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**MAKING THE CASE:
NATIONAL STRATEGY FOR THE DEVELOPMENT OF STATISTICS (NSDS)**

Prepared by the Partnership in Statistics for Development
in the Twenty-first Century (PARIS 21)



Making the Case: National Strategy for the Development of Statistics (NSDS)

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The purpose of this paper is to make the case for adopting a strategic approach to developing national statistics, mainstreamed within policy processes such as Poverty Reduction Strategies and sectoral approaches. It demonstrates why governments, society generally and the international community need good statistics and why a strategic approach is beneficial.



Why are good statistics important for development?

All governments need good statistics, but in developing countries the need is even more important. Because resources are very limited, it is essential that they are used effectively and efficiently; good statistics are necessary to do this. There is an increasing consensus internationally that development in many countries, especially the poorest, has faltered in the past because development efforts did not focus on **results**. Most recently, the Second International Roundtable on Managing for Development Results, held in Marrakech, Morocco, in February 2004, stressed this point, acknowledging that “*managing for results involves focusing on the desired outcomes and impacts (for example on poverty reduction) and then identifying what inputs and actions are needed to get there. It also involves establishing baselines and identifying upfront performance targets and indicators for assessing progress during implementation and on program completion.*”

Compared with a decade or more ago, there is now greater emphasis, both in developing countries and the international community, on **evidence-based policy-making**. Statistics being evidence by nature, this process is statistics intensive. Good statistics provide a basis for good decisionmaking, help governments to identify the best courses of action in addressing complex problems, are essential to manage the effective delivery of basic services, and are an indispensable, core requirement for accountability and transparency. Good statistics are a core component of good governance. They also provide a sound basis for the design, management, monitoring, and evaluation of national policy frameworks such as Poverty Reduction Strategies (PRSs) and for monitoring progress towards the Millennium Development Goals (MDGs). **Good statistics, therefore, are part of the enabling environment for development:** they measure inputs, outputs, outcomes, and impact, providing reliable assessments of key economic and social indicators, covering all aspects of development from measures of economic output and price inflation, to the well-being of individuals.

Why statistics?

“*Statistics are the eyes of policymakers*”, Keith Muhakanizi, Director of Economic Affairs, Uganda Ministry of Finance, Planning and Economic Development.

“*You can help us, the politicians, save lives if you give us evidence-based statistics*”, Dr. Katele Kalumba, Minister of Finance and Economic Development, Zambia.

“*Sound data represent a key weapon in the battle against poverty*”, Tadao Chino, President, Asian Development Bank

“*If you can't measure it, you can't manage it*”, Robert Kaplan and David Norton, ‘The strategy-focused organisation’



Why is a strategic approach needed for statistical development?

Official statistics are produced by national statistical systems (NSS), which include data producers, compilers, analysts, and users. In developing countries, though, many of these national systems are not able to meet the needs of users. Good statistics are not cheap, and in many countries statistical systems are under-funded and under-performing. Unless the systems are improved, the lack of good statistical data will constrain economic and social development. The need for improvement is widely acknowledged, but resources are limited and choosing between conflicting priorities is difficult. Careful decisions need to be made about how best to develop statistics most effectively and efficiently; and reform is often required across the whole system. This can be facilitated through the design and implementation of strategic statistical plans, which are integrated within national policy processes and cover all data sectors and all users. These *National Strategies for the Development of Statistics (NSDSs)* provide a robust framework and action plan for building the statistical capacity to meet both current and future data needs. In particular the aim is to align the statistical development strategy with wider poverty-focused national development programmes and strategies. In many countries, the processes of preparing poverty reduction strategies and managing for results provide an important opportunity not only to identify data needs, but also to highlight the priority areas where investment and improvements are needed. The poverty reduction strategy approach also provides valuable insight into how these strategies should be prepared and implemented.

A National Strategy for the Development of Statistics should:

- **Be nationally led and owned, with high level political support and champions**
- **Be demand-focused and integrated within national development policy processes**
- **Be developed in an inclusive and consultative way**
- **Assess all statistical sectors and user needs and provide a vision and strategic plan for national statistics**
- **Set out an integrated statistical development programme to build capacity to deliver results, which is prioritised and timetabled, incorporating plans for implementation, monitoring and evaluation but is also flexible enough to cope with change**
- **Address institutional and organisational constraints and processes, including resources, for the sustainable development of statistical systems and outputs**
- **Build quality “fit for purpose”, drawing on best international practice and standards**
- **Build on what exists and is being developed and continue to satisfy immediate needs for statistics during the NSDS process**
- **Respond to user needs but be realistic about resources**
- **Serve as a coherent framework for international support for statistical development**

What are good statistics?

The litmus test of good statistics is their quality and accessibility and the efficiency with which they are produced. Good official statistics must have many characteristics. Most basically, official statistics are good only to the extent that they meet the needs of users. Official statistics must be available to a broad range of public and private users and be trusted to be objective and reliable. Good statistics must also



have a breadth and depth of coverage to meet all policy needs and to inform the public so they can evaluate the effectiveness of government actions. The UN's Fundamental Principles of Official Statistics provide clear guidance on the role of official statistics, of what is necessary to ensure the professionalism of data producers, and how to instil trust and confidence in the data they produce.

Strategic planning for statistics is not new, and a number of countries have already worked to develop their statistical systems, some with international support. But generally, investment in statistical systems has been low in most developing countries. Official statistics, like the maintenance of law and order, are "public goods," which means they have to be funded mainly by taxpayers. Even in the most well developed market economies, only a small proportion of the cost of running a statistical system can be met through the sale of statistical outputs or consultancy services. Since a key use of statistical data is to inform the process of government, and the value of the data increases the more widely they are used, almost all countries choose to fund their statistical systems from the national budget. But in many developing countries, support from development partners will be needed to supplement governments' investments in statistical capacity building.

NSDS as a catalyst for change

A number of countries have already demonstrated that statistics can be improved through a comprehensive NSDS integrated into the national policy process. This strategic approach can help to make statistics available for the formulation of national development policies and to align resources to improve statistical capacity with priority needs. Improvement plans can cover the whole of the national statistical system or focus on specific areas where capacity building is needed. In some cases, for example, strategies have concentrated initially on organisational issues; others have been concerned with priority subject areas such as poverty monitoring. But, however action plans are focused, the strategic planning process and priority setting should be positioned within the context of the whole national statistical system.

Recently there have been a number of international initiatives to help improve the availability of statistical data, but these have tended to focus on specific indicators or just one kind of activity such as household surveys. While, in many cases, these programs have been able to improve data availability, often these improvements have not been sustained. A basic problem has been that many of these programmes have been designed to meet immediate data needs rather than to build long-term capacity. In some cases, particularly where donors initiated programmes, there has been weak country commitment and ownership, and capacity has actually been reduced as scarce resources have been taken away from other activities. Elsewhere, parallel data collection systems have been created, duplicating effort and wasting scarce resources. Relatively few activities have been part of a well-coordinated and prioritised programme, addressing organisational and institutional constraints as well as producing statistical data. Although it is vital that many of these activities continue, it is equally important that developing countries regain control and that international support is placed within the context of an NSDS. Within the international community these issues have been addressed in the UN's "Some guiding principles for good practices in Technical Cooperation for Statistics," a code of practice for international assistance.

In many countries, financial resources are very limited and statistical activities must be carefully prioritised. At the same time, a better case needs to be made for additional resources. Users have a major role to play in both of these processes. A well-designed NSDS can help to build confidence in the processes and outputs of the national statistical system and help to break the vicious cycle of under-



performance and under-funding. It should provide a framework for both national and international funding and the coordination of support from development partners.

How the NSDS fits with other existing initiatives in each country

Recognition of the need for strategic approaches is not new. A number of earlier initiatives have aimed to address these needs and have contributed to the development of the approach, including the *Addis Ababa Plan of Action for Statistics in the 1990s* (prepared by the UN's Economic Commission for Africa), which was based around *demand-driven, user-focused national statistical development plans*. An effective NSDS will take account of, and build upon, all existing work and initiatives in each country. For instance, many countries have already started to improve their statistical systems as an essential component of their PRSs and to monitor the MDGs. The NSDS may take many forms depending on the stage of development of each statistical system and their needs and perspectives.

Important international frameworks and assessment tools to support the preparation of an NSDS include:

- ◆ The IMF's General Data Dissemination System (GDDS), in which a large number of countries already participate, builds on the main elements of the UN's Fundamental Principles of Official Statistics, around the four key aspects of (i) data relevance, coverage, timeliness, and periodicity, (ii) quality, (iii) integrity of the data production process, and (iv) access to the data by the public. It covers a set of data that is recognised to be essential for all countries and addresses issues that are critical for compiling and disseminating data, including explicit plans for improvement to align national procedures with best practices.
- ◆ The Multi-Annual Integrated Statistical Programme framework, developed by the Statistical Office of the European Communities (Eurostat), is used in many countries of Eastern Europe and Central Asia as a multi-year planning mechanism to prioritise the use of national resources and international assistance;
- ◆ The Data Quality Assessment Framework (DQAF), developed by the IMF and building on the GDDS, provides an integrated and flexible framework for assessing the quality of data used for macroeconomic and social policy;
- ◆ PARIS21's statistical capacity building indicators, based on the DQAF, provides a means for countries to identify the strengths and weaknesses of their national statistical systems and to monitor their progress in building statistical capacity.

All of these approaches have strategic planning as the basis of their approach and countries should aim to make use of whatever expertise and experience they already have. Existing GDDS subscribers, for example, will be able to make use of the basic GDDS assessment framework to provide the foundation for a national strategy for statistics, including a basis for setting priorities for improving statistics under conditions of tight resource constraints and to indicate where external technical and financial assistance will be needed. Participation by countries in the GDDS provides a good signal to data users and development partners that the country is serious about statistics and is already taking action to address shortcomings. Countries who work closely with Eurostat, or who are aiming to invest in their statistical capacity through a credit or loan from the World Bank under their STATCAP programme, will be able to use an NSDS as the basis for developing an investment plan or a cooperation programme.



Concluding remarks

In summary, governments, society generally, and the international system all need good statistics. They are a necessary part of the enabling environment for development, but many national statistical systems are not able to meet either existing or future data needs. The NSDS approach provides an effective mechanism for building statistical capacity on a sustained basis as part of overall national development policy. **The added value of an NSDS is that it sets strategic planning and priority setting within the context of the entire statistical system, covering all data sectors and users as well as essential organisational and institutional issues.** It builds on existing work and provides a coherent framework for funding decisions by governments and for coordinating the contributions of external donors.

National governments are urged to launch their NSDS process. The first step would be to develop a “road map” for the design phases, setting out the main stages and processes, including securing high-level political support. **Development partners** (multilateral and bilateral) of the countries **are urged to reflect these processes in their assistance programmes and to place their support for statistics within the context of national strategies for the development of statistics.**

For more information on NSDSs, including design guidance, please consult the PARIS21 website at www.paris21.org.