

A Guide to Using a System-wide Approach to Implement National Strategies for the Development of Statistics (NSDS)



PARIS21 Secretariat

31 October 2007

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Foreword

This document has been prepared primarily to provide operational guidance for managers and funders of National Statistical Systems. It provides guidance on how to use a system-wide (or programme-based) approach to support the strengthening of National Statistical Systems. The approach emphasises the centrality of implementing well-designed and realistic National Strategies for the Development of Statistics (NSDSs) which are grounded in and directly linked to national poverty reduction strategies or other development plans. Many countries have designed or are designing NSDSs. The key requirement is to move from the preparation of plans and strategies (NSDSs or similar documents) to their implementation.

At the Third International Roundtable on Managing for Development Results, which was held in Hanoi in February 2007, participating country teams recognised that an effective and efficient National Statistical System is essential to provide the data needed to develop appropriate policies, to target scarce resources, to measure progress, to make effective use of aid and to monitor and evaluate outcomes in order to manage for development results. The Roundtable emphasised the need for support for statistics to be scaled up, and for that to be successful any scaling up must involve harmonised and co-ordinated donor support following the principles of the Paris Declaration on Aid Effectiveness¹.

Much has been written by and for donors about programme-based approaches, including sector-wide approaches (SWAs). The bibliography shows the sources which offer detailed guidelines, but they place the emphasis on donor practices. These guidelines draw heavily on those documents, but with the aim to help countries to understand and work within those donor frameworks, using a system-wide approach to facilitate the scaling up of both host government and donor support for statistics.

¹ Annex 3 sets out the main principles of the Paris Declaration and how they might be applied to statistics.

Terminology

Terminology can be confusing as a variety of terms are used by different organisations. The main ones of relevance to a system-wide approach are defined for the purpose of this Guide as follows:

National Statistical Office (NSO): For the purpose of this Guide, NSO refers to the central statistical agency of a country, including National Statistical (or Statistics) Offices, Central Statistical/ Statistics Offices, State Statistics Committees, etc. NSOs are responsible typically for specific statistical activities, the range of which varies from country to country, as well as for overall coordination of official statistics².

National Statistical System (NSS): The National Statistical System normally refers to the agencies responsible for producing and disseminating statistics, and more broadly to official bodies analysing and using statistics. It encompasses the statistical outputs produced; and the people involved, including both producers and users of statistics. The basic concept of national statistics is to bring together the most important indicators and data sets within a coherent framework, which provides users with some assurances about data quality and integrity³.

National Strategy for the Development of Statistics (NSDS): An NSDS is a strategic plan for developing a National Statistical System – the equivalent to a sector development programme in the case of a SWAp (see below). Key attributes of an NSDS as defined by PARIS21 guidance are set out in box 2 below.

Programme-based approach (PBA): “A way of engaging in development co-operation based on the principles of co-ordinated support for a locally owned programme of development, such as a national development strategy, a sector programme, a thematic programme or a programme of a specific organisation” (Development Assistance Committee / Organisation for Economic Co-operation and Development).

Sector-wide approach (SWAp): A SWAp is a programme-based approach applied to a particular sector, such as education, health or agriculture. This will support a sector development programme (SDP), which is “a single comprehensive programme and budget framework, comprising a specific, time-bound and costed set of actions and activities within a sector” such as, in the case of statistics, an NSDS incorporating both government and donor resources.

System-wide approach (no acronym, a form of PBA): An approach to support a locally owned and locally led programme to develop a country’s National Statistical System (NSS) in a comprehensive and co-ordinated way, typically centred on implementing a national strategy for the development of statistics (NSDS or similar) and moving towards use of country systems and procedures for implementation. The system-wide approach applies the programme-based/ sector-wide approach to statistics as a thematic area.

² Official statistics are collected, compiled and disseminated by government departments and agencies “as an indispensable element in the information system of a society, serving the government, the economy, and the public with data on the economic, demographic, social, and environmental situation”, UN Fundamental Principles of Official Statistics

³ A Guide to designing a National Strategy for the Development of Statistics (NSDS), PARIS21

Chapter 1: The system-wide approach

Introduction

The system-wide approach has been developed for application to statistical capacity building in order to facilitate the scaling up of government and donor support for statistics. The approach draws heavily on lessons learnt from the Sector-Wide Approaches (SWAs) used successfully in areas such as health, education and agriculture⁴. It is a thematic application of that approach directed towards supporting a locally owned and led programme to develop the National Statistical System in a comprehensive and co-ordinated way, moving towards use of country systems and procedures for implementation. The process of preparing a statistical strategy, covering the whole, or at least the main parts, of a national statistical system, provides a framework within which a system-wide approach (also called a programme-based approach) can be used to deliver co-ordinated and harmonised financial and technical assistance. Statistics is a thematic programme to which a programme-based approach can be applied as it has in the case of support for other themes, such as HIV/AIDS, food security, and the environment.

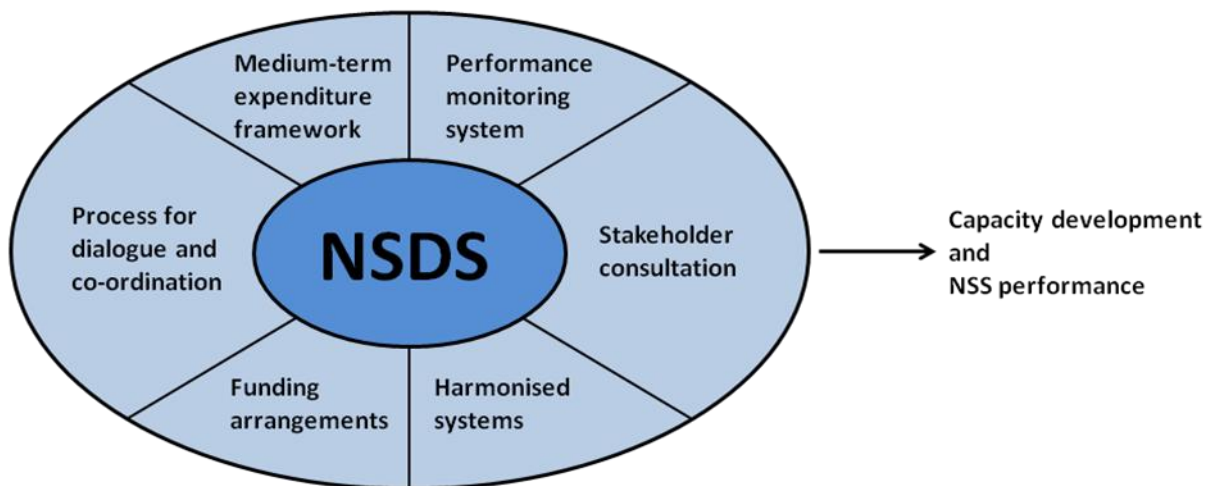
Key components of the system-wide approach are:

- A clear nationally owned policy, strategy and programme for official statistics
- A medium-term budget framework that reflects the long-term strategy
- Systematic arrangements for programming resources
- A performance monitoring system that measures progress and strengthens accountability
- Broad consultation mechanisms that involve all stakeholders, including mechanisms for dialogue and coordination across the national statistical system
- Host government-led processes for donor co-ordination and dialogue
- An agreed process for moving towards harmonisation of procedures for budgeting, financial management, procurement, and monitoring and evaluation.

As illustrated in the diagram below (adapted from OECD: 2006), all of these key components are directed towards sustainable strengthening of the capacity of NSS institutions and of their performance in terms of outputs.

⁴ Annex 2 provides some general background on sector-wide and programme-based approaches.

Components of a system-wide approach



How will it be different?

In a number of countries, different donors support different parts of the NSS and different programmes within institutions of the NSS.

Typically a number of stand-alone projects may be supported by funds directed towards specific statistical outputs and associated capacity building, often with limited co-ordination between the projects and a multiplicity of donor / government procedures. This causes high transaction costs both for the country and donors. And such a situation is usually not good for optimising scarce donor resources which often act as a magnet, drawing country resources into donor-supported areas without an overall view on priorities for statistical outputs and capacity building.

On the other hand, the system-wide approach aims to target resources by taking a medium-term view of priorities for statistical outputs and for capacity building across the whole NSS, reinforces and moves towards use of local procedures, and promotes co-ordination of donor efforts under host-country leadership, including using pooled funding and budget support as appropriate to provide more flexibility in the use of funds. Donors will focus on results rather than specific activities or processes.

Using a system-wide approach to statistics involves using the country's National Strategy for the Development of Statistics (NSDS) as the single programme and budget framework for co-ordination, both across sectors and between donors. The aim is to make government expenditure on statistics and all donor assistance coherent and to reduce transaction costs by setting out the objectives and results to be achieved and by establishing common mechanisms for implementation, monitoring progress, and reporting.

Why adopt a system-wide approach?

A system-wide approach will provide greater focus on strategic issues and co-ordination, more dialogue across the NSS and involvement of line ministries, more scope for country leadership and ownership, harmonisation of approaches and alignment with country policies, and better ability to scale up support, while optimising capacity building.

With regard to donor support, experience indicates that aid for development is most effective when donors work together and avoid fragmented and piecemeal projects. Since 2000, more and more development assistance has been focused on supporting national poverty reduction strategies. Pooled budget support has been successful in a number of countries. Elsewhere, Sector-wide Approaches have been used to support the implementation of national strategies in key sectors such as health, education, and agriculture. Until recently, however, these approaches have not been widely applied to investments in statistical capacity.

National Strategies for the Development of Statistics (NSDS)

A well prepared NSDS is concerned with the whole of the national statistical system — including statistics produced and used in line ministries such as health, education, and agriculture — and not just those produced by the central / national statistical agency. It deals with both technical statistical issues and organisational, institutional, financial and human resource capacity (see box 1 and NSDS Guidelines⁵). Countries that have or are already in the process of preparing a well designed national strategy, therefore, have the basis for a successful system-wide approach to implementing their national statistical strategies.

Most countries have begun their strategic planning processes with a focus on their national statistical offices (as illustrated by the case study on “Developing capacity of the Kenyan National Statistical System”). Uganda is another example where, having successfully designed and started implementation of a strategic plan for the Uganda Bureau of Statistics, attention turned to developing plans for sectoral statistics, which were then incorporated into a coherent strategy for national statistics⁶. These and other examples, as well as recommended processes for developing a coherent national statistical system, are set out in the PARIS21-Intersect-African Development Bank’s “Mainstreaming sectoral statistics: a guide to developing an integrated National Statistical System”⁷.

Making the NSDS operational: expenditure frameworks

The expenditure framework is what makes NSDSs operational. The NSDS needs to be feasible and realistic, identifying priorities based on an estimate of the level of available resources, from both the host government and donors. A comprehensive NSDS will focus on resource requirements across the NSS, including both recurrent and capital expenditures and demonstrate how these can be made sustainable. It will address the effectiveness of existing policies, outputs,

⁵ <http://www.paris21.org/documents/1401.pdf>

⁶ Uganda Plan for National Statistical Development (2006)

⁷ <http://www.paris21.org>

and institutional structures through a costed and prioritised programme which will not be perceived as just a “shopping list” of additional activities.

To maintain the integrity and credibility of the approach the government should not seek, and donors should not offer, funds or projects that are outside the scope of the NSDS or inconsistent with its priorities.

Box 1: A National Strategy for the Development of Statistics should:

1. Be nationally led and owned, with high-level political support
2. Be demand-focused and integrated into national development policy processes, taking account of countries’ regional and international commitments
3. Be developed in an inclusive and consultative way
4. Assess all statistical sectors and user needs and provide a vision and strategic plan for national statistics
5. Set out a comprehensive statistical development programme, which is prioritised and timetabled, to build capacity to deliver results, incorporating plans for implementation, monitoring, and evaluation, but also flexible enough to cope with change
6. Address institutional and organisational constraints and processes, including resources, for the sustainable development of statistical systems and outputs
7. Build quality “fit for purpose”, drawing on best international practice and standards
8. Build on what exists and is being developed and continue to satisfy immediate needs for statistics during the NSDS process
9. Respond to user needs but be realistic about resources
10. Serve as a coherence framework both for international support for statistical development and statistics programmes across the National Statistical System

Chapter 2: Initiating a system-wide approach

How appropriate is a system-wide approach?

The first condition of appropriateness is that the host country and central institution (typically the national statistical office) are interested in the approach and that there are donors who want to take part.

It will be for countries and their development partners to decide if a system-wide approach is appropriate to their needs, but the system-wide approach is likely to be most successful for countries with: less developed statistical outputs, a good NSDS in place or being developed, strong demand for improvement in statistical capacity, and good management capacity.

What will be needed?

Factors that are likely to be important include:

1. A well-designed and realistic national strategy (NSDS or similar) which takes a long-term view is certainly a necessary condition for a co-ordinated approach to statistical development but it is clearly not sufficient. Foster and Fozzard (2000) said that “significant sector finance of any kind, whether programme or project, is unlikely to yield sustainable benefits” in the presence of weak sector policy.
2. Clear national ownership and leadership within the NSS and at the senior levels of government including support from the Ministry of Finance. The system-wide approach is likely to be most effective where the initiative for the preparation of an NSDS has come from within the government at a high level and where the process has a clear mandate.
3. Active participation of all donors involved in supporting statistics in that country leading towards host country–led co-ordination of donor support for the NSDS
4. Integration of the NSDS into wider national planning and budget processes (such as poverty reduction strategies and expenditure frameworks).
5. Ensuring the NSDS defines and deals with the wider statistical system: sector needs should be given a high priority in the NSDS and existing and planned donor support across the NSS needs to be taken into account.
6. Ensuring that the NSDS identifies key outputs with quality “fit for purpose”: to provide a realistic platform for the long-term sustainable development of national statistics, while also addressing immediate data needs for development progress.
7. Ensuring system-wide capacity for management and arrangements for co-ordination across the NSS – such as through a Statistics Council.
8. Setting up uniform implementation structures and procedures for procurement, financial management, and monitoring before implementation begins, using a common agreed framework with movement towards greater reliance by donors on local financial and accountability systems.
9. Setting up appropriate funding mechanisms depending on country circumstances.
10. Ensuring an appropriate monitoring and evaluation (M&E) system.

How to initiate the approach?

Countries (and donors) will need to signal their commitment to seeing a system-wide approach to implementing NSDSs through to completion. In the case of countries, this requires that:

1. A well-prepared statistical strategy is in place or is being developed with high-level political endorsement;
2. A request from the Minister of Finance or the Minister responsible for statistics is sent to the donor community requesting support for the implementation of the national strategy for the development of statistics and proposing the use of a system-wide approach.
3. Required resources for statistics can be or will be identified in government budgetary allocations and forward-looking national resource frameworks, for instance in medium-term expenditure frameworks (MTEFs) where they exist.
4. A dialogue has been opened with local donor representatives.
5. All donors (or at least a core set) with an interest in supporting statistics have agreed to the approach and, where appropriate, a lead donor has been identified to assist in co-ordinating the dialogue with government.
6. Existing initiatives in statistics are identified and there is clear understanding of how these will be included in a system-wide approach.

What capacity and other factors need to be in place and/or will need to be strengthened?

- Leadership, ownership and political will.
- Financial management: strength and transparency of government's budget processes and systems of accounting and audit.
- Human and institutional absorption and implementation capacity: professional expertise and qualifications of personnel; organisational aspects such as responsibility structures, procedures and routines; institutional framework, including laws, policies and institutional cultures; ability to manage change.
- Monitoring and evaluation: capacity to monitor and report on results.
- Integration of statistics programme into poverty reduction strategies (PRSP or similar).
- Degree of engagement by donors; existence of government-led donor co-ordination mechanisms.
- Mechanisms for consultation and consensus among stakeholders.
- Capacity to continue to run existing programmes and deliver services throughout.

Capacity may need to be built or strengthened in any or all of these areas. A number of countries still need to design national strategies for statistics (NSDS or similar) and many may need coordinated support from donors in the form of technical and/or financial assistance to facilitate these processes. Typically capacity in some or all of the sectoral (or line) ministries will be weak and require particular attention in developing the system-wide approach. Change takes time and can be arduous. Programmes should not be too ambitious and it is important to look for possibilities of "quick wins" to fuel the processes. One of the benefits of a system-wide approach is the focus by donors on moving towards using and building capacity of national systems for planning, management, implementation, monitoring and evaluation of their contributions. A

thorough analysis of capacity issues and requirements in all of these areas should be built into the initial preparation of a system-wide approach.

Potential for a phased approach

Some aspects of the system-wide approach could move forward more quickly than others — for instance better co-ordination and coherence of support among donors should be introduced as soon as possible in all countries — while for other aspects capacity may need to be built, for instance the capacity to manage a system-wide approach.

The European Commission (EC) has proposed a logical sequence for the development of program-based approaches, which may be relevant in the case of statistics. Applying this model to statistics, as a “non-traditional” or thematic area, priorities are as follows:

- Phase 1 – establishing the “right” policy and management framework, such as the NSDS and a medium-term budget framework; and government-led mechanisms for NSS and donor dialogue and co-ordination processes. Once these elements are in place, a basic sector / system-wide program can be said to be in place. According to the EC, “experience suggests very strongly that only then does it become feasible to address in a serious way the quality of the management systems for the sector program.”
- Phase 2 - comprises three remaining components: the performance monitoring system; the user and other stakeholder consultation mechanism; and the harmonisation of systems for reporting, budgeting, financial management and procurement. (This should not preclude a user needs assessment as a key part of the NSDS design processes).

A danger to avoid is a hiatus between NSDS design and implementation. Implementation mechanisms (including funding) need to be worked on as part of NSDS design.

Mechanisms for dialogue and co-ordination

The system-wide approach requires formal, government-led mechanisms for dialogue and co-ordination: (1) across the NSS, (2) with users or potential users of statistics and (3) with other stakeholders, including with donors. Where such mechanisms do not exist or are weak, the processes to develop a system-wide approach should help to build or reinforce them.

Typically a Statistics Council or NSS Co-ordination Committee will be responsible for steering and co-ordinating developments across the NSS, including advising on harmonising statistical outputs. Such a body would have formal terms of reference and arrangements for sub-groups, regular meetings, chairing and secretarial responsibilities, etc.

Government-led donor dialogue and co-ordination processes are likely to be separated from NSS co-ordination to facilitate consultation, consensus building and any decision-making between the partners involved in funding the system-wide approach. These would be established in agreement between the partners.

Inclusive consultation with all stakeholders should be a factor throughout the NSDS design and implementation processes, including participation in monitoring and evaluation.

Monitoring and evaluation (both to monitor statistical capacity building and development programmes generally)

Monitoring and evaluation will need to cover several dimensions of implementation of NSDSs, including:

- The NSDS strategy and work plan implementation, including functioning of the mechanisms for consultation and coordination across the national statistical system
- Financial and management systems
- Functioning of the partnership supporting the system-wide approach
- Inputs, activities, and outputs
- Higher level outcomes, including capacity building outcomes
- Final outcomes or impacts, including poverty reduction targets

This can be achieved by establishing a common set of monitoring indicators for the statistics programme and measurement of progress. Choosing indicators involves figuring out what indicators are meaningful to those who have a stake in the achievement of meaningful results. These might focus on final outcomes as represented by the Millennium Development Goals and those reflected in poverty reduction strategies (or similar) and indicators of institutional strengthening and other processes, such as stakeholder participation, that civil society can draw upon to hold their governments to account.

Building statistical capacity is both wider than and part of the need to build capacity for monitoring and evaluation of government and donor development programmes generally⁸. Developing capacity for monitoring and evaluation will require concerted efforts to build up local capacities in a number of areas. CIDA has observed (2003) that “[b]uilding capacity at the individual, organisational and systems levels, and developing the sophisticated tools required to manage complex programs, will be a long-term process requiring at least 10 years of effort”. CIDA identified the following capacity issues that need to be addressed in relation to monitoring and evaluation systems in developing countries generally:

- PRSPs are very ambitious in terms of indicators and targets. Collecting the required information is handicapped by lack of capacity to generate information due to outdated censuses, weak statistical systems, and insufficient methods or skills to collect reliable information.
- The dispersion of information in different ministries and entities (e.g. between finance and sector ministries and their respective institutions).
- Weak capacity and resources to analyse and use information.
- Lack of co-ordination or connection between those generating the information and those using it.

⁸ The PARIS21 Secretariat has commissioned a paper on the relationship between statistics and monitoring and evaluation.

Chapter 3: Understanding the aid environment

“What the donor has to offer is funding and technical support, and most importantly, a readiness to engage in more flexible arrangements such as budget support that will allow for reduced transactions costs and increased effectiveness. In return, the donor will expect improvements in local accountability.” (CIDA 2003)

Paris Declaration on Aid Effectiveness

In the Paris Declaration on Aid Effectiveness (March 2005, see Annex 3), donors committed themselves to increase their efforts to harmonise, align, and manage their aid programmes to achieve measurable results.

Alignment means that donors will work in ways that support the development of government capacity and ownership, by basing their support on national policies and plans and using national systems to manage the delivery of aid. In general, stand-alone projects imply lower degrees of alignment, while program support, especially budget support implies higher degrees of alignment.

Harmonisation refers to common arrangements between governments and donors, and between donors, e.g. joint assistance strategies and/or use of joint aid instruments such as pooled funding or budget support.

The NSDS provides a framework for governments to develop their national statistical systems and for donors to support these efforts following good donor principles within the context of the Paris Declaration.

Aid instruments

By itself, the system-wide approach does not provide or require a new mechanism for donor assistance. It can involve a number of aid instruments. Donors who cannot contribute to “basket” funds have complemented programme-based approaches, by consciously gearing their projects to government-expressed priorities even though they retained the project system.

There are three main funding mechanisms for financing a system-wide approach; each of these has some advantages and disadvantages, but the choice will ultimately depend on country circumstances:

1. Pooling of all funds - perhaps the best solution for co-ordination and monitoring, with the host government responsible for administration and reporting;
2. Pooling of some donor funds, with other contributions managed separately; and
3. Parallel financing where partners make their own arrangements with the host government. This may give more flexibility but co-ordination of financing and activities may be more difficult.

The decision on the type of aid instrument offered by any particular donor will be guided by their aid policies but in individual cases is likely to be influenced by their perspective on government

policies and accountability, both overall and in relation to the NSS; strength of NSDS design and the capacity to implement it; organisational and institutional environment; and confidence in government financial management procedures. Funding can come in the form of a loan, credit, or grant.

Typically a number of different assistance arrangements may be used, including project support and programme support, such as pooled funding and budget support, or any combination of these. Donors might also wish to continue to support individual programmes, such as economic statistics or health information systems, or major exercises such as the decennial population censuses. This might include technical co-operation either as part of a package or freestanding. Implementation of the NSDS will span many years and is likely to include more than one phase of financing from donors. It is quite likely that support from different sources will be given in different ways and follow different timetables, depending on donor funding cycles. *The important new feature is that all of these contributions should fit within the framework of the NSDS.*

Project support

Project support in the context of a system-wide approach should not imply business as usual. Continuity and the predictability of funding are essential. To avoid the limitations of stand-alone projects, they should:

- Be placed within the context of the NSDS
- Be co-ordinated with other donors under host government leadership in ways that reduce transaction costs
- Address institutional development and capacity building
- Use local procedures whenever possible
- Focus on implementing the NSDS
- Use donor country executing agencies only to support local institutions rather than to actively manage all aspects of the project

Programme support

Programme support contrasts with project support in that it involves contributions of a more general nature that can be used flexibly for different purposes as part of a pool of funds. Funding may be on-budget or off-budget, which is to say that it may or may not be accounted for as part of the government budget, and may or may not be managed using local procedures. It may also involve earmarking of funds for specific types of activities.

Programme support under a system-wide approach is likely to be provided either as pooled funding or as direct budget support.

(1) Pooled Funding (Common Basket)

Pooled funding refers to a situation in which a number of donors agree to contribute to a common fund or basket. Pooled funding usually involves the use of a holding account reserved for particular purposes identified by agreement between the government and donors participating in the pool. Pooled funding requires clear and harmonised procedures that are observed by all donors

participating in the fund. Harmonisation and co-ordination of procedures in pooled funding can be carried out in one of two ways. Either donor flows are integrated into the government budget system or a single set of donor procedures is used, for example the World Bank's procedures on managing funds on behalf of other co-financing donors under a trust fund arrangement.

The EC summarises the potential benefits of pooled funding as follows:

- “It may reduce transactions costs by introducing common reporting, disbursement, accounting and procurement procedures for activities which would otherwise be funded through a number of discrete projects.
- By bringing the activities of several donors into one funding arrangement, it may facilitate the process of harmonization with government policies and expenditure programming systems.
- It may provide a useful ‘learning ground’ for building confidence between government and donors and thus facilitate the move to direct budget support and the use of government procedures.”

However, the EC also draws attention to the fact that pooled arrangements impose transactions costs of their own and that these can be excessive relative to the gains achieved, unless relatively simple formula are adopted. They suggest that careful assessment should be made of the possibility of moving directly to budget support.

(2) Budget Support

Budget support is programme support provided directly to host-country institutions to be spent as part of their budgets using their own financial management systems. Although budget support also involves pooling of funds, it is distinguished from pooled funding by the mixing of donor funds with those of the recipient and the greater flexibility that this gives to the host government in the use of those funds.

Before providing budget support, donors will need to be reassured about the soundness of the host institution's financial management systems, their commitment to sound policies, and their capacity to deliver.

Technical co-operation (or technical assistance)

Technical co-operation is the sharing of know-how and expertise in the form of personnel (e.g., consultants and other specialists), training and scholarships, knowledge and research. The aim is to transfer knowledge and to contribute to capacity building in developing countries. Freestanding technical co-operation may be available in support of system-wide approaches and some technical co-operation may still be tied to nationals of the donor country or of country groupings (e.g., European or Commonwealth citizens), though the trend is towards transferring management of technical co-operation to governments and greater use of south-south co-operation. Donors may wish to continue to mobilise the commitment of their own nationals where they have a comparative advantage in the area of capacity development as part of the wider relationship between the two countries – e.g., in the form of “twinning” arrangements.

Box 2: Some interesting quotes about effective aid:

- On promoting local ownership: “What really matters in the pursuit of sustainable development is not so much who is in the driver’s seat, as whether all of those in the vehicle are committed to arriving at a particular destination.”
- On capacity development: “Donors need to aim not for best practice, but to identify what is ‘good enough’ practice that is appropriate to the circumstances”, with an “emphasis on learning by doing.”
- On technical co-operation: “...there is an active role to be played by (donor country nationals) in the area of capacity development. This does not necessarily have to involve (donor country nationals) selling their services, but it does require some form of contact between other societies and our own that will allow (donor country nationals) to play a catalytic and supportive role in areas in which (donor country nationals) have a comparative advantage.”
- On monitoring and evaluation: “...donors want to transfer monitoring and evaluation responsibilities to developing countries at a time when the complexity of programming for development is itself increasing.”

System-wide approach documents

An outline template for Joint Financing Arrangements is available in Annex 1.

Case study: Developing capacity of the Kenyan National Statistical System

Catalysts for change

In 2002, following a change of government, there was an opportunity for change. A number of factors came together, including: the appointment of a new Director for the Central Bureau of Statistics (CBS), with a clear view of the need for change; a new government with a mandate and a commitment for much more open and transparent government; the re-engagement of the donor community, with a need for data to plan and program aid projects; and a need to prepare a comprehensive poverty reduction strategy. Two aid donors in particular, the Department for International Development (DFID) of the United Kingdom and the World Bank were particularly involved in statistics, but many other development partners were also interested and willing to provide both financial and technical support.

Developing the strategic plan and implementation plan

In 2003, with financial support from DFID and a World Bank trust fund, the Government of Kenya prepared a Strategic Plan for the CBS. This was based on a fairly wide consultative process and made a number of recommendations, including: enacting new statistics legislation to transform CBS into a semi-autonomous agency supervised by an independent board; establishing mechanisms for coordination of official statistics generated by other government agencies; developing skills and expertise of the workforce; investing in infrastructure; and implementing plans for improvement for the most important data series. The Cabinet endorsed the Strategic Plan and its main recommendations in 2003 and the Government engaged in a dialogue with the donor community with a view to putting together a financing package to enable to plan to be implemented.

The Government formally requested World Bank assistance to implement the plan. A joint World Bank and DFID project identification mission agreed the next steps in the process. The preparation of a detailed implementation plan to put the strategy into effect was seen as the top priority, including a detailed, prioritized and costed work program, linked to the Medium-Term Expenditure Framework (MTEF). It was agreed that the implementation plan should also identify targets for key inputs, activities and outputs; and should specify how progress with implementation was to be monitored. At the same time it was recognized that the Strategic Plan focused mainly on the CBS. It was agreed that more attention needed to be given to the development of the National Statistical System (NSS) as a whole. In particular, the implementation plan would need to set out how the NSS was to be developed and what needed to be done not only within the CBS, but also key partner agencies.

Following this point, the CBS established a team to prepare the Strategic Master Implementation Plan (SIMP) and, where required, technical assistance was provided to partner agencies to help identify their own needs and plans. Through a regional project providing support to countries to participate in the IMF's General Data Dissemination System (GDDS), for example, technical assistance was provided to prepare a strategy for improving the use of data from vital event registration and to assist the justice and security agencies (judiciary, police, prisons, and the probation service) set up a system for compiling statistics from administrative records. The SIMP

was completed by the end of 2003 and joint pre-appraisal and appraisal missions followed at the end of 2003 and in May 2004. In particular, the SIMP set out a detailed implementation plan, with a budget, both for investment and for recurrent costs.

Operational and donor financing arrangements

A workshop in 2004 was held with all the main stakeholders, including donor agencies to discuss how the SIMP was to be put into effect. It was agreed that CBS would establish a Project Implementation Unit and mechanisms would be put in place to manage procurement and finances and to report on progress at regular intervals. In general, all donors agreed to work with the PIU and to use their procedures for managing their contributions.

The different donor agencies took different approaches to providing financial support for the SIMP. DFID for example, provided basically budget support, both for key components of the SIMP as well as a key initial activity, the Kenya Integrated Household Budget Survey. The World Bank, in collaboration with the Government, prepared an investment lending project, using a pre-existing umbrella project, the Statistical Capacity (STATCAP) adaptable program loan. Other donors adopted different arrangements. In practice, this provided very useful flexibility. For a number of external reasons, not associated with the STACAP project itself, approval of the credit was delayed for more than 18 months. This did not seriously delay implementation, however, as DFID was able to provide financing in the short-term and the World Bank was able to make some advance finance available through a project preparation facility.

The Current Situation (mid-2007)

By mid-2007, quite substantial progress had been made. The Statistics Act was enacted in September 2006, and became law in February 2007, and this provided for the establishment of the Kenya National Bureau of Statistics (KNBS), to be managed by a Board, with the responsibility, among other things, for coordinating the development of the national statistical system. The Government appointed the members of the Board, including its chairman, and the CBS Director was appointed Director General (DG) on an acting basis. A number of processes still needed to be completed to manage the transition from the CBS to KNBS, and to establish the governance structures. The World Bank STATCAP credit became effective in August 2007 and support from other donors continued. At the same time the budgetary provision for statistics were increased more or less in line with the SIMP. On the data side, the KIHBS was completed and the first two reports, including a new poverty profile for Kenya, were released. Support has been provided to a number of data agencies and their needs have been included in the annual work programmes and disbursement plans prepared each year. Finally, with the establishment of the KNBS Board, the interim coordination arrangements, established at the beginning were in the process of being wound up or changed to fit into the new structure. While much remained to be done, and the real challenges lay ahead, a good basis had been provided and the commitment to change remained in place.

Lessons

Looking back a number of points emerge that may of relevance to other countries as they embark on the process of developing system wide approaches to improving statistics. The main lessons from Kenya are as follows:

- The need for strong leadership and a recognition of the need for change from within the statistical system. This cannot be provided from outside.
- The need to take advantage of changes in the external environment for statistics as provided, for example, by the change of government in 2002.
- The need for one or two donors to take the lead in working with the government, in Kenya this was done by the World Bank and DFID
- The need to allow sufficient time for strategic planning processes to work and for the outcomes to be absorbed and followed up. In Kenya it took more than 18 months for the Strategic Plan and the SIMP to be completed.
- The need for donors to have a long-term commitment to statistics
- The need for flexibility, especially in the delivery of financial support from donors
- The need to establish structures for coordination and to share information, but also the need for flexibility so that these can be changed as needs arise.
- While establishing a separate Project Implementation Unit does not imply full use of government systems and procedures, it provides a common agreed framework which over time can provide a stepping stone towards greater reliance by donors on local financial and accountability systems.

Case study: Strengthening the National Statistical System of Tajikistan

Catalysts for change

Tajikistan, a country with a population of 6.8 million and a GDP of US\$2.1 billion, gained its independence in 1991. Shortly after independence, a civil war brought extensive physical damage and heavy human losses to the country. After reaching a peace accord in mid-1997 the Government turned its attention to governing and economic and social reforms. One of the areas the Government wanted to reform is the national statistical system where the State Statistical Committee (SSC) and its divisions at the local level are the public agencies in charge of carrying out compilation, control, processing, analysis, aggregation, dissemination and storage of the statistical information. In Tajikistan, statistical issues are governed by the Law on State Statistics, which was adopted in 1997 and amended in 2001 and 2003.

Developing the strategic plan and implementation plan

In 2000, as a first step towards modernization SSC announced a 3-year “Integrated Reform Program” for statistics, which coincided with the Government’s 3-year plan of economic reform. The Government approved the Program that included such aspirations, including:

- Raising staff qualifications
- Application of modern technology in the collection and processing of data.
- Application of modern sampling methods
- Broad use of scientifically-based statistical methodologies for estimates and calculations
- Documentation of metadata for the public

Some of the tasks described in the plan were fulfilled or partially fulfilled, but many of them were not completed due to lack of funding. In 2002, the SSC requested the World Bank’s assistance to upgrade its capabilities as well as to prepare a statistical strategy and a mid-term action plan and applied for a grant from the Trust Fund for Statistical Capacity Building (TFSCB). The Bank approved the grant proposal and in 2003 the grant agreement was signed.

The SSC successfully implemented the project and completed it on time in 2005. A Multi-Year Integrated Statistical Plan (MISP), which is the equivalent of NSDS or SMP, was developed for the whole national statistical system including relevant line ministries and agencies that provided a road map for the next five years. In March 2005, the Government approved the MISP and asked for the World Bank’s assistance for its implementation.

The World Bank responded positively and a project team was established. The World Bank project team and the SSC designed the project as a Specific Investment Loan, under the umbrella of the STATCAP Adaptable Program Lending to improve statistical capacity through a sector-wide approach, using the MISP as the basis for investments. The preparation started in late 2005 and the project was approved by the Bank in May 2006 and became effective in June 2006.

Partnership arrangements

IDA has formed partnerships with donors to help the SSC implement the project. DFID and SIDA are the other main partners in this project and are providing support in the amounts of £600,000 and 17.1 million Swedish Kroner, respectively. Both donors agreed on putting their contributions into a Bank managed trust fund without earmarking for the implementation of the project. A Trust Fund for Strengthening the National Statistical System of Tajikistan has been established. The Turkish International Cooperation Agency (TICA) is also providing in-kind support to the project in the form of training in various areas of statistics in Turkey as well as providing short and long-term experts. The implementation of the project will also be coordinated and monitored by all partners through joint mid-term reviews that were already included in the administration agreements with donor partners.

Eurostat is another partner in the implementation of the project. Although it does not make a direct contribution, Eurostat has allocated €300,000 for various activities to be implemented in 2006 that are closely linked to the activities of the project. The project team has been closely coordinating all activities of the project from the very beginning with Eurostat. Further, the project team has also been coordinating project components with IMF, FAO, UNICEF and Asian Development Bank to avoid duplication and increase effectiveness of the implementation. Meetings were held of all relevant partners from the beginning.

Institutional and implementation arrangements

Given the fact that the project is aimed at improving the entire statistical system of the country it is required to ensure appropriate level of commitment and support of various government agencies and ministries. In order to ensure this, a Project Steering Committee (PSC) has been established by the Government. The PSC includes the Presidential State Advisor on Economic Policy (chairman), the Chairman of SSC, and Deputy Ministers from Ministry of Finance and Ministry of Justice who are familiar with the project and the Head of Aid Coordination Unit. The PSC is responsible to:

- Ensure efficient interdepartmental (inter-ministerial) interaction & resolving interdepartmental (inter-ministerial) issues;
- Endorse project implementation plans;
- Exercise monitoring and evaluation of project progress on a semi-annual basis;
- Report twice a year to the Government on project implementation status and, if necessary, propose improvement recommendations.

SSC will be the main executing agency of the project and will be responsible for its overall management and implementation. To effectively carry out the implementation and daily project administrative work a Project Coordination Team (PCT) of up to 5 persons has been established. Staff, including an expert in project management, a financial management specialist, a procurement specialist and an assistant, have been hired by the SSC. Specifically, this unit coordinates day-to-day project activities, manages reporting and auditing activities and ensures compliance with the procurement, disbursement and financial management policies and procedures. PCT reports to the chairman of SSC.

The project is now (2007) being implemented by a twinning partner, a consortium formed by five well developed national statistical agencies (Germany, Sweden, Denmark, Czech Republic and Slovakia). Experience from various statistical capacity building projects implemented in other countries showed that a twinning arrangement between SSC and the consortium would be a better approach instead of hiring several consulting firms or many individual consultants. It is anticipated that in the long-term this would allow a lasting partnership to be built that can go beyond the project life.

Lessons

From the very beginning, both SSC and the Government more generally have demonstrated strong ownership of the project and provided all the assistance necessary. The speed of the preparation is a clear indication of such ownership where all steps went very smoothly on both sides. Another indicator of ownership and support is that the Government contributed 17% of the total project cost.

It should also be noted that National Development Strategy (NDS) of Tajikistan, which was approved in 2006 paid special attention to SSC and its responsibilities in monitoring and evaluation of NDS priorities.

It is important to note that the project coordination team is not a stand-alone Project Implementation Unit (PIU) as it is the case in many other donor-funded projects. The PCT will be assisting SSC staff in implementing the project, but it will not implement the project itself. This is in line with the directions provided in the Paris Declaration on Aid Effectiveness, the World Bank's policy on project implementation arrangements and the joint Government/World Bank/Asian Development Bank Country Portfolio Performance Review recommendations.

Case study: Multi-annual Integrated Statistical Programmes in EU Accession countries

EU accession processes require countries to achieve standards for statistical outputs in defined areas (the *acquis communautaire*). Countries were assisted to develop the required standards through Multi-Annual Integrated Statistical Programmes (MISP), a form of NSDS, which were employed to develop the national statistical system in each country. Implementation of the MISP included annual work plans based around priority areas, including developing the statistical infrastructure such as classification systems based on international standards; topic areas such as economic, financial and social statistics; techniques such as sampling or seasonal adjustment; and the user interface through better information dissemination systems.

In each area of intervention, an annual assessment was made of compliance with EU requirements and constraints to compliance; progress planned during the year; and the expected state by the end of the year.

Key to success in these countries was the political will to achieve the *acquis communautaire* as part of the accession process; and the availability of adequate financial and staff resources. The *acquis communautaire* also provided a set of benchmarks for countries to work towards.

Lessons

This example demonstrates the importance of strong leadership and political will, as well as having a single programme to implement it, supported in a coordinated way by donors, particularly the European Commission.

Case study: Country road maps to monitor MEDSTAT activities⁹

Another example of an EC operational practice/tool contributing to implementation of a system-wide approach is the development of country roads maps to create a monitoring tool for MEDSTAT activities. Road maps are drawn up so that programme actions can be presented in a comprehensive, transparent and articulated way and integrated into National Strategies for the Development of Statistics (NSDS), taking into account all external sources of support. This tool is not limited to the implementation of MEDSTAT programmes, it is flexible enough to accommodate all activities related to statistical development in the country, whether initiated and coordinated by national players or with outside help.

⁹ MEDSTAT is the regional statistical co-operation programme between the European Union and 10 Mediterranean partner countries including: Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestinian Authority, Syria, Tunisia and Turkey.

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Annex 1: Template for Joint Financing Arrangements

1. Goals of the Programme and scope of the Joint Financing Arrangement:
 - a. Referring to goals/ objectives of the NSDS
 - b. Jointly agreed terms and procedures to support NSDS
 - c. Donors will establish bilateral arrangements/ agreements compatible with JFA
 - d. Support to be based on implementation progress, measured through agreed performance indicators

2. Responsibilities and representation:
 - a. Descriptions of responsibilities of Ministry/Office accountable and responsible for implementation of NSDS and for management of the financial contributions of donors
 - b. Any specific conditions before release of funds
 - c. Donors committed to guiding principles on harmonisation; and to predictability of (budgetary or other) support
 - d. Commitment to co-operate and to share information

3. Contributions:
 - a. Amount and time-scale of commitments
 - b. Arrangements for channelling contributions, e.g. into budget (if aligned) or separate bank account (if not aligned with budget system)

4. Consultations, decision-making:
 - a. Programme and arrangements for regular consultations, including chairing
 - b. Information/ reports required, by whom/ by when
 - c. Key subjects to be discussed in consultations
 - d. Arrangements for recording proceedings
 - e. Procedures to call additional meetings

5. Organisational structure:
 - a. Joint committee structures and responsibilities
 - b. Timing and purpose of meetings
 - c. Participants and chairing arrangements

6. Disbursement arrangements (depend on whether aligned or not aligned with budget system):
 - a. Common disbursement mechanism to meet budget and cash flow needs to implement NSDS
 - b. Donors to specify disbursement schedules in bilateral arrangements
 - c. Any conditions before disbursement
 - d. Performance assessment

7. Procurement:
 - a. Procurement rules according to either Government or other agreed rules, guidelines and procedures (depending on whether aligned or not aligned with budget system)

8. Reporting:

- a. Government to provide information on implementing NSDS, on the basis of performance indicators, e.g.: reports on budget execution; financial reports on implementation of NSDS; audit reports (if aligned with Government reporting and monitoring systems)
 - b. Or, specified timing and content of reports on physical and financial progress (enabling comparison of budget with actual progress); problems encountered or anticipated; other information relevant to implementation
9. Review and evaluation:
- a. If aligned with Government reporting and monitoring systems: common review process for all donors, aligned with Government review process; joint reviews by Government and all donors which facilitate national budget processes and accommodate inputs into policy dialogue and decision-making processes of donors
 - b. If alignment is not feasible: specification of timing and content of joint reviews/ evaluations as far as possible; consultation when an individual donor needs to conduct a unilateral review
10. Audit:
- a. Audit requirements specified
 - b. If aligned with accountability system and legislation of Government, reports to be provided
 - c. Procedures if alignment is not feasible, e.g. Government to contract independent auditor, timing and nature of reports; provision for independent auditor acceptable to donors
11. Non-compliance:
- a. Arrangements to suspend disbursements in the event of serious non-compliance or violation of principles: meeting with other donors and Government
 - b. In cases other than direct budget support, arrangements to suspend disbursements and reclaim funds already transferred; meeting with other donors and Government
12. Corruption:
- a. Provisions for staff and consultants relating to refraining from offering or seeking gifts, compensation or other benefits, which could be interpreted as an illegal or corrupt practice
13. Modification, donor accession and withdrawal:
- a. Arrangements for annual review/ discussion of implementation, application and effectiveness of procedures in JFA
 - b. Arrangements for modifications
 - c. Arrangements for participation by new donors
 - d. Arrangements for withdrawal/ termination of support (and meeting to discuss)
14. Dispute settlement:
- a. Consultation arrangements in the event of any dispute
15. Entry into effect:
- a. Date of signatures

Annex 2: What is a Programme-based or Sector-Wide Approach?

Programme-based and sector-wide approaches have been around for a number of years and have been fairly widely used to support development in areas such as education, health, and agriculture. A widely accepted definition is that it is a mechanism for financing capacity strengthening and improvements in service delivery within a specific sector where “... *all significant funding supports a single sector policy and expenditure programs, under government leadership, adopting common approaches across the sector and progressing towards relying on government procedures to disburse and account for all funds.*”¹⁰ Other commonly cited features include: coverage of an entire sector; a coherent policy framework; having local stakeholders leading the process; including all the donors involved in the sector; the use of common implementation arrangements; and minimal long-term technical assistance. While the term sector-wide approach or SWAp has been used in relation to sectors such as health or education, the term Programme-based Approach (PBA) has more recently been used as an alternative, especially where the approach is being applied to a broad programme such as rural development.

The terms SWAp and PBA have not yet been applied widely to projects and programmes supporting statistical development, although some projects could be thought of as falling largely within the definition, such as the examples of Tajikistan and Kenya shown as case studies. Brown and others (reference below) emphasise that the key lesson from experience is that a SWAp is an *approach* to financing and implementing development projects and not a blueprint. The common features may well not be present in all examples and indeed may represent a desirable goal rather than the actuality on the ground.

What is Involved?

Basically, the process of moving to a programme-based approach involves the formulation of a strategy, which is costed and matched to available finance, and the preparation of a detailed implementation plan, which is set out in the form of an agreement with the sources of finance and includes a performance monitoring system. These activities usually go through some iterative processes. Typically the activities do not necessarily happen in a linear fashion, and they may proceed in parallel and not all may be fully completed before the programme is launched. It is also important to distinguish between the approach itself, which provides the basis for the relationship between the country and donors, and specific financing arrangements. Most existing programmes involve a number of different financing arrangements, which depend upon the degree of consensus between the government and its development partners and between the development partners themselves, the costs and benefits of the different instruments, the capacity of local agencies to deliver results, and the accountability of these agencies to their stakeholders.

It is also important to note that implementation may well span many years and can include more than one phase of financing from donors. It should also be noted that it is not essential for all

¹⁰ The definition is taken from Working Paper 142, “The Status of Sector-wide Approaches,” by Adrienne Brown, Mick Foster, Andy Norton, and Felix Naschold and published by the Overseas Development Institute in January 2001. This is a very useful reference paper on SWAps.

funding to be provided over the same time periods; it is quite likely that support from different sources will follow different timetables, depending on donor funding cycles. Continuity and the predictability of funding are, however, essential.

Reviews of SWAs in other areas indicate that it will be essential for all donors supporting statistics in a country to be involved at an early stage and to participate in the development of the strategy and its implementation.

What are the Benefits?

Overall, the approach has the potential to focus more directly on results that have been derived from a comprehensive consultative process. The potential benefits accruing from well-designed and implemented sector-wide programmes fall under three main headings:

- First, stronger country ownership and leadership implies a greater likelihood of success and of benefits, including improved institutional capacity, being sustained.
- Second, an ability to deal with the main issues facing the sector on a comprehensive basis should lead to a more rational allocation of resources.
- Third, there are important efficiency gains arising from reduced reporting and transaction costs and less duplication.

What are the Costs?

Programme-based or sector-wide approaches are inevitably more complex than stand-alone development projects and hence the time and effort required for preparation is substantially greater. This can have important implications when there is a need to generate quick results to maintain the momentum for reform. The need to reach agreement with stakeholders and all donor partners may make the consultative process more difficult and will almost certainly take more time. The burden on the lead government agency is substantial and a crucial criterion for success is that this agency either has the capacity to lead the process or can be assisted to obtain the capacity.

Annex 3: Application of the Paris Declaration on Aid Effectiveness to the Financing of Investment in Statistics¹¹

The Paris Declaration on Aid Effectiveness, endorsed on 2 March 2005, is an international agreement signed by more than one hundred ministers, heads of agencies and other senior officials. They committed their countries and organisations to increase their efforts to harmonise, align, and manage their aid programmes to achieve measurable results using a set of monitorable actions and indicators of progress. In particular, the Declaration commits the signatories to five principles:

- Ownership, where partner countries exercise effective leadership over their development policies and strategies and actively co-ordinate development actions;
- Alignment, whereby donors base their overall support on partner countries' national development strategies, institutions and procedures;
- Harmonisation, to ensure that donor actions are more harmonised, transparent and collectively effective;
- Managing for results, where resources and decision-making are improved to generate measurable results; and
- Mutual accountability, to ensure that donors and partners are accountable for development results.

Statistics are clearly important for the implementation and monitoring of the Paris Declaration, in that the outputs from national statistical systems are essential to support decision-making to achieve development results and are one of the main mechanisms for monitoring progress. It is also important, however, to consider how these principles can be applied to programmes and projects that support statistical capacity building and, in particular, to make sure that they are at the core of any initiative aimed at scaling up donor support.

There are strong links between the Marrakech Action Plan for Statistics, the United Nations Fundamental Principles of Official Statistics and the Paris Declaration. In summary, the application of the Paris Declaration Principles to scaling up investment in national statistical systems implies the following:

- Ownership implies that developing countries exercise effective ownership and leadership in developing their national statistical systems; and donors respect this.
- Alignment of donor support for statistics takes place when developing countries prepare and implement effective strategic frameworks and work programmes for national statistical development (NSDSs or similar) and when donors provide technical and financial support within the context of these NSDSs.
- Harmonisation requires developing countries to exercise effective leadership in co-ordinating donor assistance and donors harmonise their activities through well-planned and well-co-ordinated projects and programmes.

¹¹ Extract from PARIS21 Steering Committee paper: "Roles of partners to deliver the PARIS21 agenda", April 2007

- Managing for results means that NSDSs must be designed not only to generate better statistical data and, indicators, but also to ensure that these outputs are used to support evidence-based decision-making.
- Mutual accountability means that both developing countries and donors agree to monitor the implementation and outcomes of NSDSs within a framework of mutual accountability, recognising that developing a sustainable statistical system may take a long time. All partners need to agree on what indicators and targets are needed to monitor the delivery of inputs, the production of outputs, the achievement of wider outcomes and the impact of better statistics and a more effective statistical system. Agreement is also needed on the targets that are to be achieved and what action needs to be taken when implementation is seen not to be on track.

The contribution from the different partners in scaling up support for statistics and applying these principles is summarised in the following table.

Partners	Needs	Roles	Contributions
Developing country policy makers	Good quality statistics	Evidence-based decisions Support and funding Use of statistics	Recognise importance of statistics Provide adequate and predictable funding Support the independence of statistical agencies
Developing country statisticians	Motivated cadre of qualified statisticians High-level political support Resources Standards Technical assistance	Vision and strategy for NSS Relevant, good quality statistics	Strengthen leadership and management Better co-ordination across NSS Implement appropriate technical advice and best practices
OECD country policy makers and donor agencies	Good quality statistics	Evidence-based decisions Advocacy for statistics Use of data Financial aid	Emphasis on results agenda in aid programmes Focus on statistical capacity building as well as data needs Better donor co-ordination Dialogue on how development progress will be measured
OECD statisticians	Support from national aid agencies	Advocacy for statistics Development of methodology Advice and training	Reflect technical assistance role in NSO's objectives Recognise needs and limitations of data producers
International/	Good quality	Advocacy for	Endorsement of results

Partners	Needs	Roles	Contributions
regional policy makers and donors	statistics	statistics Use of statistics Funding	agenda in aid programmes Focus on statistical capacity building as well as data needs Co-ordination of aid
International/ regional statisticians	Good quality country statistics Resources	Advocacy International standards Comparable country data Technical assistance	Focus on statistical capacity building as well as immediate data needs Focus on national priorities Better co-ordination between agencies
Analysts, etc	Good quality statistics	Awareness raising Technical and financial resources	Be more engaged with data producers and governance systems

