

Attachment 1: Summary of PARIS21 MDG Country Studies

The objective of the Case Studies is to improve understanding of the data and systems used by countries to monitor progress towards the MDGs and other national goals. Specifically, the Studies aim to identify changes and interventions that will improve the availability, reliability and use of key indicators, particularly at the national level, and, in relation to that, document the capacity and current practices of national statistical systems.

The studies are being conducted through a joint effort involving a number of key institutions. The World Bank is providing overall leadership of the studies, with members of fieldwork mission teams provided by the Poverty Group of UNDP, UN Statistics Division, UN Regional Commissions, and DFID. The European Commission has provided a consultant for each mission, to help review existing documentation and construct the case study report. In each country, Statistical Offices in the countries concerned have been invited to participate fully in the case studies, with support to the study teams provided by both the UNDP and the World Bank country offices.

The short list of countries selected for the case studies was developed by looking at a number of criteria, including geographical and income group coverage, and the availability of existing documents and studies. These included metadata provided through subscription to the IMF General Data Dissemination Standard, a PRSP, a MDG country report, and a Statistical Development Plan. Full participation of the selected country was felt to be important, and so the team needed to be able to communicate easily with the Statistical Office. In addition, the Statistical Office needed to agree to the study, and be committed to the objectives of PARIS21, including the will to make improvements and changes to existing systems.

Case studies conducted or planned, with dates for fieldwork, are:

Malawi	November 5 to 14, 2003
Cambodia	November 24 to December 5, 2003
Bolivia	December 9 to 18, 2003
Burkina Faso	January 6 to 16, 2004
Moldova	January 26 to February 4, 2004
Yemen	February (dates not yet determined)

Key conclusions are presented on the following pages.

1. Management of Statistical Systems

<u>Key issues</u>	<u>Actions</u>
<p>Employment terms and conditions of staff involved in statistical activities are inadequate in many cases. In Cambodia, many staff routinely perform two or more jobs. In Malawi, there are incentive systems developed around fieldwork allowances, which tend to distort work priorities towards data collection and away from dissemination.</p>	<p>Reform working conditions of staff in the statistical system, including in some cases incentive systems for key statistical staff.</p>
<p>Governance and strategic planning arrangements for official statistical activities and outputs are inadequate, constraining statistical outputs, and leading to duplication of effort and inefficient use of resources. In both Malawi and Cambodia, data collection and production activities are poorly coordinated, resulting in inconsistencies in statistical outputs.</p>	<p>Develop better systems for managing national statistical systems, with appropriate incentives. This could include more effective statistical governance arrangements through statistical legislation, such as statistical commissions or supervisory councils.</p> <p>The governing body to play a coordinating role in developing a medium- to long-term statistical development plan, and to supervise its implementation.</p>

2. Use of indicator estimates

<u>Key issues</u>	<u>Actions</u>
<p>Different estimates of the same variable are often published without reconciliation or comment, confusing users. There are two cases. First, when different estimates are obtained from different surveys: differences may result from definitions, questionnaire design, or methodology. Second, where estimates of the same indicator are produced from both administrative systems and surveys. In Cambodia, two sets of child mortality estimates used by different agencies have shown opposite trends. In Malawi, the centralized indicator database MASEDA has substantially benefited both users and producers in terms of accessing and assessing statistical information, which in turn have led to a more consistent indicator results.</p>	<p>Countries and international organizations to increase efforts to systematically review and validate estimates from different sources and using different methods, and publish full metadata explaining differences. The creation of a central data repository within each country, with a good metadata system and including all data sources, would substantially improve this situation.</p>
<p>Despite the increasing need for disaggregated data, for example at local levels and for analysis of specific issues, such data are often difficult to access and compare. In Bolivia, significant part of HIPC resources is transferred directly to 314 municipal governments at their disposal for local development projects, but data accessibility and analytical skills at the local level is limited.</p>	<p>Improve data collection, accessibility and analytical skill at local levels. Implementation of tools to improve data accessibility, such as an integrated database of data from multiple sources, mapping techniques, and simple reporting systems within local government entities, is recommended, with appropriate capacity development for improving data use.</p>
<p>Statistical data remains under-used, even though the demand for data is increasing. In some cases this appears to be due to poor data accessibility, or lack of capacity to utilize data. In Cambodia, very few officers in data analysis units of the line ministries have had any statistical training.</p>	<p>Improve accessibility to data by officials and other users, and increase their understanding of statistical data through training programs, user guides, seminars and presentations.</p>

In some cases, indicators produced by the statistical system do not correspond to user needs. This is partly due to lack of line ministries' ability to articulate data demands, partly due to lack of country ownership, and also due to lack of communication between the NSOs and the line ministries. In Cambodia, Ministry of Health did not know that the household socio-economic survey is being conducted by the NIS, and therefore missed the opportunity to influence the survey design to meet its monitoring needs.

Improve the communication between officials in line ministries and national statistical offices, for example during the design stages in surveys and through statistical committees or working groups. Statisticians and statistical producers need to focus on indicators that monitor action plans of the national development strategy (e.g. PRSPs) and are actually used for national resource allocations (e.g. HIPC resources). Indicators chosen by policy makers and managers should correspond to the level of data collection capacity.

3. Surveys

<u>Key issues</u>	<u>Actions</u>
<p>Inconsistent definitions and methodologies used in different surveys resulting in inconsistent time series for some indicators. The evidence tends to show that this is more problematic where surveys have different sponsors. In some cases this is because sponsors are concerned about ensuring cross-country comparability and in others because specific surveys use methodology designed for particular projects/researches. A comparison of three household surveys conducted in Malawi (the Integrated Household Survey 1998, the Demographic and Health Survey 2000, and the Core Welfare Indicator Questionnaire 2002) shows that the composition of the household, the statistical unit of all three surveys, is different in each case. Here, the Malawi government has had the objective to implement a consistent and coordinated household system, but has been unable to achieve this because of the way that household surveys are funded.</p>	<p>Improve comparability and standardization of survey methods and instruments over time and between different surveys within each country, both by the implementing agencies and by those sponsoring surveys. One way countries may achieve this is to strengthen or establish an effective review body for large-scale surveys. Another approach would involve setting-up agreements with Governments concerning survey outcomes, clearly allocating responsibility for survey results to the official bodies responsible for implementation.</p>
<p>In countries where capacity to collect data from administrative sources is limited, and likely to be constrained in the short term by lack of capacity in administrative systems, users will remain heavily dependent on household surveys for key social statistics. Users in Malawi, for example, do not have confidence in national school enrolment data from the Education Management Information System, and rely exclusively on attendance data from household surveys.</p>	<p>Countries with limited capacity to obtain statistics from administrative sources should plan to implement a minimum survey/census program. This should consist of a population census every 10 years, and a survey program that produces on an annual basis estimates for indicators responsive to annual policy changes, and every 5 years or so obtains detailed demographic, health, education, agriculture and income or expenditure data.</p>

4. Data obtained from administrative sources

<u>Key issues</u>	<u>Actions</u>
<p>Indicators produced from administrative systems are often considered to be weak by users, particularly in countries where general administrative capacity is low. In Cambodia, because of the weak vital registration system, the only health related MDG indicator that can be produced through administrative processes is the immunization indicator, and even this has to be validated by survey results. In Malawi, national school enrolment data are not used by policy makers because the number of children of school age reported to be at school exceeds the number of children of school age estimated by the population census.</p>	<p>Alongside efforts to improve household survey systems, systems to collect data from administrative sources should be strengthened especially in order to monitor intermediate policy outputs. Improvement programs should be comprehensive but realistic, and create reporting incentives that do not distort data.</p>

5. Funding

<u>Key issues</u>	<u>Actions</u>
<p>Central government funding does not meet core statistical requirements. In Malawi, fieldwork costs for only one national household survey in the last 10 years has been funded by government, the remainder being funded by donors and external agencies. A regular household survey is not part of the budget of the statistical office.</p>	<p>Governments to establish an agreed core statistical program to meet key requirements (such as those arising from PRSPs), and resources for these programs to be eventually allocated through national budgets, even if donor funding is required in the short term.</p>
<p>Taking into account likely future funding, many countries face financing shortfalls in their statistical plans. In Cambodia, available government funding for the national statistical system is estimated at \$7.5 million at most over the next five years, and current donor commitments total about \$11 million over the same period. Total available funding is therefore about \$18.5 million. The requirement over the same period for a reasonable comprehensive system is expected to be around \$24 million (including a Demographic and Health Survey, Household Socio-Economic Survey, and the population census). This approximates to a funding gap of about \$1 million per year.</p>	<p>Countries to develop medium and long-term statistical development plans, and governments and donors need to work in partnership to fund statistical activities and capacity development according to these plans, wherever possible using pooled funding through government budgeting mechanisms.</p>

Attachment 2: Summary of PARIS21 International Study

The idea behind this study is to complement the Country Case Studies, to provide a better understanding of processes behind the international statistical system as it relates to the key development indicators contained in the MDG monitoring set. Although the focus of data improvements needs to be on national statistical systems, there is recognition that the process of obtaining data from national sources, and turning those data into usable indicators with cross-country comparability, is a complex and challenging one. The aim is to provide those working in the international statistical system with low-cost suggestions for rapid improvement in key areas.

Most of the research work for this study has been conducted by Oxford Policy Management, with funding from DFID. Detailed information has been obtained from those key international agencies with responsibility for specific sectoral statistics. Initial findings were broadly endorsed by a conference of international and national statistical agencies hosted by the World Bank in June 2003. Since then, refinements have been made to the study to provide a broader and deeper set of information on which to base key conclusions.

Key findings

1. In some cases there are inconsistent definitions applied by international agencies to the same indicator. The study documents examples where this arises because indicator definitions are not clear, not consistently applied by international organizations, or are not applied by countries when collecting data (HIV/AIDS indicators, literacy rates). It also examines indicator definitions that cannot always be readily applied to specific country circumstances, particularly where data are collected as a by-product of administrative systems (measles immunizations, births attended by skilled health personnel).
2. The use of different data sources to produce certain indicators makes cross-country comparability difficult. This is often dictated by data availability at country level; for example, welfare measures are based either on income or consumption, and there are often difficulties comparing the estimates calculated from surveys using each method. Differences between employment estimates derived from administrative records and labor force surveys are well known.
3. Since there is no systematic record of household surveys conducted by individual countries, systems which utilize estimates derived from household surveys occasionally fail to make use of all available data. Surveys with useful and valid data are sometimes missed by agency search mechanisms, even though sophisticated semi-formal sectoral networks exist, and agency field offices are often used to identify data sources. For example, the Pakistan Integrated Household Surveys (PIHS) were not identified as a useful source of mortality data by UNICEF and WHO, yet the PIHS is widely recognized to be one of the most important data sources for key indicators (including child and infant mortality) since 1996.

4. Although greater efforts are being made by agencies to more fully utilize data from household surveys, there are areas where the use of survey data to supplement data collected through administrative systems would improve the coverage and quality of data estimates. The main example is school enrolment data, which could be supplemented or validated with attendance data from surveys (although it should be noted that UNESCO Institute of Statistics are already actively attempting to utilize survey data more fully).

5. Collection of data using agency questionnaires is sometimes problematic. Although many agencies utilize their field offices, questionnaires do not always reach their intended recipient, or receive due attention when they do – particularly if they are long and onerous to complete. Countries do not always have adequate capacity to manage the questionnaire completion process well.

6. International population data are inconsistent, but are utilized heavily by some agencies, both to calculate indicator values for countries (e.g. as the denominator in six MDG indicators) and to generate regional and global estimates. There are three main sources: the UN Population Division, the World Bank, and the US Census Bureau. Data from these sources often differ; in one country in every six, for the year 2000, differences between the lowest and highest estimate vary by more than 10%. Differences in population estimates – particularly where the size of specific population sub-groups needs to be estimated – can make dramatic differences in indicator estimates.

7. Data presentation practices can cause misuse of indicator data. Estimates tend to be presented without full metadata detailing data sources, specific limitations, or freshness, and are sometimes presented representing a range of years. The result can be confusing to data users, who may not be able to, for example, easily distinguish between data updated last year on one web site, and data updated this year on another - and may even try to compare the two. The report documents cases where apparently different estimates for specific indicators and countries are reported by different agencies, but where the difference is actually caused by data freshness.

Some suggested actions

1. Household surveys. Consolidate household survey networks, and create an international household survey database. Informal, semi-formal and formal networks already exist, and there are several examples of household survey databanks maintained by international organizations. The study proposes a joint effort to consolidate these initiatives, to improve data availability, more widely share knowledge and information, and to enable improved cross-country comparability. Proactive use of household survey data in improving estimates made primarily from administrative sources is also suggested.

2. Practices of the international statistical system. A systematic review of data collection and reporting practices. This should examine more closely the agency questionnaires and their use, and seek for a possible consolidation of reporting practices in order to minimize

response burden and improve effectiveness. Rules and systems which define responsibilities of countries and agencies in the reporting process should also be reviewed to improve data quality.

3. Population estimates. Improvements in the use of international population estimates, including the provision of more complete documentation of sources and methods, and information on the precision of estimates. The study also suggests that it would be helpful for MDG reporting purposes if major producers of population data were to agree on a common set of estimates to be used in MDG calculations and reporting.

4. Methodology. Improvements in the management and use of common methodologies and definitions, including increased efforts to collate and promote definitions and guidelines (it is recognized that the UN MDG indicator metadata published in 2003 addresses some of these issues.) Greater attention needs to be paid to country-level data collection systems, to try to accommodate international definitions and requirements without distorting national requirements.

5. Dissemination. Increase the level of detail in metadata in published international databases, and make changes to data management and presentation practices to increase the information available to users and minimize the potential for misinterpretation and confusion, particularly when comparing data from different international sources.

Attachment 3: Main Components of Census Costs

Census need to be more cost-effective. But they will remain costly despite the use of modern, relatively low-cost, computer technology. There is a fine balance between keeping census costs to a minimum and preserving the unique advantages of a census. UNFPA has found that unless sufficient resources are available at each stage of the census, the quality and value of the entire census can be jeopardized. Three activities tend to take-up the bulk of census operation costs.

First, census maps. Accurate maps provide the basis for a variety of census operations, including setting enumerator assignments, ensuring completeness of coverage, estimating travel time and costs, and establishing field offices. They also provide the basis for producing thematic maps for spatial analysis of the census. The use of GIS, with ground-truthing, can lead to significant cost savings in the determination of enumeration areas. Further, the continuous and multiple use of maps by and across different government departments can help spread cartographic costs.

Second, population enumeration. This is the most expensive census operation. Each person and every living quarter in a country must be enumerated within a short period of time. Enumeration costs depend upon factors such as method of enumeration; the source of supply of enumerators, the geography and topography of the country and the number of questions asked in the census questionnaire. Sampling can reduce census enumeration and processing costs, and improve the quality of information. Sampling at enumeration reduces field-training and processing costs in the main census, and enhances data quality for difficult topics and provides additional information from selected households. However, considerable care needs to be taken in sample selection and implementation to avoid biases in the results.

Third, data capture, processing, analysis, preparation of reports and dissemination. Continued advances in computer systems technology, such as electronic scanning of marks and characters, have greatly increased the speed and reliability in producing and disseminating tabulations, increasing the extent to which automation can be applied as the standard method of processing. However, modern high-level data processing technology, and the skills to handle it, are frequently in short supply in developing countries. And it is by no means self-evident that, in labor surplus situations advanced technologies, such as sophisticated scanning devices, should necessarily be chosen to replace more labor-intensive methods. Although avoiding human transcription errors, such as data misreading or mispunching, the technology may have limited application in the years following a census. By contrast, a large number of stand alone personal computers and related equipment items bought to facilitate census data processing may help permanently upgrade institutional capacity.

Attachment 4: STATCAP - A New Lending Program to Support more Efficient and Effective Statistical Systems in Developing Countries

Why statistical capacity building?

During the past 50 years, the developing world has experienced strong but very uneven progress on sustainable growth and poverty reduction. The new post-Monterrey partnership for development has identified the main components for improving on this record: the need for good country-specific and country-owned policies and institutions, as well as a continuing commitment to provide effective development assistance. There is broad consensus that the Millennium Development Goals (MDGs) identify the desired outcomes, as well as the means for measuring progress. Throughout the development community there is now agreement that consistent and coherent implementation are the key towards achieving the MDGs, with a shared accountability and a new focus on results.

Better statistical data and improved analysis, while they are clearly not all that is needed, can create the political will for these changes to take place, and are crucial for the process of better measuring, monitoring and managing for development results. Without good statistics, governments cannot deliver efficient administration, good management, and evidence-based policy making. Statistics provide a means for the public to monitor the activities of government and make decisions about their own lives. An effective and efficient national statistical system, providing the data needed to support better policies and to monitor progress, is a crucial component of good governance. The ability to provide regular and reliable data on the economy and the well being of the population is an important indicator of good policies and institutions. Disseminating good quality data that have integrity increases transparency and promotes accountability. It complements important government processes, such as budget management and auditing.

A wide range of social, economic, demographic and environmental statistical data is needed to support the development process, to provide the evidence base for policy formulation, to support implementation, to monitor progress and to evaluate outcomes. A sophisticated international statistical system has been developed over the years to meet the needs of the development community, with a network of agencies compiling information and disseminating internationally comparable data. The quality of the output, however, is only as good as the source data, which originate from individual countries. Most of the data needed to monitor progress towards MDGs, for example, originate in national statistical systems, which must also provide data for national policy makers and the general public on a wide variety of topics. But the quality and availability of these data depend upon the capacity of institutions involved in national statistical systems, which are often undervalued and under-funded.

Why a new program?

Many national statistical systems are caught in a vicious cycle where inadequate resources restrain output and undermine the quality of statistics, while the poor quality of

statistics leads to lower demand and hence fewer resources. Sustainable improvement in the statistical systems of developing countries – true capacity building – requires programs to increase both the demand for and the supply of statistics. In other words, there must be a break in the cycle, encouraging countries to develop the capacity to conduct sophisticated statistical activities reflecting their own agenda and to make better use of these data in managing their development programs. STATCAP has been designed to address this situation by providing substantial resources for both investment and current operations, based on a country-owned and developed strategy.

The need for action now is driven by the new demands for statistical data from the preparation of poverty reduction strategies, from the need to monitor progress towards the MDGs and by the new emphasis on implementation and results, post-Monterrey. While the World Bank and other donors have invested in statistical activities for many years, much of this investment has been piecemeal, uncoordinated and short-term, often as a component of another program. It has tended to focus more on meeting immediate demands of key users, rather than sustainable capacity building. To address these issues, STATCAP is designed to enable countries to make significant investments in statistical capacity, to both improve efficiency and effectiveness in the future and finance the most urgent current statistical activities. It will be implemented using the principles agreed by PARIS21¹ of country ownership and donor coordination, adopting a long-term strategy based on individual country needs and local conditions.

How will STATCAP work?

STATCAP is a horizontal Adaptable Program Loan (APL), based on a sector wide approach. Under the APL, individual countries will obtain separate loans or credits to finance comprehensive or sectoral national statistical capacity building projects. National projects will be appraised and prepared for approval following normal provisions for investment lending. The program will treat specific country projects developed within the global framework as “phases” of a horizontal APL, with approval by Management.

Participation in STATCAP requires the preparation of a Project Appraisal Document (PAD) using a standard template. The PAD is based on interventions identified in a Statistical Master Plan (SMP) for the country. The SMP will cover the entire national statistical system and will draw on existing national strategies and capabilities; the resulting Project may either focus on specific sectors or take a comprehensive approach covering the entire statistical system. In most cases, preparation of the SMP will involve an evaluation of the capacity of the statistical system, a review of strengths and weaknesses, and a review of the needs of data users. It will incorporate proposals for institutional strengthening aimed at building sustainable national statistical capabilities through human and technological resources development, and the adoption of sound management practices, following international statistical standards. The SMP will provide the rationale for the proposed investment operation and supply the essential background information needed by the Task Team Leader to prepare the Project

¹ PARIS21 (**PAR**tnerships **I**n **S**tatistics for the **21**st Century) is an international consortium, sponsored by the UN, OECD, the World Bank, the IMF and the European Commission.

Appraisal Document (PAD). The structure of the SMP is designed to link directly to the preparation of the PAD.

The SMP is normally prepared by National Statistical Agencies through a consultative process with both data providers and users, supported by consultants, and with technical advice and support from the Bank. It will be grounded in existing national strategy documents and processes, but in countries where there is no existing statistical strategy process support may be needed to initiate this before the SMP can be completed. Financial assistance for the preparation of the SMP and for country strategy processes may be available from the Trust Fund for Statistical Capacity Building (TFSCB) or other grant facilities.

What will STATCAP finance?

STATCAP provides flexibility in financing, including meeting recurrent costs, providing new means for financing investments and making best use of all sources of technical support and advice. It may focus on the development of statistics in specific sectors, or may finance the implementation of a comprehensive statistical development plan. It supports the long-term development of the national statistical system and may involve a series of separate grants or loans as appropriate. It covers all aspects of statistical development and it is expected that individual country projects will include four main components:

1. Improving statistical policy and the regulatory and institutional framework, including issues such as independence and confidentiality, the adequacy of legislation and the dialogue with data users;
2. Supporting the development of statistical infrastructure, including such aspects as business registers, sampling frames, classifications, database structures and geographic information systems;
3. Upgrading and developing statistical operations and procedures;
4. Providing investments in physical infrastructure and equipment.

Assessing success

Each separate project or phase will identify specific targets and indicators of success, based on goals set out in the SMP and agreed through a consultative process. Countries will be encouraged to use international standards and frameworks such as the IMF's General Data Dissemination System (GDDS) and Data Quality Assessment Framework (DQAF) and the UN's fundamental principles of official statistics, as mechanisms to assess progress. Increasing use will also be made of the indicators of statistical capacity building that have been developed by PARIS21.

Progress to date

The first two countries participating in the STATCAP program are Burkina Faso and Ukraine. Statistical Master Plans have been developed and agreed by both countries, and

projects resulting from these plans (of \$10 and \$32 million respectively) have been appraised. Presentation of these two projects to the World Bank Board of Executive Directors, together with the overall guidelines for STATCAP, is expected in March 2004.

Preparation of projects for a number of other countries is ongoing. Kenya has developed a Statistical Strategy, and is developing a more detailed Statistical Master Plan in preparation for a STATCAP project. A Project Concept Note for a STATCAP project has been prepared for Nigeria, and the development of a Statistical Master Plan is being supported by the Trust Fund for Statistical Capacity Building. Through the Trust Fund assistance is also being given to Yemen and Moldova, to help them prepare a Master Plan. In both cases, a STATCAP project will be considered once the Master Plan has been prepared and agreed.

Meeting the Data Challenge

**A funding proposal for
PARIS21
and the
Trust Fund for Statistical Capacity Building
for 2004 to 2006**



Meeting the Data Challenge

Proposal for PARIS21 and the Trust Fund for Statistical Capacity Building

2004 to 2006

Summary

Over the past three years, substantial progress has been made in meeting the data and reporting challenge of the global development effort in the first quarter of the twenty-first century. An effective development model, which brings together both users and providers of statistics and which puts developing countries at the center, has been developed and piloted. A broad network of the key stakeholders has been established and a substantial amount of experience and expertise has been built up. There is also widespread agreement that the problems that PARIS21 and TFSCB were set up to address are even more important today than they were in 1999. At the same time, the international environment is perhaps even more receptive to and supportive of the statistical effort. And yet a renewed and enhanced effort is still required if the data challenges of the global monitoring and results agenda are to be met in time.

This proposal, therefore, provides for a new business plan for PARIS21 and the Trust Fund for Statistical Capacity Building to cover the period 2004 to 2006. The aim is to build on what has been achieved in the first three years of operation and to take advantage of the new opportunities for statistics arising from the new results and global monitoring agenda. The business plan will also support the new investment expected to be made in statistical capacity over the next few years. In particular the proposal provides for a scaling up of the PARIS21 approach that has been successfully piloted since 2000. Through an extension of effective advocacy, dialogue, coordination and strategic planning for statistics the objective will be to cover all developing countries by the year 2010.

To achieve this will require an annual expenditure of the order of \$9 million, or about \$27 million over three years. These funds will support the technical work of specialist task teams, develop the advocacy and knowledge base for statistical capacity building, implement a partnership and information exchange program, and support strategic planning and targeted capacity building in developing countries.

Building a culture of evidence-based policymaking and monitoring

The Millennium Declaration, signed in 2000 by 189 heads of state and government, provides a clear statement of what development is about. 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.

Even before the Millennium Summit, there was recognition that moving to an evidence-based approach to development would place new demands on national statistical systems, especially in the poorest countries. At the end of the twentieth century, very few developing countries had the capacity to generate the data to monitor even a limited set of development indicators. And, despite decades of technical assistance and financial aid directed toward statistics, most national statistical systems were not performing adequately. Externally funded initiatives were not being sustained, and many national systems were caught in a vicious spiral of under-performance and under-funding. It was clear that a new approach was needed and to respond to this situation, the World Bank, the International Monetary Fund, the United Nations, the Organization for Economic Cooperation and Development and the European Commission together organized an international meeting on statistics for development in Paris in November 1999.

At the Paris meeting, it was agreed that a new approach was needed to build the statistical system needed for development in the twenty-first century. The fundamental principle was partnership - between developed and developing countries and between the providers and users of statistical data. It was also agreed that there was a crucial need to build and strengthen the capacity of national statistical systems. But this process had to be driven by developing countries themselves if it was to be sustained. The key was to reduce donor dependency, and to improve coordination at all levels.

Both the Partnership in Statistics for Development in the 21st Century (PARIS21) and the Trust Fund for Statistical Capacity Building (TFSCB) were set up to help put the recommendations of the Paris meeting into effect. PARIS21 was seen as a follow-up process, to promote dialogue and to advocate for more effective and sustained statistical capacity building. A small secretariat was established at the OECD headquarters in Paris to implement a work program promoting dialogue between data users and providers and strengthening coordination among donors around a country-led development process. In a parallel process 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 Trust Fund have been seen as part of the same process of building a culture of evidence-based policy making. PARIS21 is a network promoting 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.

What has been achieved so far?

Both PARIS21 and the Trust Fund have been in operation for about three years, and separate, but linked, evaluations were carried out in 2003. Both reviews concluded that the initiatives had generally been successful, in relation to the broader discussion as well as in delivering key outputs. While some changes are needed, to sharpen the focus and to broaden the impact, the evaluators recommended that both PARIS21 and the Trust Fund be continued for another three years, that is, until the end of 2006. These recommendations have been accepted by the Steering Committee for PARIS21 and the Consultative Group for the Trust Fund respectively. In summary, the two evaluations concluded that the evidence available on the overall effectiveness of the PARIS21 approach is promising, even though it is not yet conclusive. There is virtually universal agreement that the needs it was designed to meet are more important today than in 1999, and the overall environment more favorable to progress. In particular the main achievements are seen as:

- The development of a robust model for statistical capacity building that places developing countries at the center of the process and which is widely supported;
- The establishment of a broad network of agencies, organizations and individuals interested in and committed to developing a culture of evidence-based policy making and the results agenda;
- The setting up of effective, but light management structures that bring together the key players, but which do not impose a heavy overhead and which are seen as being responsive to change; and

The development of a cadre of data producers and users with a vision of what needs to be done and increasing levels of the experience and expertise needed to bring this about.

There is general agreement, therefore, that the ideas put forward by the 1999 Paris meeting still show the best hope of overcoming the obstacles to sound statistical development. Both PARIS21 and the Trust Fund have proved effective, but neither can achieve the broad goals or change a culture of decision making on their own. Particularly in Sub-Saharan Africa, where PARIS21 activities have been in place the longest, a new partnership involving statisticians and policymakers has been established. Regional meetings, information exchanges, and the work of task teams have stimulated debate and discussion about statistics and have broadened involvement in the development process.

On its side, TFSCB has invested more than \$11 million in more than 50 statistical capacity building projects in developing countries. It has also remarkably successful in stimulating additional investments from other sources. For each dollar committed by the Trust Fund, about 90 cents has been provided from other sources, including government budgets. More recently, Trust Fund projects have been focused on assisting countries develop their own statistical development strategies and implementation plans, and there has thus been direct follow up to PARIS21 regional and national workshops.

The changing environment for statistical capacity building

The environment for statistical capacity building is evolving, and the approach of both PARIS21 and the Trust Fund must anticipate and adapt to new trends if they are to continue to have an impact. It is also important to recognize that many other players are active in statistical capacity building, making it crucial to ensure greater coordination. There is a

need to develop and broaden the overall vision (Box 1). At the same time, the demand for the outputs of national statistical systems is increasing.

Box 1 The need for an overall vision

The demand for indicators has increased with the Millennium Development Goals and Poverty Reduction Strategy Papers, but has yet to be translated into general support for national statistical systems.

- ❑ The development of national statistical systems is not yet part of overall development policy in many developing countries.
- ❑ Relations between the central statistical office, other data producers, policymakers, and other data users are weak.
- ❑ The operation and development of many national statistical system depends largely on donor support—support perceived as uncoordinated, and often defined by international needs rather than country needs.

To address these problems countries need to have an overall vision for a national statistical system that:

- ❑ Addresses national, regional and international needs for data.
- ❑ Is an integral part of the country's development and poverty reduction strategy.
- ❑ Serves as a coordinating framework for international and bilateral assistance.
- ❑ Includes all the main data producers and makes better use of existing data processes.
- ❑ Promotes better data quality by following international standards and good practice.
- ❑ Is based on a detailed analysis of current strengths and weaknesses.

Both PARIS21 and the Trust Fund have started promoting this agenda, but the successes of the past three years need to be consolidated and the approach promoted much more widely.

The international process to monitor the 48 indicators of progress identified in the Millennium Development Goals has created unprecedented demand for statistical data on almost all aspects of development. At the national level, there has also been an increase in demand for a wide variety of statistical indicators, driven to a large extent by the need to prepare, implement, and monitor national poverty reduction strategies (Box 2).

Box 2 Building capacity to monitor progress

The eight Millennium Development Goals, defined at the Millennium Summit in New York in 2000, were unanimously agreed to by 189 heads of state and governments. They represent a common view of the progress that must be achieved if global poverty is to be reduced and if basic aspects of human development are to be realized. The Goals are defined further in terms of 21 key targets, with progress monitored by 48 internationally agreed indicators.

Most of these indicators, at least 35, can be monitored only by data generated by national statistical systems. While most of the indicators relate to a specific aspect of development, the production of reliable and up to date numbers requires a comprehensive and well-operating national statistical system. For indicators expressed as ratios, good data are needed for the denominator as well as the numerator. National statistical systems need the capacity to carry out frequent censuses and household surveys, monitor the operation of the economy, collect environmental data, and use data generated from day-to-day administration. Even in 2003—with just 12 years to go to 2015, the target date for most of the Goals—very few developing countries have the required capacity, and there are still major gaps in the data coverage. Urgent action is needed now if the capacity that is needed is to be built in time to monitor progress by 2010.

Other changes are being driven by the evolving international architecture of development. An emerging international consensus, coming out of the UN's Conference on Financing for Development that took place in Monterrey, Mexico in 2002, emphasizes a country-led approach to poverty reduction and a new focus on results. Both components have important implications for the statistical community. The results agenda, in its requirement for clear and unambiguous measurements of what has been achieved, presents opportunities - but also clear challenges. As a result, perhaps for the first time for many years, the demand for better statistical data is being articulated not only by technicians, but at the highest political levels. Numbers now matter.

The challenge for the statistical community, therefore, is not only to produce better numbers, but to do so on a scale and in a time frame that are relevant to policy makers. Some successes have been achieved in the past three years, a new approach to statistical capacity building has been developed and significant improvements in data availability and quality can be identified in a number of countries. If the unprecedented political support for results and statistics is to be sustained, however, much more needs to be done. A renewed effort is now needed to extend the PARIS21 approach to the whole of the developing world and to build the evidence base that data users are demanding.

A new opportunity for statistical capacity building

The overall PARIS21 approach, developed over the past three years has proved to be successful. The basic paradigm, based on partnership, ensuring that developing countries take the lead, focusing on both demand for statistical data as well as supply and emphasizing effective coordination has proved to be effective and robust. We now have a clear idea of how to proceed, involving a three stage process. An initial stage of advocacy, consultation and dialogue leads to the development of a clear vision of what needs to be done and the articulation of a strategy of how to achieve this, followed by sustained investment in human resources, technology and infrastructure. Where countries take the lead and where this process is effectively integrated with other development initiatives, the evidence is that it can be remarkably effective (Box 3).

Box 3. Mozambique

The Strategic Plan provided the basis for the monitoring and evaluation of Mozambique's first poverty reduction strategy (Action Plan for the Reduction of Absolute Poverty) that from 2001 to 2005. It enabled key poverty indicators to be identified and ensured that the investments needed to sustain data systems were in place. As a result of the strategic plan the statistical system was able to meet the demands of the poverty strategy process and ensure that scarce resources were used effectively. It also provided a mechanisms for coordinating donor assistance at a time when many different donors were interested in supporting poverty monitoring.

Clearly, PARIS21 and TFSCB are not the only, or even the most important, players involved in statistical capacity building. Many other agencies fulfill crucial roles, from the UN Statistical Commission, to the specialized UN agencies, and bilateral and multilateral donors. Some work in specific sectors; others focus mainly on one part of the process. The value of the two initiatives is that they bring the statistical community together with policymakers and data users and empha-

size a coordinated and broad-based approach. A key part of the advocacy of PARIS21 is to encourage countries to take the lead in determining what their national statistical systems should do. The Trust Fund helps provide the technical and financial resources to support this process.

An extension and expansion of the overall approach and of the work of PARIS21 and TFSCB is also likely to be needed to ensure that new resources being made available for investment in statistical capacity are used effectively and efficiently. Because official statistics will remain (largely) public goods, their production will continue to be financed from tax revenue, and governments will clearly be the main financiers of routine activities. For developing countries, however, both bilateral and multilateral aid donors will be important sources of investment finance for many years to come. Recently, many donors seem to be giving more attention to investments in statistics - in part in response to the global results and monitoring agenda, but also to provide the data they need to manage their own programs. As a result more resources are becoming available for statistics, including those through a new World Bank financing instrument - STATCAP. All the indications are that there is likely to be a step-increase in the level of investment over the next few years. If these new resources are to generate a return in terms of better statistical data, then it will be essential to ensure that the activities of PARIS21 and TFSCB are continued and expanded.

A new business plan

This proposal, therefore, calls for a new business plan for PARIS21 and the Trust Fund to cover the period 2004 to 2006. The aim is to take advantage of the new opportunities for statistics coming out of the results and global monitoring agenda and to support the new investment expected to be made in statistical capacity over the next few years. In particular the proposal provides for a scaling up of advocacy, dialogue, coordination and strategic planning for statistics to cover all developing countries by the year 2010. The key elements of this business plan are as follows.

- The goal is to continue to promote a culture of evidence-based policy making and monitoring in support of development and poverty reduction.
- This will be done by enabling all developing countries to have prepared strategic development plans for their national statistical system by 2006 and to have detailed implementation programs or statistical master plans in operation by 2010.
- Responding to the recommendations of the evaluation and the new agenda for statistics, PARIS21 will continue to support national capacity building by working mainly at the global and regional levels through advocacy, by developing tools and methods, and by monitoring and reporting on progress.
- The Trust Fund will concentrate its resources on supporting the preparation of national strategies for statistical development and implementation programs, with a more focused approach to capacity building. It will supplement efforts by other agencies and will aim to support capacity building programs that may be financed by national budgets, by bilateral donors, and by multilateral processes such as the World Bank's new STATCAP financing vehicle.
- The main objective will be for least an additional 30 developing countries to have in place a funded capacity building program by the end of 2006. That would reduce by 75%

the number of countries unable to report on progress toward the Millennium Development Goals by 2010.

- Overall the emphasis will be on improved coordination and management.

To achieve these outputs annual spending by PARIS21 and the Trust Fund is estimated at \$9 million, or about \$27 million over three years (table 1). The PARIS21 funding includes just under \$850,000 that is already secured and carried forward from 2003. These funds will support the technical work of specialist task teams, develop the advocacy and knowledge base for statistical capacity building, implement a partnership and information exchange program, and support capacity building at the national level.

The Trust Fund's requirements are based on a work program that envisages two kinds of projects: those supporting the preparation of statistical development strategies and master plans, and other more general projects providing support to capacity building. It is envisaged that about 10 strategy and master plan projects will be approved in 2004 and 15 a year after that. There are likely to be 5 to 10 other projects approved per year, focusing on activities that make more effective use of existing data and data processes. Particular links will be made with other initiatives, including the IMF's General Data Dissemination System (GDDS).

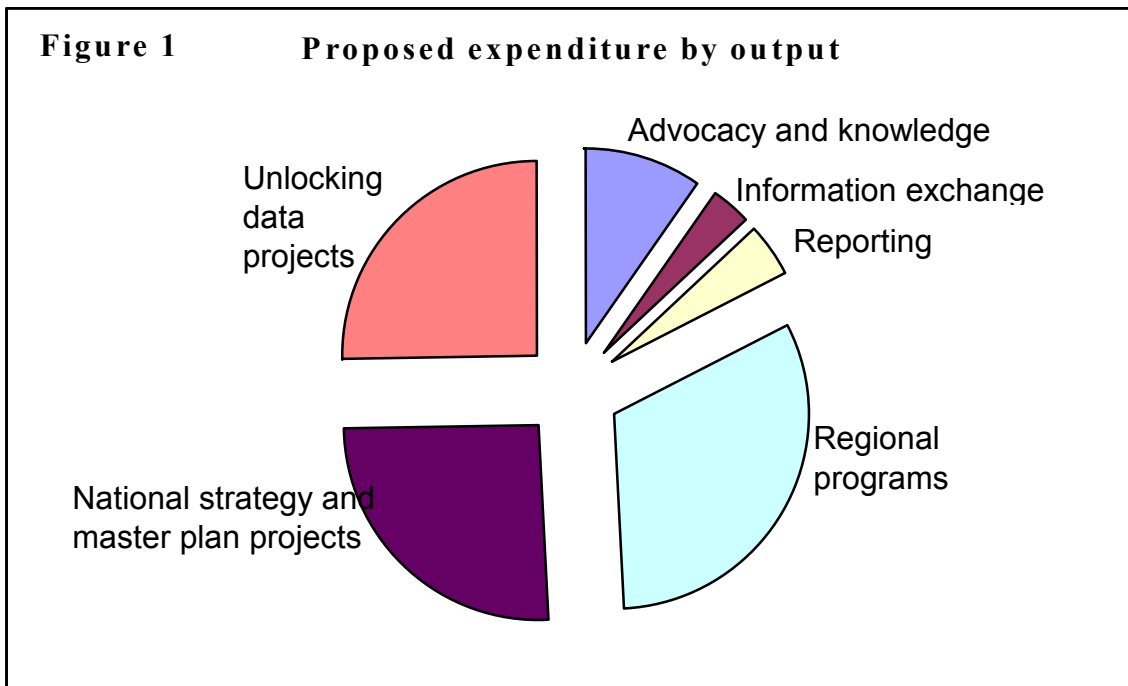
A small sum is also included in the Trust Fund's budget to provide support for project preparation to enable the poorest countries to have easier access to the Trust Fund. An overhead of 9% is included in the budget, the standard percentage for World Bank administered multi-donor trust funds of this type. This overhead goes to meet some of the administrative costs incurred by the World Bank. It is estimated, however, that providing the management and supervision required, and as recommended by the evaluation, will cost more. The estimated additional contribution of the World Bank to trust fund management and project supervision over and above the overhead is about \$2.4 million over three years (Figure 1 and Table 1).

Conclusion

Over the past three years, substantial progress has been made in meeting the data and reporting challenge of the global development effort in the first quarter of the twenty-first century. An effective development model, which brings together both users and providers of statistics and which puts developing countries at the center, has been developed and piloted. A broad network of the key stakeholders has been established and a substantial amount of experience and expertise has been built up. There is also widespread agreement that the problems that PARIS21 and TFSCB were set up to address are even more important today that they were in 1999. At the same time, the international environment is perhaps even more receptive to and supportive of the statistical effort. And yet a renewed and enhanced effort is still required if the data challenges of the global monitoring and results agenda are to be met in time.

This proposal, therefore, proposes an increased funding program for PARIS21 and TFSCB over the next three years as a core part of the global effort to meet the Millennium development challenge. Most of the pieces needed to scale up the PARIS21 approach are in place, and the potential for a substantial increase in the level of investment in statistical capacity is good. What is needed now is a renewed international commitment to the overall process

and a financial commitment of the order of \$9 million per year for three years. The amounts required are not large, but the potential benefits are substantial.



**Table 1. Financing needs of PARIS21 and the Trust Fund, 2004–2006
(thousands of dollars)**

Expenditure	2004	2005	2006	Total
PARIS21 management	\$808	\$602	\$985	\$2,395
Task teams	\$83	\$77	\$77	\$236
Advocacy and knowledge base	\$590	\$490	\$490	\$1,569
Partnership and information exchange	\$254	\$189	\$189	\$631
Reporting	\$502	\$248	\$65	\$814
Regional programs	\$3,549	\$2,926	\$2,177	\$8,653
Total PARIS21 expenditure	\$5,786	\$4,531	\$3,983	\$14,299
Less funding already secured	\$847	\$0	\$0	\$847
Funding needs for PARIS21	\$4,938	\$4,531	\$3,983	\$13,452
Statistical development strategy and statistical master plan projects	\$1,500	\$2,250	\$2,250	\$6,000
Other projects	\$2,000	\$2,000	\$2,000	\$6,000
Support for proposal preparation	\$250	\$250	\$250	\$750
Overhead (9%)	\$338	\$405	\$405	\$1,148
Funding needs for the Trust Fund	\$4,088	\$4,905	\$4,905	\$13,898
Grand total	\$9,026	\$9,436	\$8,888	\$27,350

For more information on PARIS21 please contact:

Antoine Simonpietri,
 Manager, PARIS21
 OECD/DCD
 2 rue Andre Pascal
 75775 Paris Cedex 16
 France
 Tel: +31 1 45 24 90 51
 Fax: +31 1 45 24 94 06
 E-mail: antoine.simonpietri@oecd.org

For more information on TFSCB please contact:

Misha Belkindas
 DECDG
 World Bank
 1818 H Street NW
 Washington DC 20433
 USA
 Tel: +1 202 473 7611
 Fax: +1 202 522 3669
 E-mail: Mbelkindas@worldbank.org