.

The government provided full support and an enabling environment for the project, including ensuring the passage of the Statistics Act by parliament and the institutional reforms needed to create a focused and autonomous statistics agency. However, the project suffered from poor fiduciary compliance on the part of the project management team (the Transitional Support Unit) throughout implementation. The KNBS management did not implement the agreed data dissemination framework. However, after project closure, key members of that management were removed from office; the new management moved swiftly to undertake reforms that advanced project objectives. It also upgraded the practice of financial management and procurement. In light of recent improvements, the performance of the implementing agency is rated moderately satisfactory, as is the overall borrower performance.

The design of the monitoring and evaluation system was narrowly targeted and missed some dimensions of quality, including relevance of data, methodological soundness, and the integrity and confidentiality of the data production. The design also included

indicators that were not available and not applicable to the project, including Millennium Development Goals and International Development Association 14th replenishment targets. The system was implemented as designed and was used for tracking results by the government and the implementing agency. The World Bank's project team, however, did not refer to the monitoring and evaluation system until the last supervision mission in June 2012. The quality of monitoring and evaluation is rated modest.

This project offers useful lessons applicable to both capacity building in statistics:

- Ensuring institutional reforms, both corporate and legal, were in place before project implementation and capacity building efforts begin was an important element of success in Kenya and could be the standard approach to statistical capacity building efforts.
- Establishing Sector Working Groups (also known as interagency working groups) as a coordinating mechanism proved useful and durable in Kenya and could have wider applicability. Such groups served as a conduit for KNBS to coordinate work programs, convey priorities, and uphold standards in relation to other ministries, departments, and agencies in the national statistical system. The follow-on Statistics Program-for-Results operation has chosen to continue with this arrangement.
- Designing a monitoring and evaluation system capable of measuring progress toward project objectives and able to collect the underlying data is essential. This project did not develop such a system. As a result, its progress reports during implementation mainly relied on administrative data and fell short of expectations.

The experience of this project also points to a broader lesson beyond statistical capacity building. The project shows that corruption, even at a small scale, can do large damage. Corruption delayed progress and derailed major tasks. At project closure, the results were less than satisfactory.

- When the risk of corruption is identified, the mitigation measures need to be realistic and targeted. In the case of this project, World Bank staff maintained that the fiduciary risks were due to capacity limitations. But this view was not corroborated by experience. Providing technical assistance to enhance capacity, as was done under this operation, is not a solution. At a minimum, the project needs to be staffed with anticorruption specialists.

Marie Gaarder
Acting Director
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Independent Evaluation Group

1. Background and Context

1.1 In the early 2000s, Kenya's statistical institutions were in decline. According to the project appraisal document, "the capacity of Kenya's National Statistical System [NSS] to produce timely, high quality and relevant statistical information had deteriorated over the two decades prior to the project" (World Bank 2007, 3).³ Among the causes identified at the time were:

- declining budgetary support for the production and dissemination of statistics,
- inadequate professional staff at the management and technical levels,
- dilapidated statistical infrastructure and information and communication technology equipment, and
- loss of relevance due to inadequate engagement with users.

1.2 The government of Kenya also recognized the need for change. To revitalize the statistical system, the government prepared a five-year strategic plan for the NSS and a Statistics Bill, both of which were approved by the cabinet in December 2003. These initiatives included a consultative process that involved participation of nongovernmental organizations, the private sector, research institutions, and external partners (including the European Union, United Nations agencies, the U.K. Department for International Development [DFID], the U.S. Agency for International Development, and other bilateral partners). In addition, the government drafted a Strategic Implementation Master Plan (SIMP), which included a results-based program of priority activities designed to meet the medium-term objectives of the strategic plan. The Statistics Bill was enacted by parliament in July 2006 and endorsed by the president in August 2006. The new legislation provided a coherent legal framework for the entire NSS and set out the roles and responsibilities of data-producing agencies. It also established the autonomous Kenya National Bureau of Statistics (KNBS) to focus on data production and limit the risk of political interference.⁴

1.3 Meanwhile, the demand for statistics by both the general public and the government was rising. Expanded freedom of the press and coverage of socioeconomic issues broadened public awareness of the value of good information. The government also started evidence-based policymaking and the monitoring of development results, including the Millennium Development Goals. For example, the Investment Program for the Economic Recovery Strategy for Wealth and Employment Creation (IP-ERS), adopted by the government in 2004, aimed to track performance by setting targets for public sector institutions, including

³ The Kenya NSS is defined to include all data-producing agencies in Kenya, whether governmental or nongovernmental.

⁴ As a public agency, the KNBS receives budgetary allocations from the government but maintains an operational autonomy, with the freedom to set its own work program, development expenditures, and personnel policies.

state-owned enterprises.⁵ And since the new constitution took effect in 2013, data requirements of regional governments have grown exponentially.

1.4 The government requested assistance from the World Bank for rolling out its SIMP for statistics in 2004. Already established was the multidonor Statistical Capacity Building Program (STATCAP)—a pool of resources that would eventually support statistical capacity-building projects in 14 countries across all World Bank Regions. The goals of STATCAP were to support the needs Kenya had identified. By helping the government focus on results and improve data quality, the World Bank hoped to contribute to debates on public policies and the accountability of public services.

1.5 The STATCAP project in Kenya was initially expected to be financed by an International Development Association (IDA) credit of US\$20.5 million equivalent and to operate for six years from 2004 through 2010. But external events intervened and delayed the presentation of the project to the Board of Executive Directors until 2007 (see section 3). In the interim, the government drew on a project preparation facility of about US\$2 million and a grant of £ 6.5 million DFID to cover the cost of activities under the SIMP.⁶ In addition, in August 2015, three years after the STATCAP project closed, the World Bank approved a US\$50 million follow-on project: the Kenya Statistics Program-for-Results.

2. Objectives and Design

Objectives

2.1 The project appraisal document (PAD) states the objective of the project is “to establish a sustainable NSS to provide reliable, timely and accurate data in accordance with international standards.” (World Bank 2007, 8). The statement of objectives in the development credit agreement (World Bank 2006, 20) is the same.

2.2 The objective remained unchanged through three level 2 restructurings, which involved two extensions of the closing date and a cancellation of the unused credit balance. For the purpose of this evaluation, the objective can be represented by three subobjectives (or dimensions) as indicated in the results framework (World Bank 2007, annex 6):⁷

1. Accessibility (or quality of dissemination)
2. Accuracy and reliability
3. Timeliness (or serviceability)

⁵ In 2003, the government prepared the IP-ERS that recognized the importance of evidence-based policy making. The monitoring and evaluation of IP-ERS implementation required production of timely, comprehensive, reliable, and accessible statistics.

⁶ A project preparation facility is essentially an advance on the IDA credit under preparation.

⁷ The results framework was first set out in the STATCAP founding document (World Bank 2004) and adopted by individual country-based programs.

Relevance of Objectives

2.3 The objective of providing reliable, timely, and accurate data in accordance with international standards is well aligned with the World Bank Group strategies and government priorities, both at appraisal and at closing.

2.4 Creating an independent NSS that produces reliable and timely statistics was a priority for the government, which sought to improve evidence-based policy making in guiding major government policies. At the time of appraisal, the government's poverty reduction strategy, officially known as the IP-ERS covering the period 2003–07, identified a key area of priority: the development of a sound NSS that would provide reliable, relevant and timely statistics for monitoring and evaluation. At closure, the government's Second Medium-Term Plan (2013–17) stressed the need to fill data gaps and strengthen the NSS to support planning and monitoring and evaluation of government policies and programs.

2.5 The World Bank's 2004–08 Kenya Country Assistance Strategy, current at the time of appraisal, sought to improve transparency in budget reporting, increase access to public information, and improve the quality of survey and administrative data. It aimed to achieve this by supporting the NSS. The objectives were also consistent with the 2010–13 country partnership strategy, which highlighted numerous data requirements needed to ensure progress on priority policies, including, among other things, a robust and systematic set of gender-disaggregated baseline data in agriculture and related sectors and data on youth unemployment to support youth interventions.

2.6 Although the objective is well aligned with both government and World Bank priorities, it differs somewhat from the key goals of the government's SIMP on data development.⁸

2.7 The relevance of the objective is nonetheless rated **substantial**.

Project Design

2.8 The operation encompassed six components:

2.9 **Component A: Organizational Development and Governance (US\$0.45 million).**⁹ This component was designed to support a comprehensive restructuring of the Central Bureau of Statistics (CBS)—the precursor of KNBS—to create a modern autonomous government agency with a clear mandate and with professional management and technical staff. It aimed at creating institutional capacity able to support the formulation and implementation of national policies, including monitoring and evaluation of the IP-ERS. This component also supported the development of new legislation to improve coordination

⁸ The project objectives do not explicitly include such goals of the SIMP as relevance of data and accountability of the NSS.

⁹ The amount in parenthesis indicates the original allocation made to each project component before project restructuring was undertaken.

of statistical activities carried out in different ministries, departments, and agencies: the Statistics Act.

2.10 Component B: Human Resource Development (US\$3.3 million). The staff of KNBS and ministries, departments, and agencies was to be trained to apply new statistical standards and methodologies, including collection and analysis of official statistics and new managerial practices.

2.11 Component C: Development of Statistical Infrastructure (US\$1.5 million). This component provided the specialized statistical infrastructure to strengthen data collection, processing, analysis, and dissemination. It supported the compilation and maintenance of (i) a revised and updated central business register of establishments; (ii) a national master sampling frame for household-based censuses and surveys; (iii) a compendium of concepts, definitions, and methodologies for application in statistical analysis; and (iv) economic and social classifications.

2.12 Component D: Data Development (US\$6.0 million). This component financed the adaptation of internationally accepted standards and methodologies in data collection, compilation, and validation. It supported development of sectoral statistics, including demography, civil registration, health, education, poverty, national accounts, employment, public administration, judiciary, law and order, agriculture, tourism, and transportation. It also assisted activities aimed at (i) raising awareness of statistical data among data users; and (ii) developing a data access and dissemination policy in line with international good practice.

2.13 Component E: Physical Infrastructure and Equipment (US\$5.1 million). This component provided computers and networking equipment, transport and survey equipment, and office furniture for KNBS and ministries, departments, and agencies. The acquisitions were meant to enhance access to information technologies, connectivity, and storage systems.

2.14 Component F: Project Management (US\$3.93 million). This component supported management and coordination of the project. It financed technical assistance, consultant services, operating costs, logistics, and equipment needed by the project's Transition Support Unit (TSU), which was housed on the premises of the KNBS.

Relevance of Design

2.15 Among the key considerations of design were the following:

- The statement of objectives is clear, but complex and multidimensional, involving quality standards and an institutional framework to ensure sustainability. The results framework and causal chains are adequate in reflecting some, but not all, of the relevant dimensions of the objectives. Quality improvements are adequately captured in some dimensions, including reliability and timeliness, but not in others, such as relevance and cost-effectiveness.

- The outcomes envisaged are well supported by project activities and clear causal chains. The objective of accessibility, for example, is to be advanced by improved communications (component D) and better staff access to information and communication technology equipment (component E). Similarly, the objective of data accuracy and reliability is related to the updating of source data, including a new business registry and new surveys, the upgrading of professional skills (component B), and the use of common concepts and definitions (component C). The objective of timeliness is supported by better technologies and an emphasis on scheduling of data production and release backed by management support. The achievement of overall results was to be facilitated by the collaboration of KNBS and ministries, departments, and agencies under the mechanism of Sector Working Groups, which were to coordinate activities, set priorities, and promote standards. However, the results framework is not well represented by the monitoring and evaluation system, which does not stipulate adequate metrics for institutional improvements.
- The assessment of risk and external factors was uneven. The project team recognized that capacity limitations posed a significant risk to fiduciary compliance.¹⁰ Procedural safeguards and technical support were provided. The risk of corruption, however, was understated with a moderate rating, and no special mitigation measures—other than capacity enhancement—were envisaged. This assessment was in sharp contrast to the World Bank Group’s decision, made in early 2006 (about a year before the time of Board of Executive Directors approval), to suspend new operations in Kenya because of serious governance concerns.

2.16 Although there was scope for improvement, the relevance of design is rated **substantial**.

3. Implementation Experience

3.1 The project was part of the World Bank’s broader STATCAP, approved by the Board in 2004. Under the program, individual countries were to obtain separate loans or credits to support their national statistical capacity building activities. These loans were to be appraised under normal investment lending procedures. The STATCAP was designed to enable countries to make transformative improvements in statistical capacity, including the most urgent statistical activities, and long-term institutional reforms.

3.2 At appraisal, the total project cost was estimated at US\$ 50.5 million, to be financed by an IDA credit of US\$20.5 million and a government contribution of US\$30.0 million. The actual project cost is unknown due to inadequate record keeping as discussed in the “Fiduciary Compliance” section. What is known is that of the US\$20.5 million IDA credit, US\$11.7 was disbursed and US\$ 8.8 million was canceled. In addition, a grant of £ 6.5 million from the DFID (approximately US\$10.0 million at the exchange rate prevailing in 2012) was also fully disbursed to support project activities.¹¹ The contribution of the

¹⁰ PAD, page 18, para 42

¹¹ Based on an average annual exchange rate of £ 0.656 to US\$1, according the U.S. government.

government is unknown. Overall, the known cost of the project was US\$21.7 million (US\$11.7 million of IDA credit and US\$10.0 million of DFID grant).

3.3 Preparatory work began in April 2004, supported by a US\$2 million of project preparation facility and parallel funding from DFID. However, due to unexpected developments, the anticipated IDA credit was delayed for several years (see the “Challenges and Remedies” section). Activities of the early years (2004–07) were thus supported primarily by DFID and included upgrading of computers, printers, and photocopying equipment for KNBS; the production of the Kenya Integrated Household Budget Survey (KIHBS); the first survey in Kenya on people with disabilities; and poverty research using the KIHBS data. After 2007, as the IDA credit came on stream, DFID funding was used to provide support for the communications and publicity of the 2009 census and for sponsoring an in-country statistician to work on STATCAP with KNBS.

Challenges and Remedies

3.4 In February 2006, before the STATCAP project was presented to the Board, World Bank management suspended new operations in Kenya on account of deteriorating governance. The project was not approved until March 2007. By the time it became effective in August 2007, Kenya’s political campaigns for national elections were in full swing. As it turned out, the elections of December 2007 witnessed widespread irregularities, as reported by international observers, and were followed by mass protests that sparked violence across the country. Civic strife and unrest disrupted planned STATCAP activities including censuses. The project did not get back on track until the power-sharing arrangement, under the auspices of the United Nations, took effect in March 2008.

3.5 At the time of the scheduled midterm review in December 2009—two and a half years after the project became effective—implementation had barely begun. According to an aide-mémoire of February, 2010, the disbursement level of the IDA credit was at 17 percent, with the implication that by the scheduled closing date (December, 2010), it would not exceed 30 percent.¹² Nonetheless, as the aide-mémoire noted, progress was being made on capacity building, including institutional reforms, data coverage, timeliness, and reliability of official statistics.

3.6 The project underwent three level 2 restructurings without the altering of objectives. The first restructuring was decided during the midterm review to facilitate the completion of urgent activities, including:

- the new master sampling frame based on the 2009 Housing and Population Census,
- the second round of the KIHBS, and
- the Census of Industrial Production and Integrated Survey of Services.

3.7 The restructuring took place in December, 2010, with the following changes: (i) reallocation of special drawing rights of 1.06 million (US\$1.55 million equivalent) from the

¹² The midterm review was conducted between November 23 and December 4, 2009, primarily in Nairobi.

category Goods to Consultant Services and Audits as well as a reallocation of special drawing rights of 0.90 million (US\$1.30 million) from Operating Costs to Training and Workshops; (ii) extension of the closing date from December 31, 2010, to June 30, 2012; and (iii) amendment of the Credit Agreement to allow 100 percent IDA financing.

3.8 The second restructuring, undertaken in June 2012, extended the closing date by three months to September 30, 2012, to allow the government to complete the fieldwork on the Fifth National Sample Survey and Evaluation Program (NASSEP V) and to install the Enterprise Resource Program. The third restructuring was undertaken in September 2012 to activate the cancellation of the undisbursed balance of US\$8.8 million.

3.9 As the project drew to a close in June 2012, the task team saw much progress and acknowledged important shortcomings. A key accomplishment was the institutional reforms with an autonomous and fully functional national statistical office, along with the practice of interagency coordination through the Sector Working Groups. Production time for all major data sets (national accounts, balance of payments, public finance, and money and banking) had been reduced and met the targets of the General Data Dissemination Standards (GDDS). In addition, progress toward the project's development objectives was also considerable, with most of the indicators meeting the targets set, as discussed in section 4. However, significant shortcomings were also evident, especially with respect to the framework for data dissemination, including the nonrelease of microdata sets (appropriately depersonalized), and the chronic financial management and procurement problems at the TSU.¹³

Compliance with Fiduciary Policies

3.10 During project preparation, the capacity for financial management and procurement of the newly formed KNBS (previously a unit in the Ministry of Planning and National Development) was deemed very weak. To ensure effective implementation, the World Bank helped set up a TSU, consisting of a project manager, financial management specialist, procurement specialist, and technical manager, and put implementation manuals in place. Internal management control was to be carried out by KNBS, and external audits were to be performed by the government's Auditor General. In addition, implementation support missions were to be carried out jointly by the World Bank, other donors, and the government on a regular basis.

3.11 Nonetheless, actual compliance with the World Bank's fiduciary policies was modest. For the most part, the TSU failed to maintain adequate internal control of the financial management system. For example, in December, 2010, the external auditor noted that imprests totaling more than K Sh 21 million were not accounted for and that a discrepancy of more than K Sh 8 million was found between the project's cash book records and bank statements. A qualified opinion was issued for the fiscal year 2009–10. The supervision mission of September, 2011, nine months before the scheduled closing date, concluded that financial management was inadequate (and thus rated moderately unsatisfactory), while the

¹³ Aide-mémoire, June 4–8, 2012, para 10, page 3 and para 14, page 4.

financial management risk was substantial. The aide-mémoire for the last supervision mission (June 2012) noted that financial management (as well as procurement) practices remained problematic.

3.12 In fact, the confusion left by the TSU was such that the KNBS was unable to provide essential project information, such as total project cost, actual cost by component and government contribution to the project. When the TSU was disbanded at project closure, a large number of invoices and receipts remained questionable and not eligible for reimbursement from the IDA credit. The World Bank's project team could not complete statistical annexes required in the Implementation Completion and Results Report (ICR).

3.13 The TSU's procurement performance was equally unsatisfactory throughout implementation (from August 2007 to September 2012). Among the issues noted by World Bank procurement specialists were (i) poor record keeping and filing, (ii) inappropriate procedures used to award contracts, (iii) contracts awarded outside the approved procurement plan, and (iv) inconsistent applications of the procurement plan. At times, key activities were delayed or aborted because of procurement issues. For example, the aide-mémoire of June 2012 reported the rejection by the KNBS tender committee, due to improper selection procedures, of a proposed contract to purchase a large number of netbook computers. Without the netbook computers, the fieldwork under a NASSEP could not be completed in time for a follow-on KIHBS.

4. Achievement of Objectives

4.1 The outcomes envisaged in the development objectives were improvements in:

- accessibility or quality of the data dissemination framework,
- accuracy and reliability of data, and
- timeliness.

Outputs

4.2 Outputs supported the achievement of all three subobjectives and are discussed below.

4.3 Despite the challenges encountered and the cancellation of US\$8.8 million, most of the expected broad range of outputs were delivered, including, for example, KNBS's completion of staff transition process (September 2012) and most of the stipulated sampling

surveys and updating of business registers (Sept 2012).^{14,15} The outputs, however, varied by agency and component, as documented in the ICR (World Bank 2013).

4.4 An important output was the creation of the Sector Working Groups, with membership drawn from ministries, departments, and agencies with responsibility in data production, and the practice of regular meetings of group members. Although they were not visible and did not represent a result in themselves, the Sector Working Groups played a key role in helping ministries, departments, and agencies (i) develop adequate work programs; (ii) comply with required standards; and (iii) improve coordination across agencies.

4.5 Cross-cutting institutional reforms, supported by the World Bank and DFID, were meant to facilitate the achievement of the project's objectives. Progress on institutional reforms was extensive and well recognized by the time of project closure. The Statistics Act of 2006 clarified the role of KNBS as principal producer of statistics with mandates to set standards and collect, compile, analyze, publish, and disseminate official data. It also established KNBS as an autonomous government agency responsible for coordination of the NSS. The constitution of 2010 further defined statistics as a shared function between the national and county governments, with the counties responsible for statistics within their own jurisdiction with coordination of KNBS.

4.6 Within KNBS, the project supported the creation of a new enterprise architecture better suited for a statistical agency, which included six directorates, one director general, and an independent board of directors responsible for setting strategic priorities. As an autonomous public sector agency, KNBS budgetary allocations became better aligned with its agenda and work programs, but they were still susceptible to the exigencies of public finance. Human resources became better dovetailed with the skill requirements of data production and analysis, but the salary scale remains constrained by the relatively low ranking of the agency within public service, making it a challenge to recruit qualified candidates to fill the vacancies.

4.7 The practice of regular consultations and coordination through the interagency Sector Working Groups was also a key cross-cutting result that contributed to all the particular subobjectives. This mechanism served as a channel for communications on developing work programs, setting priorities and upholding professional standards among participating ministries, departments, and agencies. The decision of participating agencies to maintain the structure and continue the practice of regular meetings under the follow-on Statistics Program-for-Results operation is a testimonial to the usefulness of this arrangement.

4.8 A clearer mandate, greater operational autonomy, better enterprise architecture and management, and stronger collaboration among data producers have improved both the

¹⁴ As noted in Section 3, a large number of purchases made under the project were not supported by adequate documentation and therefore not approved by Bank staff. The implementing agency was generally able to acquire the goods and services with its own funds, but was later unable to receive reimbursement from the Bank. Disbursement thus lagged behind actual implementation and projected use of funds. At the scheduled closing date, the unused credit balance was canceled. By default, the government ended up absorbing a larger share of the project cost.

¹⁵ See Annex 2: Outputs by Component, page 38 of the ICR.

public support and the sustainability of KNBS. Progress on institutional reforms supported achievement of each of the project's subobjectives.

4.9 Some key outputs did not materialize, including the following:

- Capacity building by the TSU. In 2004, the TSU was given one year to build project management capacity at KNBS through on-the-job training of relevant staff. No results were delivered, and the TSU did not make itself redundant. Instead, it remained in existence and was able to renew its contract until the project closed in 2012. In addition, the KNBS management gave the TSU a special bonus when the project closed.
- The KIHBS II and NASSEP V remained incomplete despite two extensions of the closing date. Both initiatives were derailed by procurement irregularities.

Subobjective 1: Accessibility of Data

4.10 At closure (September 2012), much progress in data dissemination had already been made. All of the completed surveys supported by the project were published and made available to the public. With the help of the project, the KNBS was able to establish and maintain a statistical portal with access to a broad range of (current and historical) data, including leading economic indicators (monthly), gross domestic product (quarterly), multiple indicator cluster survey reports, population, health, education, and business climate.¹⁶

4.11 The data dissemination framework, however, did not meet the goals envisaged. Survey results were mainly published in hard copy only, with some broad aggregates available online, and they were in formats that most users found difficult to handle (for example, Data Documentation Initiative or Resource Description Framework formats). No microdata sets were made available in any form. As a result, the achievement of this objective was rated modest in 2013. But in 2015, with a new management at KNBS, the data dissemination framework changed dramatically.¹⁷ Since then, an expanding volume of statistics has been posted online, including past publications going back to the 1960s. Today, the KNBS website offers extensive survey results, together with the microdata sets (appropriately anonymized) available for download, including many outputs of the STATCAP project:

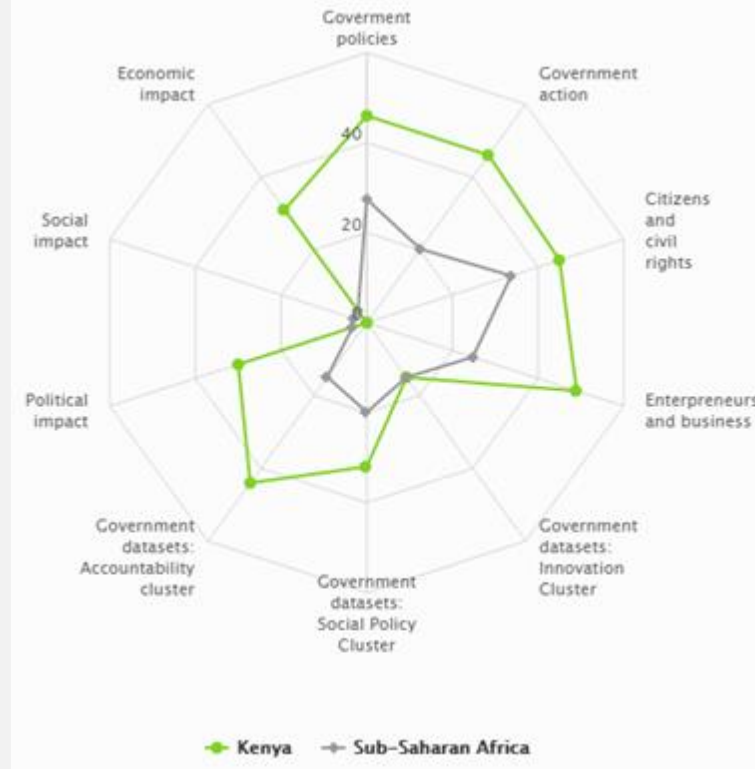
- National Housing Survey
- Informal Cross-Border Survey (2011)
- Integrated Services Survey (2011–12)
- Survey of Dwellings (villas, cottages, campsites and apartments; 2010)
- 2009 Population and Housing Survey (2009)

¹⁶ <http://www.knbs.or.ke/>

¹⁷ A key senior executive was suspended in 2013 and a deputy was serving in an acting capacity. The transformation of dissemination policy, however, did not occur until the deputy was confirmed.

4.12 In addition, the KNBS has launched an ambitious and media-focused outreach campaign to raise public awareness of KNBS and its data. With the help of the World Bank through the 2015 Kenya Statistics Program-for-Results Project, the KNBS has established a strong presence in social media (Facebook and Twitter), offered more user friendly publications, and redesigned its website to make it easier to navigate and find the desired contents.¹⁸ Today, Kenya is among the most advanced African countries in terms of open access to official statistics, as illustrated in figure 4.1.

Figure 4.1. Open Access to Official Data: Comparison of Kenya versus Africa



Source: WWF 2015.

4.13 Outcomes and outcome indicators for the first subobjective are summarized in table 4.1. Of the four indicators relevant to data dissemination, three were achieved by mid-2016 (when this report was being prepared) and one (calling for annual reporting on IDA 14 sector outcomes, which weren't required of member countries) was subsequently determined to be not applicable. These indicators, however, do not fully convey the achievement of the objective and reflect a weakness in the design of the monitoring and evaluation system, as discussed below.

¹⁸ There is still room for further improvement. For example, some of the online data, such as the censuses of industrial production and foreign investment, do not include microdata sets. The Economic Survey and other sectoral data on the website are only available in PDF format (which is not easily machine readable and does not allow data selection by the user). There is also scope to clarify the contents of metadata as well as the terms of use.

Table 4.1. Outcome and Indicators of Subobjective 1: Accessibility

Outcome or Indicator	Baseline	Target	Actual as of August 2016
Outcome: Timely dissemination of reliable data to the users for the periodic national publications.			
(1) Lag time to report the Economic Survey and annual Statistics Abstract	24 months; Statistical Abstract with coverage gaps	12 months; prompt release of Statistical Abstract	5 months
(2) Lag time to release data with metadata and findings	Data released, with delays	12 months	6 months; all data posted promptly
Outcome: Timely updates of information on the IDA 14 outcomes and MDG indicators.			
(3) Lag time to provide reports on IDA 14 sector outcomes	Data not collected	3 months	n.a.*
(4) Lag time to provide online report on MDG targets	—	12 months	12 months

Source: IEG.

Note: *Member countries were not responsible for reporting outcomes of IDA 14 indicators. MDG = Millennium Development Goal.

4.14 The progress made on data dissemination since 2012 can be in large measure attributed to the STATCAP project for the following reasons:

- The change in data dissemination framework in 2015 is a policy action called for by the first subobjective (accessibility of data) of the project.
- No other development partners (other than DFID, which cofinanced the project) have supported this policy action or pursued the same project objective during the relevant period (that is, since the project was approved in 2007 until 2015).¹⁹
- The key managers responsible for the progress made, including the current chief executive of KNBS, were recruited and brought into the agency with funding support from STATCAP.

4.15 The achievement of this objective is rated **substantial**.

Subobjective 2: Accuracy and Reliability

4.16 When the project closed, much progress had been made toward this subobjective as presented in the ICR and validated by the Independent Evaluation Group (IEG) in the ICR Review, but a few weaknesses remained, with efficacy rated modest. Since then, however, the reliability of data has continued to improve, as indicated by the following:

- expanded coverage of source data as recommended by the International Monetary Fund (IMF; all IMF recommendations mentioned in this section were made in 2005), with more major surveys being conducted on a regular basis, including integrated

¹⁹ The follow-on World Bank project (the 2015 Statistics Program-for-Results), appraised and approved in 2015, is helping maintain the dialogue and reform agenda.

survey of services, foreign investment survey, census of industrial production survey²⁰

- an updated register of business establishments as recommended by the IMF²¹
- introduction of the Supply and Use Table to facilitate the assessment and validation of data, also recommended by the IMF (IMF 2005)
- better use of administrative data as recommended by the IMF, including value-added tax records from the Kenya Revenue Authority, crop and livestock data from the Ministry of Agriculture, and insurance data from the Insurance Regulatory Agency²²
- compilation of national accounts on the 2008 System of National instead of System of National Accounts 1993, with the addition of input/output table and the social accounting matrix;²³ quarterly national accounts data has become available
- use of more up-to-date NASSEP V, which was unfinished at the time of the ICR
- regular revision studies carried out by KNBS since 2014, with findings reported to the public through its website.

4.17 As also recommended by the IMF in its 2005 Reports on Observance of Standards and Codes, KNBS has upgraded balance of payments statistics by amending the coverage of transactions between residents and nonresidents. A key step has been to undertake annual Foreign Investment Surveys to support the construction of estimates for International Investment Position. Furthermore, the base year for trade data is now 2010, instead of 1980. The delays in most surveys and trade data have also been reduced.

4.18 In general, statistical techniques have been upgraded with extensive training of professional staff and readily available statistical software. As mentioned above, the use of supply and use tables, the input/output table and the social accounting matrix has improved adjustments for undercoverage. The periodicity of most data sets has improved. For example, fiscal data is now published on a quarterly basis. Data on money and banking is on a monthly basis with just one month delay. In addition, today the KNBS is ISO certified.

4.19 The achievement of this objective is rated **substantial**.

Subobjective 3: Timeliness

4.20 This objective had already been substantially achieved by project closure in 2012, as reported in the ICR and validated by IEG in the ICR Review. No reversals or slippages occurred between then and mid-2016. On the contrary, further progress has been made, as the principal publications—the annual Economic Survey and the Statistics Abstract—are now available within five months (Table 4.2).

²⁰ See page 3, first paragraph of IMF 2005.

²¹ See page 15, first bullet under National Accounts of IMF 2005.

²² See page 2, Section II. A, paragraph 2 of IMF 2005.

²³ See page 10, Information on the Revised National Accounts in KNBS 2014. KNBS also provided additional information through correspondences with IEG.

4.21 Four indicators measure the time lag in producing different categories of statistics consistent with the guidelines set out in the IMF's GDDS. The time lag in producing national accounts statistics according to the guidelines was cut from about two years at appraisal to 9 months when the project closed. Statistics on government finance and debt saw a reduction in production time through the introduction of quarterly data, which were released in 3 months. The delay for monetary and banking data was shortened from 3 to 4 months to 1 month. The delay for trade and balance of payments data was cut from 12 months to 5 months for annual data and to 3 months for monthly data.

4.22 The achievement of this objective is rated **substantial**.

Table 4.2. Outcome and Indicators of Subobjective 3: Timeliness

Outcome or Indicator	Baseline	Target	Actual on August 2016
Outcome: The NSS meets the standards of the GDDS comprehensive framework with regard to periodicity and timeliness of reporting on (i) the national accounts; (ii) central government operations; (iii) monetary and banking surveys; and (iv) balance of payments.			
(1) Lag time to produce NAs and balancing items, real and nominal, per GDDS.	24 months to produce; data not up to date; CPI to be updated	10–14 months	9 months
(2) Lag time to produce data on central government finance, per GDDS.	9 months; to adopt the GFS 2001 manual	6–9 months	9 months (annual); 3 months (quarterly)
(3) Lag time to produce data with the coverage of all banking institutions, per GDDS.	3–4 months; (the PAD incorrectly put it as 1 month)	2–3 months; release of monthly banking data	1 month
(4) Lag time to produce data on the main aggregates and balancing items of the BoP, per GDDS.	12 months for annual balance of payments	6–9 months; better coverage and measure of BoP	9 months and 3 months

Source: IEG.

Note: BoP = Balance of Payments; CPI = Consumer Price Index; GFS = Government Financial Statistics; NA = National Accounts; PAD = project appraisal document.

5. Efficiency

5.1 No cost-benefit analysis was presented in the PAD or ICR. Nor was there any attempt at a comparative cost-effectiveness exercise. The PAD pointed out that the economic benefits of the project would be reflected in (i) more cost-effective operations of the NSS; (ii) better decision making as a result of better data; and (iii) reductions in the cost of damages done through missing or inadequate data. The ICR also noted that the project did not lend itself to financial analysis because national statistical offices had very limited opportunities to recover costs and official data were to be treated as public goods.

5.2 From the perspective of project management, there was much scope for improving the use of resources. The TSU was supposed to provide temporary assistance and develop internal capacity to replace it, but the team did not deliver. There were considerable weaknesses in financial management and procurement. Many irregularities were observed, including inadequate documentation, violations of agreed procurement plans, misprocurement, and qualified opinions of external auditors.²⁴ These issues caused delays in implementation and aborted key activities. In addition, the turnover of staff was high both at the TSU and on the World Bank's team. From the outset (2007), the TSU saw frequent changes of finance managers (three times in five years) and accountants. The World Bank's team had four different task team leaders in charge over a period of less than six years. Each changeover meant a slowdown. As a result, the project completion date was extended twice, adding 21 months (46 percent) to the life of the project while nearly half (44 percent) of the IDA credit had to be canceled.

5.3 Efficiency of the project is rated **modest**.

Outcome Rating

5.4 The objectives and design of this project were substantially relevant. The achievement of objectives was significantly advanced by the current management at KNBS long after the project had closed. All three objectives—(i) accessibility of data; (ii) accuracy and reliability of data; and (iii) timeliness of data—are now rated substantial in their efficacy. Efficiency, however, remains modest in its rating, as it reflects how well project resources were used and does not change following closure. KNBS has continued to improve its visibility and earn the confidence of the public, as illustrated in box 5.1 below.

5.5 Overall, the outcome of this project is rated **moderately satisfactory**.

Box 5.1. Statistics and the Law

In August 2010, the government of Kenya, acting on recommendations of the KNBS, rejected the census results submitted by eight northeastern districts, on the grounds that the population figures were inflated and inconsistent with documented trends of births, deaths, and migration. The eight districts contended that population in their jurisdictions had more than doubled in 10 years, rising from 962,143 in 1999 to 2.3 million in 2009, with an implied annual growth rate of 9.1 percent a year—a pace that has never been seen anywhere. The government, on the other hand, showed that the actual 2009 population in the area was 1.3 million. (The implied growth rate of 3.1 percent is still unusually high but not unprecedented.)

Leaders of the eight districts were not pleased, promptly filing a law suit with the high court, seeking to nullify the government's actions. The high court agreed. It ruled in February 2012, that the government had exceeded its authority and ordered the KNBS to reinstate the districts' census results. In 2013, the government appealed the high court's decision. After four years of deliberations, a five-judge panel of the appellate court ruled, in May 2016, that the high court had erred because its orders denied policy makers and the government crucial information for planning

²⁴ See section 3 on project implementation.

purposes. In effect, the appeals court agreed with the argument of the KNBS and the government that the eight districts had applied unscientific methods in their censuses. The KNBS was now free to declare its figures official statistics eligible to be used in public policy, including the determination of how national revenue is to be divided among the country's 47 counties.

The decision of the court of appeals has given much needed credibility to the KNBS—as well as providing considerable relief. Had the appellate judges ruled the other way, the KNBS would have faced years of uphill struggle, trying to nurture a nascent institution while repairing the damages done to its reputation.

Source: IEG.

6. Risk to Development Outcome

6.1 Some significant risks to project development objectives were identified at appraisal, including weak government commitment to statistics and financial sustainability; limited capacity; a complex institutional setup; and inadequate financial management, procurement, and audit.²⁵ The ICR (dated May 2013) noted that although government commitment was strong, many of the risks listed in the PAD remained unchanged. In August 2016, as this report was prepared and more than 3 years after the ICR, the risks have dissipated somewhat, as significant changes have occurred, including the following:

- **A new institutional framework.** With the 2010 constitution enacted, a new institutional framework was created, followed by general elections in March 2013. The new constitution transferred most political powers and a large share of national revenue to local governments (called counties). Greater emphasis is now placed on governance and accountability. The new government (in office since April 2013) has made greater efforts to raise the quality of economic management and to control corruption, as reflected in improvements in the World Bank's country policy and institutional index.²⁶
- **Change of management at KNBS.** Following the change of government, the management of KNBS was revamped, with a new generation of leaders and a new board of directors.²⁷ Reflecting the new governance climate in the country, the new management moved swiftly toward greater transparency. An expanded volume of data was being released and made available to the public online on a regular basis. Communications with data users became a management priority.
- **A follow-on project in statistics.** In August 2015, the World Bank approved a new US\$50 million IDA credit (entitled Kenya Statistics Program-for-Results) meant to deepen the achievements of this project. By design, the new operation uses Kenya's public financial management system, with the credit being disbursed to the relevant

²⁵ See pages 23–25 in World Bank 2007.

²⁶ See, for example, the World Bank's country policy and institutional index Africa at <http://datatopics.worldbank.org/cpia/country/kenya>.

²⁷ The departing chief executive of the agency was in fact suspended from public service while charges of corruption were being investigated. He left the public service in 2015.

agencies' accounts on achievement of stipulated milestones ("results"). There are no longer concerns about funding shortages, at least for the work programs in the medium term.

6.2 The risk to development outcome is rated **moderate**.

7. World Bank Performance

Quality at Entry

7.1 The project design benefited from the time-tested approach of STATCAP, with a comprehensive and integrated program of assistance. It addressed the needs of the country as set out in the government's SIMP. The organizational overhaul, to transform the CBS unit of the Ministry of Planning into an autonomous agency, alleviated both uncertainty in the work program and its funding. The new enterprise architecture was fortified by a more professional cadre of managerial and technical staff. The pay scale was upgraded. The capacity building agenda was well targeted. Of particular importance was the acquisition of information and communication technology to improve the speed of data production and dissemination. Statistical infrastructure, including the updating of sampling frames, business registries, and the Geographic Information System, was also essential in advancing the objectives of the project.

7.2 There were, however, some moderate shortcomings. First, the monitoring and evaluation system could have been more developed from the outset. More important, project preparation would have been improved by a more realistic assessment of the risk of corruption. Instead, the project team presented the fiduciary risk as an issue of capacity limitations that could be mitigated by capacity enhancement measures. As discussed above, the fiduciary risk only grew worse over the years.

7.3 Quality at entry is rated **moderately satisfactory**.

Quality of Supervision

7.4 The project experienced many delays and there remained a few unfinished tasks. Some were caused by external factors, as discussed in section 3 above. To a large extent, however, the delays were caused by fiduciary breaches.

7.5 Supervision was, nonetheless, broadly adequate. Implementation support, including a midterm review, was carried out as scheduled, with detailed reviews of project activities. Corrective actions were taken as needed, as with the restructuring in December 2010 to allow more time to compensate for delays due to external events. The main capacity building agenda was largely implemented as planned, despite delays, slow disbursement, and cancellation of a large portion of project funds. Documentation was timely and substantive, with 12 Implementation Status and Results Reports and a number of aide-mémoire discussing the issues encountered and remedial actions.

7.6 In some respects, however, the supervision fell short. First, the project team did not address the issue of incorrect indicators even when it was recognized early on and three rounds of restructuring were conducted. It therefore had to rely on administrative reports, particularly disbursement figures, as indications of results, rather than the monitoring and evaluation system. Second, as procurement and data dissemination difficulties began to seem insurmountable, the supervision team should have considered deeper restructuring that included revisions of project objectives or change of implementation agency. But no such options were contemplated.

7.7 Third, World Bank management could have made greater efforts to facilitate the achievement of some of the key results, including the change of the data dissemination framework or better compliance with the World Bank's fiduciary policies. It might, for example, have linked these reform actions to the World Bank's broader country policy dialogue, including the preparation of new and larger projects in the pipeline of assistance. There are no indications that such approaches were attempted.

7.8 The World Bank faced exceptional challenges. Incentives of top management of KNBS were incompatible with the World Bank's objectives. Despite insistence by the World Bank and instructions from the KNBS Board of Directors, chronic mismanagement of procurement by TSU persisted without corrective actions taken by KNBS management. Irrespective of its performance, the TSU's contract was renewed each year, and it received a bonus at the end of the project.

7.9 However, the World Bank task team demonstrated perseverance and an ability to take the long view. It was able to discern that despite the policy disagreement, the foundation of the project was firmly in place. A reform of the data dissemination framework, especially the release of microdata sets, would sharply advance the achievements of the project. Time has since vindicated the team's judgment. In 2015, KNBS was given a new management with far greater transparency and professionalism. As expected, the data dissemination framework was quickly amended.

7.10 The quality of supervision is therefore rated **moderately satisfactory**.

7.11 Overall World Bank performance is rated **moderately satisfactory**.

8. Borrower Performance

Government Performance

8.1 The government, as represented by the Ministry of Planning and National Development, showed a strong commitment to the project. After preparing the SIMP for 2003–08, the government requested World Bank assistance, pledging to increase budgetary allocations for statistics. It honored the commitments and approved all the proposed reforms of the NSS. It caused the Statistical Act to be approved in 2006 and enabled the creation of KNBS as an autonomous government agency in 2007. It also prepared and implemented the Second Strategic Plan for 2008–12. In addition, starting in 2011, the government supported

the Kenya Open Data Initiative, making official statistics freely available, usable, and sharable. For most of the project's life, funding for statistics increased. After 2011, however, the government's overall budget became more stringent, and allocations for KNBS started declining, limiting the KNBS work programs. In addition, the broader governance environment surrounding the project was fraught with fiduciary risks.

8.2 Government performance is rated **moderately satisfactory**.

Implementing Agency Performance

8.3 The KNBS, a fledgling agency when the project started, was responsible for implementing project activities and advancing the reform agenda, including reorganization and human resource development. It also served as the coordinator and standard bearer of the NSS, which included the role of supporting other ministries, agencies and departments that were engaged in the production of statistics. At the beginning, the World Bank's task team recommended getting capacity support, especially in financial management and procurement, by creating a temporary TSU staffed by short-term consultants with required skills. The TSU was expected to quickly train KNBS staff and then pass on the responsibilities to them within one year.

8.4 The KNBS inherited a core of competent and dedicated professionals from the former CBS, a unit of the Ministry of Planning. This team was further strengthened by new recruitments of managerial and technical staff as envisaged by the SIMP. At the time the project became effective (August 2007), however, the KNBS was given a new management dominated by individuals whose incentives were misaligned with those of the project and the World Bank. This management was, nonetheless, able to implement institutional reforms and most of the capacity building activities as planned.

8.5 In two critical areas, however, there were important weaknesses. One was procurement (Majeed 2012).²⁸ It was primarily the responsibility of the TSU, but the poor performance would not have been tolerated over five years without the acquiescence of KNBS management. Another key area of misalignment concerns the achievement of the objective of data accessibility (subobjective 1). Instead of making data freely and widely available, KNBS management was unwilling to share some of the data, as documented in a Princeton University study (box 8.1).²⁹ When the project closed, the information available online was limited and difficult to use.

8.6 When key members of KNBS management were removed from office, the new team that took over in 2013 and confirmed in 2015 brought significant reforms. The misalignment of incentives was no longer in place. More and more official statistics became freely available and sharable online. Public awareness and visibility of KNBS grew. In addition,

²⁸ See section 3.

²⁹ See box 3 to see why the Kenya Open Data Initiative was not sponsored by KNBS.

World Bank staff based in Kenya has reported improvements in financial management and procurement practices at the KNBS.

8.7 The KNBS performance was clearly unsatisfactory during the life of the project. Thereafter, however, the new management worked hard to achieve project objectives long after the project had ended.

8.8 Performance of the implementing agency is rated **moderately satisfactory**.

8.9 Overall government performance is rated **moderately satisfactory**.

Box 8.1. KNBS and the Kenya Open Data Initiative

The KNBS was created with World Bank support to serve as the primary provider of official statistics in Kenya. The Kenya Open Data Initiative (KODI) was a local initiative supported by the World Bank to make data more accessible to the public. When KODI was under preparation in 2011, KNBS was well established and would have been the most natural host for it; but that did not happen. Instead, local civil society organizations that nurtured KODI deliberately steered clear of KNBS and chose the Ministry of Information and Communication, which up to that point had no engagement with the World Bank. Why?

At that time, the Official Secrets Act, promulgated under former President Daniel arap Moi to protect internal security, deterred data sharing. Most civil servants were reluctant to release government data, whether or not it was classified under the act. Although KNBS was meant to be a data provider, its management at the time restricted data release to a minimum (see section 4, “Subobjective 1: Accessibility of Data”). Furthermore, some of the government data, such as population censuses, was being sold in hard copies. One of the concerns expressed by KNBS management was that the sales proceeds would be lost if data were made freely available. By contrast, the Ministry of Information and Communication saw the potential of economic growth, job opportunities, and technological innovations that would follow free flows of data.

As it turned out, KODI was exactly what Kenya needed. At the time, it was already a world leader in telephone banking (M-PESA), with 14.9 million accounts for a population of 43 million. In July 2012, one year after KODI was launched (<https://opendata.go.ke>), the site reported 50,515 visits. Users viewed 29,081 data sets and downloaded 2,600 files. KODI’s Twitter account had 429 followers.

Source: IEG

9. Monitoring and Evaluation System

Monitoring and Evaluation Design

9.1 The indicators were intended to help track the progress made toward the development objectives and facilitate coordination among the (interagency) Sector Working Groups (box 9.1 shows the key outcome indicators of the monitoring and evaluation system). Dimensions

of data quality were not adequately stipulated.³⁰ The design of the monitoring and evaluation system could have been enhanced considerably by adding, for example, indicators for (i) improvements in governance of the NSS; (ii) relevance of statistical products and responsiveness of the NSS; and (iii) methodological soundness. There were also more obvious deficiencies—one of the three clusters of key outcome (project development objective) indicators (those pertaining to IDA 14 and Millennium Development Goals) involved data that were not available or not applicable to this project.

Monitoring and Evaluation Implementation

9.2 Data collection appears to have followed the design plan. Indicator values were available for the purpose of tracking progress by World Bank missions and implementing agencies. However, the World Bank team relied more on disbursements and financial reports than progress indicators established under the results framework. For example, aide-mémoire submitted before June 2012, a few months before the project closed, paid little or no attention to the monitoring and evaluation system. Monitoring and progress reports were not produced regularly. And although the task team undertook three rounds of project restructuring, it did not rectify the known issues in the monitoring and evaluation system.

Monitoring and Evaluation Use

9.3 Indicators were reviewed and used both in the Implementation Status and Results Reports and ICRs, among others. However, serious fiduciary issues often diverted attention from the monitoring and evaluation system.

9.4 The monitoring and evaluation quality rating is **modest**.

Box 9.1. Key Outcome Indicators of the Monitoring and Evaluation System

Key outcomes indicators:

Outcome 1: The NSS meets the standards of the GDDS framework with regard to periodicity and timeliness on (i) the national accounts, (ii) government operations, (iii) the monetary and banking surveys, and (iv) balance of payments.

(1a) lag time to produce full range of national accounts aggregates and balancing items in nominal and real terms yielding gross domestic product, as defined in GDDS guidelines

(1b) lag time to produce data on central government finance and debt per guidelines.

(1c) lag time to produce comprehensive data emphasizing the coverage of all banking institutions, as defined in GDDS guidelines

(1d) lag time to produce comprehensive data on the main aggregates and balancing items of the balance of payments, as defined in GDDS guidelines

³⁰ Data quality refers to multiple dimensions of statistics and their production process as defined in the Data Quality Assessment Framework of the IMF.

Outcome 2: Reliable data disseminated timely to the users for national publications.

(2a) lag time to report the CBS' annual Economic Survey and Statistics Abstract containing timely data on the 36 outcome indicators specified

(2b) lag time to place the above targeted statistical products, timely on the CBS website with relevant metadata and findings

Outcome 3: Information is updated on IDA 14 outcomes and Millennium Development Goal indicators.

(3a) CBS provides timely reports on IDA 14 sector outcomes annually

(3b) CBS provides timely information on the MDG indicators annually

Source: IEG.

10. Lessons

10.1 As one of the earliest STATCAP projects implemented in Africa, this operation offers some useful lessons about statistical capacity building.

- Kenya illustrates the importance of putting institutional reforms, both corporate and legal, in place before project implementation and capacity building efforts began. This could be the standard approach.
- The establishment of Sector Working Groups (also known as interagency working groups) as a coordinating mechanism has proved useful and durable in Kenya and could have a wider applicability. The groups served as a conduit for KNBS to coordinate work programs, convey priorities, and uphold standards in relation to other ministries, departments, and agencies in the NSS. The follow-on Statistics Program-for-Results operation has chosen to continue with this arrangement.
- It is essential to design a monitoring and evaluation system capable of measuring progress toward project objectives and able to collect the underlying data. This project did not develop such a system. As a result, its progress reports during implementation relied mainly on administrative data and fell short of expectations.

The experience of this project also points to a broader lesson beyond statistical capacity building. The project shows that corruption, even when it is of a small scale, can do large damage. Corruption delayed progress and derailed major tasks. At project closure, the results were less than satisfactory.

- When the risk of corruption is identified, the mitigation measures need to be realistic and targeted. In the case of this project, World Bank staff maintained that the fiduciary risks were due to capacity limitations. But this view was not corroborated by experience. Providing technical assistance to enhance capacity, as was done under this operation, is not a solution. At a minimum, the project needs to be staffed with anticorruption specialists.

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Appendix A. Basic Data Sheet

REPUBLIC OF KENYA: DEVELOPMENT OF THE NATIONAL STATISTICAL SYSTEM PROJECT (IDA-4276-KE)

Key Project Data (US\$, million)

	<i>Appraisal estimate</i>	<i>Actual or current estimate</i>	<i>Actual (as percent of appraisal estimate)</i>
Total project costs	20.50	12.90	62.93
Loan amount	20.50	12.90	62.93
Cofinancing	—	—	—
Cancellation	—	—	—

Cumulative Estimated and Actual Disbursements

	<i>FY07</i>	<i>FY08</i>	<i>FY09</i>	<i>FY10</i>	<i>FY11</i>	<i>FY12</i>	<i>FY13</i>
Appraisal estimate (US\$, million)	0.00	1.77	2.24	2.52	4.61	6.31	8.22
Actual (US\$, million)	0.69	6.03	10.15	12.56	14.10	6.31	8.22
Actual (as percent of appraisal)		341.19	452.55	498.19	305.83	100.00	100.00

Date of final disbursement: September 27, 2012

Project Dates

	<i>Original</i>	<i>Actual</i>
Initiating memorandum	11/12/2003	11/12/2003
Negotiations	03/17/2004	03/17/2004
Board approval	—	03/20/2007
Signing	—	05/23/2007
Effectiveness	11/01/2004	08/20/2007
Closing date	12/31/2010	09/30/2012

Staff Time and Cost

Stage of Project Cycle	Staff Time and Cost (World Bank Budget Only)	
	<i>Staff Weeks (no.)</i>	<i>US\$, thousands (including travel and consultant costs)</i>
Lending		
Total	290	725,193.00
Supervision/ICR		
Total	5	20,725.00

Other Project Data*Borrower/Executing Agency***Follow-on Operations**

<i>Operation</i>	<i>Credit no.</i>	<i>Amount (US\$, million)</i>	<i>Board date</i>
Kenya Statistics Program-for-Results	IDA-57170	50.0	September 12, 2015

Task Team Members

<i>Name</i>	<i>Title (at time of appraisal and closure, respectively)</i>	<i>Unit</i>	<i>Responsibility/specialty</i>
Lending			
Lucas Ojiambo	Consultant	AFTP2	Technical guidance
Gabriel Demombynes	Senior Economist	EASPV	Task team leader
Philip Brynnum Jaspersen	In-Country Statistician	DECDG	Co-task team leader
Wolfgang Fengler	Lead Economist	AFTP2	Technical guidance
Joel Monyori	Procurement Specialist	AFTPE	Procurement support
Josephine Ngigi	Financial Management Specialist	ATTME	Financial Management oversight and support
Anne Khatimba	Team Assistant	AFTP2	Team support
Henry Amuguni	Senior Financial Management Specialist	AFTME	Financial management support

Appendix B. List of Persons Met

Name	Title	Organization
Lucas Ojiambo and Phillip B. Jespersen	Task team leader at appraisal Task team leader at closing	The World Bank
Johan A. Mistiaen	Task team leader of the Statistics P4R Project	The World Bank
Mr. Zachary Mwangi	Director General	KNBS
Mr. Torome Saitoti	Principal Secretary	Ministry of Devolution and Planning
Ms. Nyakango	Director, Finance and Administration	KNBS
T. C. I. Ryan	Chairman of the Board	KNBS
Mr. James Gatungu and Mr. Collins Omondi	Director, Production Statistics Director, Macroeconomic Statistics	KNBS
Mr. Jackson Kinyanjui	Director, Resource Mobilization Department	National Treasury
Carilus O. Odumbe and Anthony Ng'eno	Assistant Director, Research and Policy Analysis Department Manager, Information Management Service	Central Bank of Kenya
Cathy Kruger	Chief Adviser	Statistics Sweden
Joel Munyori	Senior Procurement Specialist	The World Bank
Margaret Chemengich	Former Member of the Board and Director General	KNBS
Willey Konde	Coordinator	KNBS Branch, Nakuru
Cyrus M. Kahiga	Senior Economist	Economic Planning Directorate, Nakuru County
Polycarp Otieno	Statistician, Central Planning Unit	Ministry of Education
Dickson Khainga	Executive Director	Kenya Institute for Public Policy Research and Analysis
Lineth N. Oyugi; Job Otiwa; John Nyaoko Mose	Director, Research and Policy Senior Analyst Senior Analyst	Commission of Revenue Allocation
Al Kags	Chief Executive	Open Institute, Nairobi
Joseph Sirengo	Manager, Research, Knowledge and Corporate Planning	Kenya Revenue Authority
George Kebaya	Statistician, Research and Corporate Planning	
Jonah N. Ogaro, Dominic Kisavi	Acting Chief Manager, Investigations Staffing Operations Officer	Kenya Police

Name	Title	Organization
Judy Kilobi	Senior Assistant Director, Statistics Division	Civil Registration
Josephine Kabura Kamau	Senior Financial Management Specialist	The World Bank
Godfrey Ndeng'e	Social Planning Specialist, Social Policy Group	UNICEF
Ezekiel Ngure	Population Data Specialist	United Nations Population Fund

Note: KNBS = Kenya National Bureau of Statistics; UNICEF = United Nations Children's Fund.