

**Strategy to Strengthen Donor Support for Statistical Capacity Building:
Approach paper for June 2004 Steering Committee**

The Steering Committee is invited to endorse the objectives of the donor strategy (paragraph 1), comment on the proposed four activity streams and advise on anything else we can do (paragraphs 6-17). A concerted partnership effort is needed (paragraph 18).

Purpose of a donor strategy

1. Our aim is to articulate (and then implement) a strategy to strengthen donor support for statistical capacity building in countries, based around National Strategies for the Development of Statistics (NSDSs); and for associated international enabling and support activities, including PARIS21 and the World Bank Trust Fund for Statistical Capacity Building (TFSCB). The challenge is to take the agenda beyond the statistician interface (statisticians talking to each other) to build support among policymakers and financial and programme managers – both in developing countries and within development agencies. Our medium-term objectives of this strategy are therefore:

- Increased (and sustained), better coordinated, more coherent and efficient donor support for statistical capacity building in developing countries within the framework of international approaches to aid effectiveness and harmonisation
- PARIS21/TFSCB 2004–2006 work programmes and other international facilitation roles for statistics fully funded
- Sharper focus on statistics for development, set within wider national strategies, and strengthened capacity of statisticians to make the case for adequate resources from donors and their governments for the longer term

Background

2. Both the international development community and national policymakers have become increasingly aware of the failings of available statistics, not least for the design, implementation, and monitoring of national Poverty Reduction Strategies (PRSs) and the Millennium Development Goals. But the demands for a much-improved evidence base for development — and good governance generally — have yet to be matched in most countries (and in total internationally) by the necessary additional resources and, consequently, the better statistics required. Progress has been made. An analysis of OECD's Creditor Reporting System indicates an increase in the level of new commitments for technical assistance for statistics: from \$25.5 million in 1999 to \$39.2 million in 2002. (Note: these figures are incomplete but suggest a rising trend). New funding instruments have been created (e.g., TFSCB and STATCAP); activities such as poverty monitoring, MDG country reports, and the GDDS have improved awareness and availability of data; and consensus has been reached internationally on the centrality of NSDSs in the development of national statistical services.

3. It should be noted that the concepts underlying NSDSs are not new. For instance, the Addis Ababa Plan of Action for Statistics in the 1990s (prepared by UNECA) was based around demand-driven, user-focused national statistical development plans. Although the ideas have evolved to reflect good practice in strategic management and institutional/organisational development, what is new is the increased recognition of need, and the higher profile of statistics, in managing for development results. This is led particularly by information needs for the design and implementation of poverty reduction strategies; and the need to monitor progress of these national strategies and of the global Millennium Development Goals.



4. The Financing for Development Conference (Monterrey) in 2002 committed donors to work with countries pursuing sound policies. The second Roundtable on Managing for Development results in February 2004 and the resulting Marrakech Action Plan for Statistics place the emphasis on NSDSs to provide a strategic framework for developing relevant poverty-focused statistical development programmes. A target was adopted for all low-income countries (who want them) to have NSDSs by 2006. The funding requirements to help countries to design NSDSs are small (estimated by the World Bank at around \$10 million for all low-income and lower middle-income countries currently without national strategies), but these plans will be useless unless they are implemented, which will require a step increase in levels of both national and international funding. Incremental costs are estimated by the World Bank at \$115–120 million a year for national statistical systems and \$24–28 million for the international system. These are first estimates and are not exhaustive, for instance they exclude the national and international costs of the 2010 census round, which falls outside the three-year period considered.

5. We still need to encourage broader recognition of the value of statistical information by national and international policymakers and financiers, which will require a sharper focus on the role of statistics in development and poverty reduction. National governments and donors will provide more funding for statistics only if they are convinced that poverty reduction and development generally (and/or aid effectiveness) is constrained by inadequate statistics; and that the substantial increases in investment required will result in sustained improvements in the efficiency and effectiveness of National Statistical Services.

How to achieve objectives

6. Our assessment is that there is no “big bang” solution, but four inter-linked streams of activity should each yield small gains, which, taken together, should make a difference given the current strong desire to make progress on improving statistics for development. Firstly, a strong case needs to be built and demonstrated, supported by persuasive advocacy materials and activities, before approaching donors, which itself requires greater knowledge of donor systems in order to identify the best entry points. The PARIS21 Secretariat and the World Bank’s Trust Fund need to be adequately funded to be effective in their international facilitation roles. These four streams are mapped into expected short and longer term results in the attached Annex. They cannot be achieved by the Secretariat or Trust Fund administrators alone. We need to maximise the value of PARIS21 partnerships.

(1) Building the case

7. The aim should be to **mainstream statistics and funding for statistical capacity building** into the design, implementation, and monitoring of national development plans and poverty strategies and their associated financing instruments, including PRS Credits, general budget support, and sector programmes. We should also encourage and help countries to apply for support for statistical capacity building from new sources, e.g., Millennium Challenge Account (MCA) and global funds as well as from STATCAP, which has been established specifically for this purpose.

8. We need to **build the case** by showing evidence and examples of constraints imposed and, if possible, faulty decisions and policies caused by poor statistics and demonstrate how improved statistics have helped. National governments and donors will also need to be persuaded that improvements in the coverage and quality of the data can be sustained so their investments in the design and implementation of national strategies will be worthwhile in the longer term. This will require increased national (as well as international) effort and funding from national budgets, which can be maintained. We need to demonstrate that this is feasible and show examples of where it has happened.

9. A background paper will be commissioned to support the **advocacy case**, including separate papers for national governments and donors on the role of statistics in development and poverty reduction; and the necessity of strategic planning. Some key messages are:

- Statistics are needed to “manage for results” including PRS design, monitoring and evaluation; and for global monitoring of progress towards the MDGs.
- Appropriateness in the spirit of Monterrey and Rome (harmonisation and aid effectiveness) agendas.



- Alignment of donor programmes with NSDSs.
- Low cost of statistics relative to the high cost of mistakes due to inadequate statistics; success stories of how improved statistics have benefited development outcomes.

10. Our strategy also needs to promote the principles of **good donor behaviour** in providing technical co-operation for statistics. Starting points for this are “Some guiding principles for technical co-operation for statistics” adopted by the United Nations Statistical Commission in 1999. These encompass the principle of donors providing TC within the framework of a national strategic framework. As part of this, donors should:

- Support statistical activities within the national strategy and not distort national priorities by funding or promoting separate activities that are not included in the overall programme.
- Use national statistics in the monitoring of their own programmes and not establish separate *ad hoc* arrangements.
- Promote the case for statistics and evidence-based decision making in their policy dialogue with governments.

11. Part of the solution to this is to **secure buy-in of donors** to and during the NSDS process. To achieve this we need to make sure the case is being made for national strategic planning of statistics in a sufficiently powerful and convincing way that all donors align behind them once they are produced (as well as recognising the wisdom of supporting their production in the first place). The case will need to be made to donor representatives at headquarters and in regional and country offices.

(2) Donor outreach activities

12. The PARIS21 Secretariat will compile a list of forthcoming **key international events** (including DAC, Development Committee, G8, and UN Millennium summit-level events in 2005) and a plan of engagement will be developed for each. Focused donor advocacy materials will be prepared to target the specific audiences and key messages. This work will build on the outputs of the advocacy task team and support the donor strategy by raising the profile of statistics for development. An **annual donors’ meeting/event** will also be planned. This will start with a preparatory event following the PARIS21 Consortium and Steering Committee meetings in November 2004. Future events might be hosted by one or more of the PARIS21 founders with the main aim to attract new donors and to promote alignment of support for statistical capacity building, and monitoring and evaluation information, around NSDSs (and therefore PRSs).

(3) Greater knowledge of donor systems and entry points

13. **Direct contacts with key donors** (and others, for example foundations and other networks) are likely to be the most effective part of the strategy, drawing on the strong case and advocacy work. A programme will be planned to meet key people and organisations but, to be more effective, we need **better understanding** of how different donors are organised and about their decision processes for resource allocation to individual programmes in order to identify the **best entry points**. For instance, funding decisions to support NSDSs in a particular country might require a different approach and entry point between different donor countries and agencies. An approach to the headquarters of a decentralised agency may not have much impact on country-level decisions, whilst approaching local offices might not help much in a centralised system. Similarly, support for the international enabling environment (e.g., PARIS21 and the Trust Fund) may need a separate approach to these same agencies and again a different approach for different donors.

14. We also need to understand better and disseminate information on how countries can access new funding instruments (e.g., MCA, global funds and STATCAP as well as Trust Funds). This knowledge of donor systems and entry points will be **disseminated to countries**, including as part of the guidelines for NSDSs.

15. A new **Task Team on “Costing and funding of NSDSs: the donor interface”** will support this work by:

- **Taking stock** of existing and ongoing information and analyses.



- Estimating the **incremental cost of statistical capacity building activities** in countries: costs of NSDSs plus their implementation; including comparative costs of different means of collating information (e.g., surveys and administrative sources).
- Understanding better and developing guidance for NSDS teams on the **sources of funding for the NSDS process** in countries.

(4) Funding of PARIS21 and TFSCB

16. To be effective in the facilitation role envisaged, the PARIS21 Secretariat and the Trust Fund need to be resourced adequately and a start has been made to secure this through the **joint PARIS21 and TFSCB Funding Proposal** for 2004–2006. PARIS21 activities and the TFSCB are now linked more closely than ever to help countries to design and deliver NSDSs. The proposal has been sent to the relevant ministers and officials in each DAC country and to multilateral development agencies. It will be followed up jointly by the PARIS21 Secretariat and World Bank.

17. Separate funding has been secured for a new **joint PARIS21/TFSCB post** to increase countries' understanding of funding processes and to help them to secure funding and technical support for NSDSs. The post will help countries to prepare requests to donors, identify and develop expertise of suitable consultants and promote a co-ordinated donor response, where possible through joint multi-donor support for NSDSs.

Is there anything else we can do?

Maximising the value of PARIS21 partnerships

18. None of these can be activities for the PARIS21 Secretariat and Trust Fund administrators alone. To succeed they will require a strengthened sense of PARIS21 members working together and this places a particular responsibility on the founding members and other Steering Committee members to contribute to these activities, including but not limited to funding, and acting as honest brokers to encourage statistical capacity building and more coherent, co-ordinated and (where appropriate) joint donor (and national) activities in support of NSDSs.

Annex: Strategy to strengthen donor support for statistical capacity building: activity streams and expected outcomes

Activity stream	Short-term outcome	Medium-term outcome
(1) Building the case	<p>Greater interest among new donors</p> <p>Evidence and examples of:</p> <ul style="list-style-type: none"> - constraints of poor statistics and benefits of good ones - increased national (as well as donor) funding - good donor behaviour <p>Advocacy papers</p> <p>Buy-in of donors to NSDS process</p>	<p>Increased (and sustained), better coordinated, more coherent and efficient donor support for statistical capacity building; and better access to mainstream funding and new funding sources.</p> <p>Sharper focus on statistics for development. Strengthened capacity of statisticians to make the case for adequate resources from donors and their governments for the longer term.</p>
(2) Donor outreach activities	<p>Raised profile of statistics for development at key international events</p> <p>Annual donors' meeting/event</p>	<p>As above</p> <p>plus</p> <p>Broader recognition of value of statistical information</p>
(3) Greater knowledge of donor systems and entry points	<p>Better understanding of donor organisation and resource allocation processes; including new funding instruments</p> <p>Network established of key donor contacts – beyond traditional statistician interface</p> <p>Information on and costs and sources of funding for NSDSs</p> <p>Information disseminated to countries</p>	<p>As above</p>
(4) Funding of PARIS21 and TFSCB	<p>PARIS21/TFSCB 2004–2006 work programme fully funded</p> <p>New PARIS21/Trust Fund post advising countries and promoting co-ordinated donor response</p>	<p>As above</p>