

Meeting the Data Challenge



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

April 2004



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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 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, provides for a new business plan for PARIS21 and the Trust Fund for Statistical Capacity Building to cover the period 2004 to 2006. This aims to build on what has been achieved in the first three years of operation and to put into effect the Marrakech Action Program for Statistics (MAPS) agreed at the recent Second International Roundtable on Managing for Development Results. To ensure that countries are able to take the lead in managing the transition and development process the Marrakech Memorandum identifies that stronger capacity in statistics is needed for socio-economic analysis, strategic planning, accountable management, monitoring and evaluation. This proposal and the new business plan aim to support the preparation of national strategies for development of statistics in all developing countries. It provides for a scaling up of the PARIS21 approach that has been successfully piloted since 2000. Through an expansion of effective advocacy, dialogue, coordination and strategic planning for statistics the objective will be to cover all developing countries by the year 2006.

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.

¹An earlier version of this proposal was discussed at the Second International Roundtable on Managing for Development Results held in Marrakech, Morocco in February 2004. This version incorporates comments from participants at this meeting as well as the main points outlined in the Joint Marrakech Memorandum, the agreed Core Principles on Promoting a Harmonized Approach to Managing for Development Results and the Action Plan to take this process forward. This proposal incorporates the main components of the Marrakech Action Program for Statistics (MAPS) that was developed at the meeting and included within the Memorandum and the Action Plan.

Building a culture of evidence-based policymaking and monitoring

The Millennium Declaration, signed in 2000 by 147 heads of state and government and 189 countries in all, 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, including crucially both analysts and policy makers. 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, and be part of their development policy if it were 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.

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 so far 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, analysts 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 been 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 to 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).

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, policy-makers, 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.

At the same time, the demand for the outputs of national statistical systems is increasing. 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 statistics, driven to a large extent by the need to prepare, implement, monitor and evaluate 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. The 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. This consensus was reinforced at the recent Second International Roundtable on Managing for Development Results held in Marrakech, Morocco in February 2004. Coming out of this meeting, the importance of both the results agenda and the partnership process, both key elements of the PARIS21 approach, were reinforced. Indeed, the meeting resulted in a clear call to action for the international community. If we are to be serious about development results then it is essential that countries are helped to develop their capacity in statistics for strategic planning, accountable management, monitoring and evaluation. 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. The Marrakech Action Program for Statistics (MAPS) sets out an agreed set of actions that places countries at the center. There is a clear call to reposition PARIS21 and TFSCB to focus on strategic planning. Over the past three years, a lot has been accomplished. A new approach to statistical capacity building has been developed and, as a result, significant improvements in data availability and quality can be identified in a number of countries. If the MAPS challenge is to be met, however and if the unprecedented political support for results and statistics is to be sustained, 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) 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; as well as, crucially, countries themselves. 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 emphasize 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 kick start this process.

A repositioning and expansion of the overall approach and of the work of PARIS21 and TFSCB will also 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 mainly 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. As part of the emphasis being placed on development results, many donors are giving more attention and priority to investments in statistics - in part in response to the national and global 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 mistakes of the past are not repeated. Countries have to take control and to do this they need to prepare and implement an integrated statistical plan covering all data sectors and all users. It is essential, therefore, 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 respond to the results agenda by implementing the Marrakech Action Program for Statistics. By taking advantage of the new opportunities for statistics arising from the results and global monitoring agenda it will provide direct support to 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 2006. 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 a national strategy for the development of their national statistical system by 2006 and to have begun execution of the strategy by the following year.
- ❑ 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.

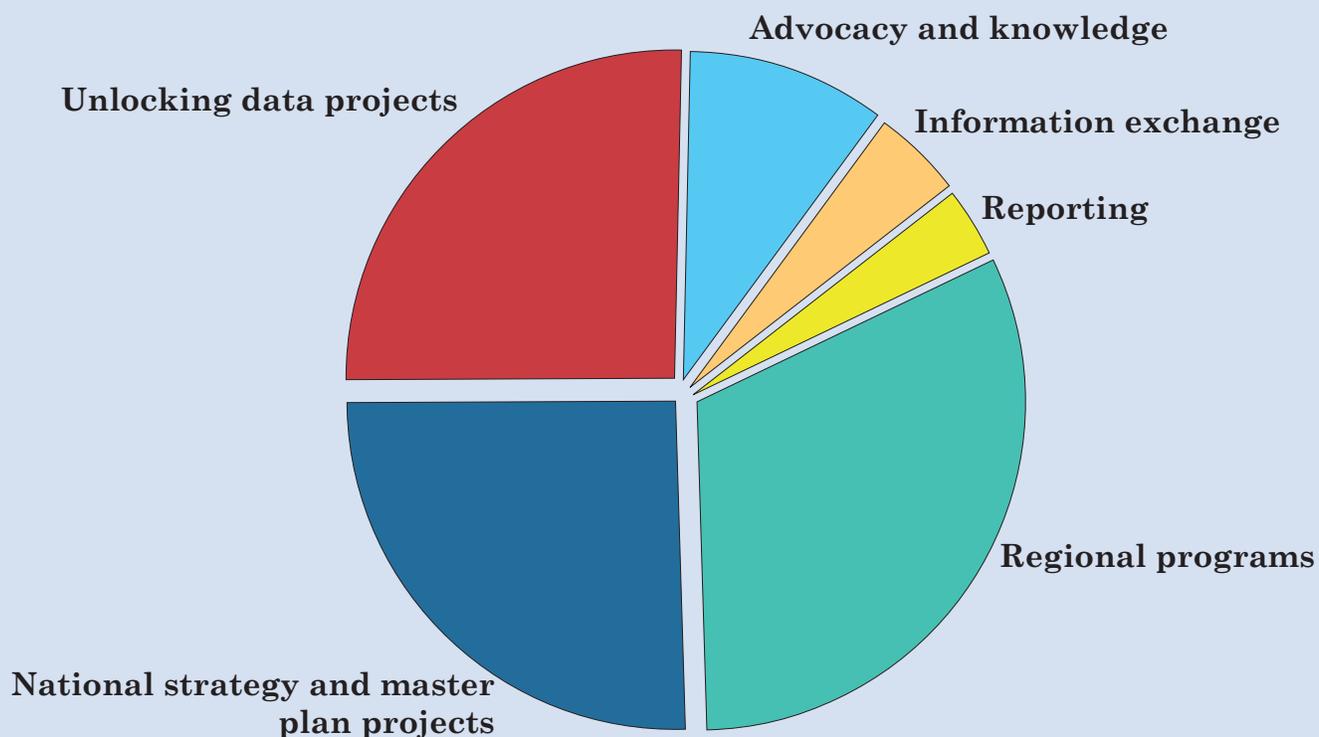
To achieve these outputs annual spending by PARIS21 and the Trust Fund is estimated at \$9 million, or about \$27 million over three years (table 1). The PARIS21 funding includes just under \$850,000 that is already secured and carried forward from 2003. These funds will support capacity building efforts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

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).

Figure 2. Proposed expenditure by output



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

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