

Harmonization and Rationalization of Development Indicators Problem Statement and Steps Towards a Solution

A. Problem Statement

Relevant, timely and reliable statistics and indicators are needed to monitor progress towards concrete policy goals, such as formulated for instance by recent global conferences. As a consequence, a number of agencies within and outside the United Nations system are defining new sets of development indicators in the areas of their mandates. These indicators are disseminated in programme reports, statistics-based publications and websites.

When the term indicator is used in the following, it refers to data and 'simple' statistical composites (e.g. gross domestic product and life expectancy) which are recognized as analytic decision-making tools. Highly composite index-type indicators (e.g. human development index) are explicitly excluded here.

The main problems can be stated as follows:

- * Proliferation of indicators. The sheer volume of development indicators and the lack of information on how similar indicators are related makes it difficult for analysts and decision makers to use them.
- * Inconsistencies among indicators. Despite references to seemingly identical indicators, there exist differences in the definition, in the use of data sources, in the compilation method, in the periodicity etc., which lead to different numerical values.
- * Validity of indicators. Sources, definitions and compilation/estimation methods are not always made explicit. The lack of adequate referencing and of technical notes deprives the user of making an informed quality assessment.
- * Separation of indicator development from basic data collection at country level. Insufficient attention is given to improving the quality and comprehensiveness of basic data from which indicators are derived.
- * Overburdening of national statistical systems. Competing demands and poor overlap¹ of internationally formulated indicator sets increase the reporting burden of national statistical agencies. Ad hoc

¹ A comparison between e.g. three sets of indicators, the Minimum National Social Data Set (MNSDS - 15 indicators), the OECD-DAC core indicators (20) and the UNDAF Common Country Assessment (CCA - 35 indicators) shows there are only 4 identical indicators common to all three sets.

requests by international agencies lead to ad hoc data collection, crowding out limited financial and human resources and, thus, interfering with regular national statistical programmes.

- * Inefficient use of statistical resources. At present agencies do not share information coming from the country level optimally. There are potential efficiency gains by organizing better the flow of information.

B. Objective

The overall objective is to provide analysts and decision makers at the national and international level with a sufficient number of relevant, timely and reliable development indicators. This requires a more concerted effort to improve data at country level on a limited number of indicators. Furthermore, these indicators need to be consistent in definitions, value and use irrespective of which agency or institution is producing and/or disseminating them.

Elements of an improved situation include:

- * An 'architecture' of indicators. Establish a shared understanding of a structure of indicators that distinguishes between common indicator sets, shared by two or more agencies and individual add-ons. A short and focussed selection of indicators may constitute the core group.
- * Well-defined channels of information flow. Agree upon a division of labour among international agencies with regard to indicators or sets of related indicators. The responsibility of a designated agency ('sponsor') would entail the collection of basic data from the countries, the compilation of indicators and their effective dissemination to relevant users.
- * Uniformity, transparency and quality. For identical indicators use common definitions, sources and methods; for all indicators systematically reference basic data used and make estimation procedures more transparent; make data and metadata accessible on an electronic platform in the Internet.

C. Previous/ongoing coordination efforts

At the request of the ACC taskforce on an Enabling Environment for Economic and Social Development, the UN Statistics Division (UNSD/DESA) has developed a model database for indicators produced and published in the UN system. UNSD tested the database by preparing an inventory of its own indicators. UNSD subsequently approached the ACC Subcommittee for Statistical Activities at its thirty-first meeting (1997) to provide inputs for the UN system-wide extension of the indicator inventory. While some members considered that such an inventory could be useful, the Subcommittee "expressed doubts that the inventory would be used" and "expressed concern about (...) the input required to set up the initial inventory and to

maintain it"². However, subsequently, the ACC asked its Subcommittee³ "to pursue, on a priority basis: promoting greater commonality in indicators and (...) ensuring greater consistency between global indicators". The Subcommittee is requested to report to CCPOQ on its findings and conclusions.

In addition to the efforts of the ACC, a variety of bilateral consultations on selected indicator sets has taken place between concerned agencies. Furthermore, the UNDAF process was launched as part of the UN Reform programme. In this context the agencies of the UN Development Group have cooperated to define a set of indicators for the Common Country Assessment.

D. Other Players

The problem is of course not limited to UN agencies. OECD-DAC has formulated a list of 20 indicators, mainly to create an instrument to make a rational assessment where ODA resources should be allocated most effectively. The World Bank publishes the World Development Indicators and the IMF has just embarked on the promotion of its General Data Dissemination System, which includes a social indicator module. In addition, an increasing number of NGOs is involved in the production and dissemination of indicators in their respective fields of concern. It is proposed to continue to engage all the above institutions in a constructive dialogue on this topic.

E. Role of UNSD

UNSD is offering to assume a 'facilitator' role. The objective is not to select or evaluate any indicator. Also, UNSD has no particular set of indicators to champion. The proposed role is the rather modest one of an honest broker, initiating dialogues and debates and providing technical inputs where required. UNSD is naturally positioned for this initiative as it assumes the secretariat function for the ACC Subcommittee on Statistical Activities, which does not only include the UN agencies as members but also the Bretton Woods Institutions, OECD and Eurostat. In addition, as UNSD is working through the Statistical Commission in close cooperation with the national statistical agencies of member states it is well aware of the problems at the national level.

F. Possible Actions to be taken by the Executive Committee on Economic and Social Affairs

Any attempt to harmonize and rationalize development indicators must be an incremental one. Mindful of this principle, the Executive Committee is invited to discuss this issue and is asked:

² See E/CN.3/AC.1/1998/L.10 (Actions and decisions taken by the ACC Subcommittee on Statistical Activities at its thirty-first session.

³ ACC, Second Regular Session of 1997

- * to agree on the commitment of its members to work together in a collaborative effort towards a solution.
- * to create/invigorate a working group on indicators, comprising both producers and users, to elaborate an incremental process for the harmonization and rationalization of development indicators. The working group will present a progress report including recommendations to the Executive Committee.
- * to give the UN Statistics Division a mandate to prepare together with all agencies an UN system wide inventory of indicators for possible posting on the internet.
- * to ask the agencies involved to use the UNDAF pilot countries to study together with UNSD the impact of the indicator problem at the country level.