



## Managing for Development Results

SECOND INTERNATIONAL ROUNDTABLE  
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*The Marrakech Action Plan for Statistics*

# Better Data for Better Results An Action Plan for Improving Development Statistics

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## Executive Summary\*

Better statistics were identified as a priority of the results agenda at the first Round Table on Better Measurement, Monitoring, and Managing for Results, held in Washington in 2002 and statistics remain an important part of the results agenda. Concerned with national and global data challenges, the Development Committee in September 2003 highlighted the need for improved statistics for measuring development outcomes and asked for a time-bound and costed plan of action. But good statistics are not just a concern of the international community. Timely and reliable information is needed by governments, businesses, the press, and citizens to make informed decisions.

Drawing on operational work, special studies, and the experience of partners, this paper reviews progress made in the last four years and recommends short- and medium-term actions consistent with long-term, sustainable improvements in national and international statistical capacity. The actions are interdependent: improvements in national statistical systems will lead to improved international statistics, while a more effective international system could provide more consistent advice and better support for improving national statistics.

The first set of recommendations address national needs:

- Mainstream strategic planning of statistical systems and prepare national statistical development strategies for all low-income countries by 2006
- Begin preparations for the 2010 census round
- Increase financing for statistical capacity building

The second set address international responsibilities:

- Set up an international Household Survey Network
- Undertake urgent improvements needed for MDG monitoring by 2005
- Increase accountability of the international statistical system

Cost estimates are provided for the period 2004-2006. The annual, incremental cost of improvements to *national* statistical systems is estimated to be about \$115-\$120 million. These costs are extrapolated from a limited number of countries based on recent experience or expert opinions. For many of the poorest countries external financing will be necessary. The additional spending required by development agencies for improvements in the *international* system is estimated to be \$24-\$28 million a year. Further work will be needed to prepare specific funding proposals.

Following review at the Marrakech Roundtable meetings, recommended actions will be incorporated in the World Bank's Global Monitoring Report, which is planned for discussion at the Spring 2004 Development Committee meeting.

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\* This paper was prepared by the staff of the Development Data Group of the World Bank for discussion in Seminar II of the Second International Roundtable on Managing for Development Results to be held in Marrakech, Morocco in February 2004. It draws on the work of Coordinating Committee on Statistical Activities and the MDG Indicators Expert Group, and reports by several PARIS21 Task Teams. It has benefited from work and discussions with Willem de Vries, Sylvester Young, Trevor Croft, Antoine Simonpietri, Charles Lufumpa, Brian Hammond, Robert Johnston, Jan Vandemoortele, and Roger Edmunds. An electronic version of this paper and the associated annexes are available at <http://www.worldbank.org/data/results.html>.

# I Background and Progress to Date

1. The Millennium Declaration, signed in 2000 by 189 heads of state and government, provides a clear statement of goals of development. It identifies a specific set of targets and places responsibility on all countries to monitor and report on progress. This new process puts evidence at the center of the global effort to reduce poverty and promote economic and social development. It presents a major opportunity and a challenge to the international statistical community.
2. Even before the Millennium Summit, Poverty Reduction Strategy Papers, introduced in 1999, emphasized the need for quantitative indicators to monitor countries' own development goals. But the demands that an evidence-based approach to development places on national statistical systems exceeded the capacity of the poorest countries. Despite decades of technical assistance and financial aid directed toward statistics, many were not performing adequately. Externally funded initiatives were not being sustained, and many national systems were caught in a vicious spiral of under-performance, domestic under-funding, and conflicting donor agendas. It was clear that a new approach was needed.
3. The statistics community has responded to the growing demand for better indicators in a variety of ways. The successful initiatives have been demand driven with a clear link to policy work. There have been many achievements that we should acknowledge and build on for future. Some are highlighted below.
4. **Setting up the PARIS21 consortium.** In November 1999, the Development Assistance Committee of OECD, Eurostat, the International Monetary Fund, the United Nations, and the World Bank organized an international meeting on statistics for development. The result of this meeting was the establishment of PARIS21 - Partnership in Statistics for development in the 21st Century. The PARIS21 partners agreed that a new approach was needed to build and strengthen the statistical systems – national and international – necessary for setting development policies and monitoring outcomes. The fundamental principle had to be partnership - between developed and developing countries and between the providers and users of statistical data. But the process had to be driven by developing countries themselves if it was to be sustained. The results should be increased cooperation and reduced donor dependency. PARIS21 has been most successful in promoting dialogue between data users and providers and strengthening coordination among donors around a country-led development process.
5. **Creation of the Global Trust Fund for Statistical Capacity Building (TFSCB).** Established in 2000 to complement PARIS21 activities, the TFSCB was set up as a World Bank-administered, multi-donor trust fund to provide grants to developing countries for statistical capacity building activities. Since their inception, both PARIS21 and the TFSCB have been seen as part of an effort to build a culture of evidence-based policy making. PARIS21 promotes dialogue and advocacy, and TFSCB provides the financial and technical resources to kick-start a sustainable capacity building process. Through small and quick-acting grants of up to \$400,000 over two or three years, countries have been able to address key capacity constraints in their statistical systems and to develop a strategic approach to building an efficient and effective national statistical system.

6. **The UN MDG Indicators Expert Group.** Convened by the United Nations Statistics Division and the UN Development Programme, the meetings of this group have brought together the key agencies involved with the production of data to support the MDG monitoring. This group has gone from merely coordinating the data gathering process for the Secretary General's report on the Millennium Declaration to establishing a broad network of agencies and individuals committed to working together on the numerous measurement issues facing the comprehensive global MDG monitoring reports for 2005, 2010, and 2015. A significant achievement of this group has been to develop a cadre of data producers and experts with a vision of what needs to be done and how best to work together to meet the needs of a global agenda.
7. **Country MDG Reports.** Supported by the UNDP and the entire UN country team, these reports - and the national and global advocacy based on them - have been most useful in raising the profile of statistics, focusing attention on the measurement of results, and highlighting specific issues on the ground.
8. **Increased attention on social data and measuring poverty.** The 48 indicators of the MDGs focus on social rather than economic or financial outcomes. This has increased the need for survey-based data. The DHS surveys sponsored by US AID and the UNICEF's MICS surveys have been important sources of health and education indicators, while the World Bank's LSMS program has tested new methods of measuring household living standards. Joint initiatives to improve the quality and availability of social data (education, health, poverty, etc.) have yielded important results which we need to acknowledge and build on. A noteworthy example is the work of WHO and UNICEF on infant and child mortality and immunization rates. We should build on two important elements of their approach: the key agencies came together to develop a common work program and pooling of resources; and their focus was to improve methods deployed while increasing use of existing data rather than starting yet another data collection mechanism. In 2003 WHO and the Gates Foundation proposed a comprehensive strategy for improving health statistics. The Health Metrics Network is now in the final stages of preparation.
9. **The General Data Dissemination System (GDSS).** Many organizations have provided useful tools to countries as part of their technical assistance programs. The IMF's GDSS stands out for encouraging countries to evaluate their macroeconomic, financial, and social sector data using an internationally agreed framework. Today an impressive number of countries have completed the GDSS exercise and many are using the results as part of their strategic planning for statistics or simply to identify improvements needed to bring their systems into line with recommended practice.
10. **Support from bilateral organizations.** The past three years may not have seen a huge increase in donors' assistance to statistical capacity building, but many have played a key role in setting up new approaches such as PARIS21 and encouraging UN agencies and international organizations to work together. The PARIS21 Steering Committee and TFSCB Consultative Groups have as a result become important forums for reviewing progress and determining the future course of actions.

- 11. Role of the UN Statistical Commission (UNSC) and the UN Coordination Committee on Statistical Activities (CCSA).** They have provided an official governing body to address technical and coordination issues. The UNSC, although focused mainly on the highly technical matters concerning national statistical offices, has in the past three years initiated special “friends of the chair” groups to address major issues such as the next round of surveys to collect PPP data, harmonizing indicators demanded by international conferences, and addressing significant data dissemination issues in agencies’ statistical publications. The CCSA has provided an excellent forum for heads of all agencies’ statistical offices to address coordination issues. Several of the actions recommended in this synthesis paper were first discussed by the CCSA.
- 12. Investment in statistical capacity building.** The World Bank’s new lending program for statistics, STATCAP, is designed to provide the resources needed to build a long-term sustainable statistical system in support of countries’ statistical capacity projects (see attachment 4 for more information). One of its special features is that it will provide flexibility in financing, including meeting recurrent costs, providing new means for investments and making best use of all sources of technical support and advice<sup>1</sup>
- 13. Signs of progress at the national statistical level** Countries have recognized the need for better data to guide policies for poverty reduction and human and economic development. As a result, more and better data are available today than 5 or 10 years ago, and, to better understand the dimensions of poverty, many indicators are disaggregated by location, gender, and socio-economic status. Although the statistics produced by many countries fall short of international standards, it is important to acknowledge the tremendous efforts made in the past few years and impressive progress made at the country level. The conclusion to be drawn is not that all is well, but that building on success, more can be done.

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<sup>1</sup> The link between the STATCAP and PARIS21 and TFSCB is as follows: PARIS21 advocates the importance of statistics and through its regional and country workshops brings together key players and offers tools to and information resources for countries to move forward with their improvement planning. TFSCB provides resources for the countries to receive small grants to finance their strategic planning and other related work. Once countries have a strategic plan well linked to their national plans, STATCAP is an option to consider should they need longer-term financing. A number of countries have gone through this full cycle and are initiating STATCAP programs.

## II Towards an Action Plan for Improving Development Statistics

14. Although there has been significant progress in improving development statistics, much remains to be done. The actions proposed here are a synthesis of ideas and recommendations that have emerged in a variety of forums, including the meetings of the Coordinating Committee on Statistical Activities and the MDG Indicators Expert Group, and from the work of several PARIS21 task teams, which have looked at issues such as improving the management and funding of censuses; improved statistical support for monitoring development goals; and strategic planning. They address issues that require concerted effort on the part of donors, international organizations, and developing countries. If implemented, they should make substantial improvements in the operation of national statistical systems and in the quality of data available for monitoring development outcomes over the next two to three years, although some of the recommendations will take longer to implement and all will continue to yield benefits for many years to come.
15. The actions fall broadly into two groups: those directed at improving national statistical systems and those directed at the activities of international statistical agencies, the multilateral development banks, and bilateral donors. National statistical offices need to improve their operations by adopting appropriate policies and statistical methods and by investing in the staff and equipment needed to operate a fully functioning statistical system. They must also look farther ahead and prepare for the next census round. Good management requires good planning, and so the adoption of a strategic plan is recommended. The poorest countries will require additional external support to make the needed investments in their statistical systems.
16. The international community has been quick to demand more and better data, but it has been slow to provide additional resources or to examine critically its own practices. The recommendations directed at the international agencies call for greater accountability and coordination of their statistical programs and increased financial support for statistical capacity building at the country level. They must also provide technical assistance to national statistical offices – especially in the poorest countries - which are their principal source of data.
17. Although the approach of this paper is comprehensive, taking into account the full extent of the international statistical system and its impact on national statistical capacity, some initiatives already underway have not been included. For example, the WHO's Health Metrics Network was launched in July 2003. It aims to establish a framework for health statistics and to mobilize resources for improvements in national practices. This is an important initiative, which will complement the actions proposed here. Likewise many of the actions proposed here will improve the collection and reporting of health statistics.
18. The proposals made in this paper are necessarily presented at a very aggregate level. They do not address the specific needs and priority programs of individual countries. This is where strategic planning, based on country ownership and effective international partnerships, is needed. And while the international community can and should take

greater responsibility for improving global statistics, it should not let its priorities supercede those of national statistical authorities, their governments, and their citizens.

## **Action 1 Mainstream Strategic Planning of Statistical Systems**

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19. Strategic planning has proved to be a powerful tool for guiding the development of national statistical programs, increasing political and financial support for investments in statistics, and ensuring that countries will be able to produce the data needed for monitoring the MDGs and their own development plans. A well thought out plan should:
- Provide detailed analysis of current strengths and weaknesses
  - Address national, regional and international needs for data
  - Be aligned with the country's development program and poverty reduction strategy
  - Include all the main data producers and users
  - Build upon and increase the value of existing data processes
  - Promote data quality improvements in line with international standards and good practice
  - Serve as a coordinating framework for international and bilateral assistance
20. The PRSP process and MDG country reports have encouraged countries to develop prioritized strategies for improving their statistical systems.<sup>2</sup> Other statistical initiatives, such as IMF's General Data Dissemination System (GDDS), have raised professional standards and provided valuable assessment frameworks. PARIS21 has been a consistent advocate of a county-led collaborative approach supported by donors and international agencies and has encouraged strategic planning through a series of regional workshops on statistical capacity building. Experience gained through the workshops has encouraged countries to request financial support to prepare statistical development strategies from the World Bank's Trust Fund for Statistical Capacity Building and other donors.
21. As a result, there are now an impressive number of countries that have established new or updated plans.<sup>3</sup> How are these plans being used? Mozambique is a good example. The Master Plan there addresses the statistical requirements for the monitoring and evaluation of Mozambique's first poverty reduction strategy ("Action Plan for the Reduction of Absolute Poverty") covering the period 2001 to 2005. It identifies key poverty indicators and the investments needed to sustain data systems. As a result of the strategic plan, the statistical system has been able to meet the demands of the poverty strategy process and ensure that scarce resources are used effectively. It also provides a mechanism for coordinating donor assistance at a time when many different donors are interested in supporting poverty monitoring.
22. Using a strategic plan to provide an overall strategy for improving development statistics has been widely accepted as a best practice, which works well and should be followed by

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<sup>2</sup> Some attempts have been made to identify a minimum set of national statistical activities needed to monitor the goals and targets of country PRSPs and the MDGs. These include a demographic survey every three to five years, an income and consumption survey at the same frequency but in staggered years, a health information system that tracks major diseases, service delivery, and vital events, and an education system that accurately measures the performance of the education system.

<sup>3</sup> Since 2000 37 countries have prepared strategic plans for their statistical systems. The TFSCB has provided financial support to 19 of these.

all countries. Furthermore, the approach was recently evaluated, through the formal evaluation of PARIS21 and the TFSCB, and was found to be an effective and robust technique. A PARIS21 task team on national strategies for statistics has reviewed country experiences through several workshops. The results of this study will be published and disseminated in future workshops.

### 23. Recommendations

Recognizing the value of systematic planning for improvements in national statistical systems, the goal should be to support the implementation of national statistical development strategies in every low-income country by 2006. To achieve this goal, the following steps should be agreed and adopted by the international community:

- Incorporate national statistical development strategies in result-based strategic planning processes such as the PRSP and include them in the policy dialogue between developing countries and donors.
- Ensure that all donor-specific statistical programs support and complement national statistical plans.
- Continue advocating and providing training and financial support from PARIS21 and the TFSCB. Based on the new repositioning of PARIS21 and World Bank's Trust Fund, earmark a significant part of the TFSCB to exclusively support countries' planning work. See attachment 5 for more information.

## Action 2 Prepare for the 2010 Census Round

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24. Population censuses are essential tools for policy and planning purposes. Data and indicators derived from the census are extensively used as inputs for result-based management and tracking of progress towards national goals (such as those set in PRSPs) and international goals such as MDGs. No other data source provides the level of detail available in the census on location, age and gender, and family size. Combined with survey-based information, censuses allow analysis of geographical patterns of social characteristics. They provide the basic sampling frame for household surveys (see Action 4) and play a crucial role in assessing the comparability of indicators between countries.
25. Censuses should be held every 10 years as part of a country's strategy for maintaining an integrated information system. The UN (especially UNFPA and UNSD) has been in the lead supporting census programs and the main advocate for regular census taking. The UN's *Recommendations for Population and Housing Census* provides advice on how to control costs. But censuses are perhaps the most costly data collection activity that a national statistical system undertakes. Funding constraints have seriously affected the 2000 round, especially in the least developed countries. Many countries have postponed their census due to funding shortages. Unless timely and sufficient resources are available, population censuses have an uncertain future.
26. At the international level, the key action led by the UN has been to maintain a strong partnership with major stakeholders, including bilateral and multilateral partners, civil society and the private sector to raise needed funds and advocate the importance of the census, essential for ensuring their continuity. A special Task Team formed through the PARIS21 has been very active looking at issues developing countries are facing in taking a

regular census and opportunities to reduce costs and improve census-taking processes and outputs<sup>4</sup>. Despite all efforts, the main issue is still how to reduce census costs and to find and put into operation alternative approaches.

## 27. Recommendations

Based on the findings of the PARIS21 Census Task Team, prepare for the 2010 round of censuses by developing an overall strategy for funding and conducting censuses in low-income countries. The first priority is to build consensus on the importance of the 2010 Census Round, recognizing the role census data will play in measuring the MDGs in 2015. Because such an effort should bring together donors and national statistical agencies, PARIS21 could act as the convener with leadership on the coordination and substantive work coming from the UNFPA and UNSD with support from other key organizations. As a first step, the task force should review the recent proposal by UNSD to set up a global trust fund for UN's support of census work and consider options for scaling up this proposal to meet the expected need of the least developed countries. The expected outcome could be a trust fund to support the preparations of the neediest countries for their 2010 census. The resources needed for a Census Trust Fund are estimated to be about \$5 million a year for the next three years to support about 15-20 countries per year. The trust fund would be used to:

- Conduct research into census costs and operational methods to determine what practical measures can be taken to reduce costs, as well as how to maximize the timely dissemination and use of census results. (See attachment 3).
- Conduct research on improved methods for preparing regular population estimates at the national and sub-national level during intercensal years.
- Assist national statistical offices to advocate for conducting regular censuses and securing the necessary funding within countries and from the donor community.
- Build national capacity at the technical level and develop the management skills needed to prepare an overall strategy and costed plan and to coordinate and negotiate with donors and users, pooling potential contributors in a cost-effective strategy.

## Action 3 Increase Financing for Statistical Capacity Building

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28. The case can be made that in a number of countries and international organizations there has been a significant under-investment in statistical work in the past decade. Evidence of this is the data gaps and data quality issues which have been highlighted by the MDG monitoring process. The emphasis placed on monitoring results inherent in the MDG

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<sup>4</sup> The PARIS21 Census Task Team studied the problems of financing censuses from both developing country and donor perspectives and considered strategies for reducing census costs. Their work is reflected in a paper entitled "Population and Housing Censuses: A Funding Crisis?", presented at an international symposium on population censuses. The government of South Africa agreed to host a key meeting to present this work Pretoria in November 2001 which was organized by the United Nations Population Fund (UNFPA). The Pretoria meeting proposed that UNFPA/ PARIS21, in collaboration with other partners, should focus on the following over the next two years: cross-country reviews, an assessment of existing materials, census advocacy tools, a good practice database, a census bulletin board, south-south co-operation, and donor co-operation with arrangements for future meetings to review progress.

process has, in turn, led to increased and perhaps unrealistic expectations for rapid improvements.

29. Fortunately, successes in the past three years show that significant improvements can be achieved at the national and international level, especially when commitments are backed by adequate resources. But we need to act quickly if we are to have better data for 2005, 2010, and for 2015 for the final report on progress towards the MDGs. The challenge ahead is not only to produce better numbers at the national and international level, but to do so on a scale and in a time frame relevant to policy makers.
30. Accepting that we need to increase investment for statistical capacity building, three questions remain to be answered. First, what are the priority areas for investment? The recommendations of this paper address areas in need of priority attention for technical and financial support, both at the national and international level. They cover short and medium-term actions, while keeping a close watch on the longer-term, overarching goal of building nationally owned and demanded sustainable statistical capacity.
31. The second question is how much more do we need to invest for improving global statistics in the priority areas identified? Section 3 of the paper provides some preliminary costs estimates for improving both national and international statistical capacity.
32. The final question is how to raise the needed funds and in general increase financing for statistical capacity building? Recommendations below respond to this question and focus on processes and instruments that would help increase financing for statistical capacity building in general.
33. **Recommendations**
  - Integrate financing needs from different agencies and different initiatives using the model we are following for PARIS21 and the World Bank's Trust Fund to make it easier for the donors to see the full picture of needs and make reliable commitments.
  - Bring donors together in an annual joint event, perhaps through DAC senior level meetings, and try to engage new donors; the first meeting should take place in 2004.
  - A number of IFIs and bilaterals are already major funders of statistical capacity building. But most of this work has been done as part of investment projects in other sectors. In the future statistical capacity building investment projects should be better identified and linked with general budget support and Poverty Reduction Support Credits, using a strategic planning process based on a sector-wide and multi-donor approach.
  - Support long-term statistical investment projects with STATCAP-type financing programs. An issue to be resolved is finding the right balance between grants, loans, and country resources. See attachment 4 on STATCAP

#### **Action 4 Set Up an International Household Survey Network**

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34. As development strategies have come to target poverty reduction and the well-being of the most vulnerable segments of society, the need for household-based economic and

social data has grown. Surveys of households and individuals are the most effective way of obtaining this information. Combined with census data, current population estimates, and data on public and private services obtained through administrative records, surveys support the planning, implementation, and monitoring and evaluation work that are essential for good management.

35. Surveys are complex undertakings. To be useful they must be properly designed and administered, and the results must be carefully analyzed. They are also expensive, requiring skilled staff to design and manage the survey and large numbers of enumerators and tabulators to collect and process the data, along with computers and other operational facilities. In many poor countries, surveys can be undertaken only with significant outside assistance. As a result, large scale surveys which yield nationally representative results are carried out infrequently.
36. Survey sponsors, both national authorities and donors, have an interest in maximizing the value of the information produced. Given their importance and their scarcity, one would expect every survey to be thoroughly exploited. But the report of the PARIS21 task team on the international statistical system (see attachment 2) found several examples of survey information, gathered by national statistical offices with assistance from various donors that had been overlooked or not included in a timely manner in international assessments. Another reason survey data may be underused is that some countries restrict their dissemination, perhaps because of misplaced concerns for confidentiality or to control the use made of the data. Surveys become still more valuable when they allow comparisons to be made with other surveys and data sets. Better timing and standardization of surveys would increase the coverage and comparability of the results obtained. Yet there are many examples of the parochial interests of one donor seeming to outweigh the interests of the country (and other users) in maintaining comparability over time or across countries.
37. A mechanism is needed to bring survey sponsors and survey users together. The recommendations propose creation of a Household Survey (HHS) Network, comprising the major sponsors of the global household survey programs (such as DHS, MICS, LSMS, Child Labor Surveys, World Health Surveys and CWIQ), the donors who finance a large part of the survey work in poor countries, and the national statistical offices which conduct the surveys, supported by a small secretariat. An important contribution of the HHS Network would be to prepare specifications for a minimum survey program, building on existing instruments and targeting the needs of countries to monitor and report on the MDGs and their own poverty reduction strategies. The survey program should produce indicators responsive to policy changes on an annual basis and detailed demographic, health, education, agriculture and income poverty data every 5 years or so. By gathering the experience of many surveys administered under different conditions in many countries, the HHS Network could provide valuable information on the costing and efficient management of surveys. The established minimum survey program could then be adapted to each country's statistical development plan (see recommendation on strategic planning above) or presented as a special funding proposal should urgent short-term action be needed. Another important function of the HHS Network would be to consolidate and disseminate information about household surveys to potential users. A World Bank team is developing a survey archiving facility which could be used for this

purpose and contribute to the development of an international archive of microdata information.

### 38. Recommendations

- Organize a Household Survey Network for the purposes of sharing information and mobilizing international support for more efficient approaches to conducting household surveys in developing countries.
- Develop a set of recommendations for household-based economic and social data, taking into account current and planned multinational survey programs and the needs of developing countries to monitor their own development progress.
- Work with experienced data archivists and data users to establish a global information center containing household survey and metadata; establish good dissemination practices which promote analysis and research while protecting the confidentiality of survey respondents.

### **Action 5 Undertake Urgent Improvements Needed for MDG Monitoring by 2005**

39. The credibility of the Millennium Development Goals depends upon having reliable data through which measure progress toward the goals. The MDG process places a heavy burden on the international statistical system to supply a set of indicators that are comparable across countries but consistent with the countries' own monitoring indicators, have an adequate historical base from which to establish baselines and assess trends, and are measured frequently and accurately. Although data quality depends to a great extent on the work carried out at the national level, support for and coordination of this work is an international responsibility, which has been accepted by a coalition of international agencies and country representatives meeting under UN auspices as the "MDG Indicators Expert Group." At their last meeting, the participants noted a number of serious issues which need to be addressed to ensure that monitoring of the MDGs is timely, complete, and accurate.<sup>5</sup>
40. Some of the deficiencies noted in the current MDG monitoring set were:
- The lack of data, agreed definitions, or sufficient field experience. For some indicators only a single estimate is available over the whole period since 1990, and in a few cases data are entirely lacking or available only in a few countries.
  - The likelihood that new estimates for some indicators will not become available in time for the comprehensive 2005 MDG report.
  - The lack of consistency in definition and methodology across different data collection programs and differences in practices between countries.
  - The need for greater transparency and, where possible, simplicity in the collection and compilation of internationally standardized indicators.

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<sup>5</sup> See United Nations Statistics Division and United Nations Development Programme, Inter-agency and Expert Meeting on Millennium Development Goals Indicators, "Report of the Meeting" (E SA/STAT/AC.92/6), Geneva, 10-13 November 2003.

- The lack of an agreed framework to guide the collection and analysis of critical environmental indicators.
- The need for greater support to countries to improve their capacity to monitor and report on the MDGs at the national level and to participate in the international monitoring process.

#### 41. Recommendations

Consistent with the report of the MDG Indicators Expert Group, the following actions are proposed:

- A review of the principal MDG indicators for poverty, education, health, the environment, and global partnership should be undertaken by working groups composed of experts from participating agencies, which would report back to the MDG Indicators Expert Group in fall 2004 with recommendations for improvements or changes to be made in the MDG indicators after 2005.
- Establish a small, interagency editorial board to work with the Office of the Secretary General on the production of a five year review of the MDGs in 2005.
- Provide training and tools to increase understanding of the MDGs at the national level and to improve country capacity to monitor and report on MDGs and other national goals. This would include UNDP's planned dissemination of the DevInfo data system and associated training modules. We would hope that by the time of the meeting the details of the pilot dissemination program will be finalized.

### **Action 6 Increase Accountability for the International Statistical System**

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42. The international effort to monitor the Millennium Development Goals has drawn attention to the importance of having consistent, coherent international data sets. Improvements in the availability and quality of data for monitoring the MDGs over the past three years have demonstrated the value of cooperation between international agencies and a coordinated approach to supporting the work of national statistical authorities, which are the primary source of the data used by international agencies. But while much progress has been made, further improvements to the international statistical system will require a more formal system of accountability which clarifies responsibilities for setting standards, disseminating information, providing technical assistance, and mobilizing resources to support national efforts. In some cases this will also require the agencies, or the donors who support their work, to provide more resources for the statistical function within the agencies themselves. It should be stressed that improving accountability is not an end on to itself. The goal is to strengthen the international systems so that it can meet the international demand for development statistics, but, more importantly, better support the needs of developing countries.
43. Coordination of the statistical activities of the UN and its specialized agencies takes place in a number of forums, with the UN Statistical Commission as the highest governing body. Meetings of the Committee for the Coordination of Statistical Activities (CCSA) and the MDG Indicators Export Group have proved to be useful occasions on which to exchange information. However, day-to-day coordination issues are generally left to managers and officers-in-charge to resolve in an ad hoc manner, and work program and

budget decisions are generally made with limited knowledge of the plans of other agencies. Although this process has worked well, better channels of communication are needed.

44. At the fall 2003 meeting of the CCSA, participants agreed to prepare a statement of principles for international statistical agencies modeled on the Fundamental Principles of Official Statistics, which describes responsibilities of national statistical offices based on technically sound, well-tested and well-documented, and consistent international standards, recommendations, and guidelines. The statement of principles would codify issues such as (i) confidentiality, (ii) need for user consultation, (iii) need for cooperation among the agencies, (iv) drive for effectiveness and efficiency, (v) avoidance of duplication, (vi) staff development and professional standards, (vii) statistical integrity and (viii) statistical organization. Although such statements are not legally binding, they provide guidance on good practice and professional standards and may serve as a measuring stick by which the performance of an agency is assessed. An initial draft prepared by UNSD has been circulated among CCSA members for comment.

#### 45. **Recommendations**

- Adopt a statement of principles describing the responsibilities of international organizations for carrying out their official statistical activities. Following acceptance at the next CCSA meeting, submit the statement to the UN Statistical Commission and then to other interested parties, such as governing bodies, ministerial conferences governing specialized agencies, the Chief Executives Board and the Conference of the International Statistical Institute. Encourage all international agencies to adopt the statement of principals as core values guiding their activities. Adoption of the principals could be officially communicated at a forthcoming international event and posted on an agreed website.
- To further improve the coordination of interagency activities, establish a mechanism through which international agencies would report on their core work program and exchange views on improvements needed. The CCSA, in which membership is open to all official statistical agencies, could provide a suitable forum for organizing this activity.
- Systematically collect information on current and planned levels of international spending on statistical activities by agency, by functional area and by intended results. This information would be used to assess the effectiveness of current spending and to identify areas where additional resources are required.

### **III Costing the Action Plan**

46. The need for improving development statistics and scaling up capacity building efforts has been largely accepted by the development community. The importance of reliable statistics was recognized at the previous MDB Roundtable on Results and noted by the Development Committee and in key MDG monitoring reports from the UN. In its Spring 2003 meeting the Development Committee asked for a “fully costed, time-bound action plan” for improving development statistics. Although some specific funding proposals have been developed for particular initiatives over the past three years, such as support for the PARIS21 work, there has never been a comprehensive plan for global statistics. This is understandable, in part, because the global statistical system is not a single, centrally governed entity, and costing such a complex set of tasks with so many key partners is not an easy job to do or defend. But even rough estimates will help to better inform discussions and provide a basis for decision making.
47. The cost estimates provided here were prepared by expert staff, making reasonable but not fully tested assumptions. Any process of aggregate costing necessarily involves a number of fairly subjective assessments. The aim of presenting these costs is to stimulate discussion and planning of the work ahead.
48. There are two separate building blocks. The first considers the cost of statistical capacity building in developing countries. The second assesses the costs of implementing the recommended actions for improving statistics at the international level. Many tasks in the second block support national capacity building too, but to the extent possible the costs estimates avoid double counting. In fact the efforts are complementary; without progress on both, success will be limited and costs potentially higher.

#### **Cost for Statistical Capacity Building in Developing Countries**

49. The goal is to increase the statistical capacity of countries to an acceptable level to serve the national and international needs, as expressed in countries’ strategic plans. What are the incremental costs of reaching this goal for the developing countries? To arrive at a global cost, a normative approach has been adopted, using parameters derived from evidence such as national statistical development programs and master plans. Countries were divided into three income classes (low income, low-middle income, and upper-middle income as defined in the World Development Indicators database) and into three groups by population (less than 10 million, between 10 and 50 million, and more than 50 million). In each category, estimates were made of the average annual running costs of a national statistical system, using the guidelines of the General Data Dissemination System and other international recommendations to identify the main statistical activities. Limited evidence is available from statistical plans and special studies on costs and the average levels of budget allocations for statistics. For low-income countries, there is evidence to suggest that, on average, most countries are unable to afford the recurrent costs of a statistical system that would meet GDDS recommendations. For middle-income countries, it has been assumed that government budget allocations are, on average, sufficient to meet the annual running costs of such a statistical system.

50. Table 1 shows the assumptions on average recurrent costs for low-income countries of a national statistical system by size of country and assumes that on average half the cost is met by current government budget allocations.

**Table 1: Assumptions on average recurrent costs**

| Low income countries<br>\$ million | Less than 10 million<br>population | Between 10- 50<br>million population | More than 50<br>million population |
|------------------------------------|------------------------------------|--------------------------------------|------------------------------------|
| <b>Annual recurrent cost</b>       | \$1.25                             | \$1.50                               | \$2.00                             |
| <b>Annual budget allocation</b>    | \$0.63                             | \$0.75                               | \$1.00                             |

51. Based on evidence gathered by the PARIS21 Task Team (See Attachment 1) and a review of available master plans, estimates were made of the average annual development costs for countries in each income and population category. Here it was assumed that development costs vary by the size of the country, but not by income level. Also, some estimate was made of the current level of donor support for statistics, based on knowledge of current programs. Table 2 shows these two sets of assumptions.

**Table 2: Assumptions on average annual development costs and donor support**

| Per country<br>\$ million                            | Less than 10<br>million population | Between 10- 50<br>million population | More than 50 million<br>population |
|--|------------------------------------|--------------------------------------|------------------------------------|
| <b>Statistical development average annual costs</b>  | \$0.75                             | \$1.50                               | \$2.00                             |
| <b>Current level of donor support for statistics</b> | \$0.50                             | \$0.75                               | \$1.00                             |

52. The funding gap was then calculated as the difference between recurrent and development costs and current finance from government budgets and existing donor support. An attempt has been made to account for differences in the statistical capacity of each country using an index that ranks countries on adherence to international statistical practice as recorded in the World Development Indicators metadata.<sup>6</sup> Countries with better ratings were assumed to require less investment than those with poorer ratings. The overall funding needs are shown in Table 3. Totals were calculated by multiplying the averages, adjusted by the statistical development score, by the number of countries in

<sup>6</sup> The index of “statistical good practice” was used in a discussion paper, “Building Statistical Capacity to Monitor Development Progress,” presented to the World Bank’s Board of Executive Directors in October 2002. Countries were ranked on ten factors: 1) national accounts base year is within the last 10 years, 2) latest BOP manual (BMP5) is in use, 3) up-to-date reporting of external debt, 4) foreign trade price indexes are compiled, 5) population and 6) agricultural censuses are within the last 10 years, 7) the vital statistics registry is complete, 8) the CPI basket has been updated within the last 10 years, 9) a sub-annual production index is compiled, and 10) the country subscribes to the IMF’s Special Data Dissemination Standard. This is an imperfect measure, because much of the available metadata relates to economic statistics. The PARIS21 Indicators of Statistical Capacity Building might form a more appropriate basis, but they have not yet been applied in many countries.

each population and income country in the WDI database. The estimated incremental requirement for statistical capacity building in developing countries is of the order of \$115-120 million per year.

**Table 3: Total additional funding needed for national statistical capacity building**

| \$ million                 | Less than 10 million population | Between 10- 50 million population | More than 50 million population | Total |
|----------------------------|---------------------------------|-----------------------------------|---------------------------------|-------|
| <b>Low-income</b>          | 34                              | 42                                | 13                              | 89    |
| <b>Lower-middle income</b> | 9                               | 10                                | 4                               | 23    |
| <b>Upper-middle income</b> | 4                               | 2                                 | -                               | 6     |
| <b>Total</b>               | 47                              | 54                                | 17                              | 118   |

### Costs of Strengthening the International Statistical System

53. The main goal of putting together a global action plan on statistics is to mobilize support and harmonize international activities to build country level statistical capacity. But it is also crucial for the global plan to be clear about the responsibilities of the international agencies and the need for them to adjust priorities, better coordinate their work, and scale up their data activities, particularly those aimed at providing TA and support to their member countries. The actions proposed in this synthesis paper call on international organizations to do more and better statistical work. The additional costs associated with these activities are estimated in table 4.
54. These are expert cost estimates which are intended to provide an idea of the magnitude of costs being discussed. Some actions have better grounded estimates due to special efforts put into preparing specific proposals. One example is a proposal to sustain PARIS21 and the World Bank's Trust Fund for Statistical Capacity Building. (See attachment 5.) For all other actions, better and more specific costing should be conducted as part of the follow up work.
55. The estimated total cost is \$24-\$28 million a year for the next three years as shown in table 4. Many of the key steps for these actions could and should start as soon as possible. Setting up an international household survey network is perhaps both the most urgent but also least prepared. Although the total cost may seem large, it should be noted that many of the activities that donors are already committed to are included here, so from the donors' perspective these are not all new costs. In fact, by providing an integrated action plan with some cost estimates, donors may find it easier to prioritize their work and allocate contributions better and more efficiently.
56. To move ahead, one approach is to consider actions not well fleshed out and work together in the next few months to spell them out and prepare specific proposals. These are: setting up an International Household Survey Network, urgent improvements for the MDG 2005 monitoring round; and preparations for the 2010 census round. While PARIS21 will provide an essential forum for gathering and involving users, producers, and policy makers, it is proposed that each action will also have one or two key agencies as the champion for guiding and undertaking the work.

**Table 4: Costs of short-term actions to strengthen international statistical system**

| <b>Recommended Actions</b>  | <b>Time Frame for key steps</b>   | <b>Costing Assumption</b>   | <b>Associated Annual Cost</b>   |
|---|---|---|---|
| <b>Action 1:</b> Mainstream Strategic Planning of Statistical Systems and <b>Action 3:</b> Increase financing for statistical capacity building | A major part of this work could be acted on quickly, using a recent proposal planned to be discussed at the next PARIS21 and TFSCB donor meeting in June 2004 | Costing is primarily based on the PARIS21 and TFSCB proposal for the next 3 years   | \$9-10 million/year as noted in the PARIS21 and TFSCB proposal  |
| <b>Action 2:</b> Prepare for the 2010 census  | Prepare a full proposal in 2004 with the aim of launching this work in early 2005   | Costs of a small team in the UN and a global TF for census 2010 similar to the Bank's TFSCB   | \$5 million/year  |
| <b>Action 4:</b> Set up an international HHS Network  | 2004 design and fund raising, operational in 2005   | Costs for a small secretariat plus costs for studies and small grants to countries  | \$5 million/year  |
| <b>Action 5:</b> Undertake urgent improvements needed for the comprehensive MDG 2005 report   | The main elements of this plan could be operational quickly and steered through the UN MDG Expert Group with clear division of labor among agencies           | Many agencies involved (UN, UNESCO, ILO, UNICEF, etc.) are obliged to take on additional work and need incremental budget support to finance new work | \$5-8 million/year with emphasis on improving poverty, PPPs, education, environment, and other key data sets needed for the MDG monitoring work |
| <b>Action 6:</b> Improve international accountability   | Operational by mid to end 2004  | To be financed from existing budgets  | No additional costs   |
| <b>Total</b>  |   |   | \$24-28 million/year incremental for the next 3 years   |

## IV Expectations for the Marrakech Conference and Next Steps

57. The Second Roundtable Conference on Results presents an opportunity for the international community to renew its commitment to a country-driven, evidence-based development process. But without good statistics, the process will fail. And without concerted support from the international community, many poor developing countries will not be able to produce reliable statistics or use them effectively. Past achievements show that success is possible. National statistical systems can be strengthened and the information they produce will play an important role in monitoring development outcomes. The output of national statistical systems are the inputs to the international system and play a second, important role in shaping the policies and monitoring the results of bilateral and multilateral development agencies.
58. The goal of Seminar II – The Global Statistical Challenge -- is to agree on a shared work program for improving development statistics over the next three to five years. The nature and scope of the work program is specified in six proposed sets of actions. These actions are not exhaustive, nor are they intended to preclude other initiatives. But they do require commitments on the part of the international community to work together, to share resources, and to keep the needs and priorities of developing countries at the forefront. In keeping with the spirit of the Monterrey Compact, countries that set realistic goals for improvements in their statistical systems and make a reasonable commitment of their own resources, should receive commensurate assistance from the international community.
59. The immediate outcome of the seminar should be a revised action plan and a prioritized list of tasks to be carried out in the next 12 to 18 months. Each task should have one or more sponsors who will take responsibility for seeing it through to completion.
60. Cost estimates have been provided in the paper to give a sense of the overall scale of the effort required in the medium term. The group may wish to consider undertaking a more refined costing exercise linked to the agreed work program. Sponsors of specific tasks should provide detailed cost estimates at the time of implementation, taking into account the costs borne by developing countries as those paid by donors or from the budgets of multilateral agencies.
61. Following review at the Marrakech Roundtable, the agreed work program on statistics will be incorporated into the World Bank's Global Monitoring Report, which is planned for discussion at the Spring 2004 Development Committee Meeting. The participants in the seminar may wish to consider submitting proposed actions to other forums for discussion and endorsement.

## **Attachments**

1. Summary of Paris 21 MDG country studies
2. Summary of PARIS21 International Study
3. Main Components of Census Costs
4. STATCAP - A new lending program to support more efficient and effective statistical systems in developing countries
5. Meeting the Data Challenge: A funding proposal for PARIS21 and the Trust Fund for Statistical Capacity Building

29 January 2004