

IV. SETTING PRIORITIES

“Ideally, priorities should be determined on the basis of analysis of the costs and benefits of various alternative ways of using the scarce resources....Although ... the cost of statistical projects can, in principle, be identified and measured, this is rarely the case with their benefits. The problem here arises from two main factors. First, statistics are intermediate products, not end products. The benefit of a statistical series is a function of its impact on policy decisions and their importance; it is generally very difficult to pin it down and attach a meaningful value to it. Secondly, the process of identifying benefits is all the more difficult both to the extent that the series are part of a system in which the diverse elements are interdependent and the value of each is enhanced by the availability of the others....Thus, priority setting and allocation of resources among competing possibilities in statistics cannot be calculated precisely but must be determined...on the basis of judgements and insights based on past experience...in order to render priorities and related resource allocations as rational and balanced as possible”.⁵⁴

A. Analysis of user requirements

226. The previous chapter underscored the fact that meeting the demand from some users requires a specialized understanding of the corresponding sectors (for example, health and education). It also showed the need to maintain a special relationship with large businesses (multi-location, multi-activity, multinational) that in many instances account for a disproportionate share of a country’s GDP. These considerations have a number of implications for the statistical agency. Chapter IV examines how various requirements give rise to a plan of action to ensure a balance between information supply and demand.

Box 7. Should there be a planning unit?

The question of establishing a planning unit within the statistical agency has not been a matter of discussion or systematic exchange of experiences in recent international venues. It is nonetheless an important question, one that is of consequence to the larger and more complex statistical agencies. The general advantages and disadvantages are easily described. Having a specialized planning unit reduces the time spent planning by the substantive experts of the office and allows for more control, consistency in presentation and ease in verifying internal consistency in execution. However, it increases very substantially the risk that the planning activity will be treated as “someone else’s responsibility” by the substantive part of the office and never is as internalised as it should be. As a solution, some offices have adopted a mixed regime, in which the planning unit is responsible for the formal part of planning and for acting as a secretariat to the planning effort (or committee); the substantive part of planning rests squarely with those whose activities are to be planned. Naturally, in mixed organizations of this type the cost of planning increases - but so do the chances that it will be taken seriously.

227. The process described in the above citation is circular. While several attempts have been made to establish a “calculus of priorities”, none of them has gained wide acceptance. The idea behind some of these attempts is to weigh several attributes, such as the importance of the request (using some arbitrary unit of measurement); the cost of answering it fully; the cost of a partial, short-term answer; the effects it might have on other activities within the statistical agency; and the consequences of denying a request

⁵⁴ 1980 *Handbook*, P. 61.

for statistical information on the relevant decision or policy (again using some arbitrary unit of measurement). The scores derived from these attributes would be used to compile a table ranking each priority. However, up to now this process has not proven to be successful, and while such methods would introduce a consistent and explicit set of factors, the conclusions would be no less arbitrary.

228. A chief statistician cannot avoid prioritizing the activities to which an agency is committed. Fortunately, priorities do not change from one day to the next. The activities of a statistical agency are constant. Indeed, from one year to the next, a statistical agency will not change its agenda by more than a small fraction of its total resources (5 per cent is probably a generous estimate), with the exception of large-scale initiatives such as the censuses of population, agriculture and economic activities. In addition to these endeavours, the statistical agency is likely to continue measuring, from one period to the next, the variation in consumer prices, the rate of industrial production, the amount of international trade in goods, the size and condition of the labour force and so on. Once these activities are taken into account, the allocation of additional resources should be at the discretion of the chief statistician, who can initiate subtle changes in direction by placing a somewhat heavier emphasis on one activity or another.

229. Nevertheless, not every single one of the activities carried out regularly by a statistical agency is static. In fact, as part of the standard work of an agency, products are added or removed from the CPI, new nomenclatures replace old ones in the compilation of trade statistics, and changes in the population are ultimately reflected in the sample on which a labour force survey, for example, is based. Moreover, in many offices there is a systematic effort to carry out habitual tasks in a more productive and effective manner. The success of such effort frees up resources, which in turn can be allocated to alternative activities. Accordingly, setting priorities turns out to be not so much an exercise in the evaluation of discrete subjects but rather a series of marginal changes in an ongoing programme to which additions and subtractions are made at regular, and sometimes even predictable, intervals.

230. In order to preside over this process, the chief statistician, to a greater or lesser degree, requires the following:

- Authoritative information about what various constituencies perceive as gaps in the range of statistical products and an understanding of why those gaps are awkward for policy formulation;
- Information about emergent issues of public concern that may require statistical information;
- Information about the cost of alterations to the existing programme, including possible additions in light of the two elements noted above;
- A mechanism to sort out possible requirements.

231. These four elements underlie the planning process, which can be handled formally or informally. The advantage of formality is not so much the intrinsic value of the ceremony but rather that it impresses on all participants that the planning of a statistical programme is one of the most important, if not the most important, statistical activity that an agency's management can undertake.

232. Priorities should be determined within a framework. Nowadays, frameworks are referred to as strategic overviews, strategic frameworks or corporate strategies. Mostly, these headings apply to the same thing: a medium-term plan that allows the agency to acquire, maintain or change existing capabilities while continuing to meet new requests.

233. Priorities ought to be selected from within this framework, not because it is fashionable to do so, but rather because it is the most effective way to ensure that the priorities are clearly articulated and that the priorities are considered as a whole rather than in piecemeal fashion, which could result in inconsistent and duplicative activities. The alternative is distinct descriptions of activities with no coherence.

Box 8. Balancing of requirements

In setting priorities, achieving a balance is very complex. For example: ^a

1. A balance must be achieved between servicing users who need detailed data in specific data in specific fields and those who need across-the-board aggregative data for macroeconomic and social analysis;
2. A balance is required between different subject-matter fields. This balance should ensure that some resources are assigned (a) to projects that are in their early stages of development; (b) to strengthening weak areas; and (c) to carrying out at least a minimum of research and analysis;
3. Within each subject-matter field there is a balance between different projects both across the board and in time. The importance of covering the entire field must be balanced against the need for detailed statistics in parts of the field;
4. A balance is needed between timeliness, accuracy and publication of detail;
5. Finally, it is necessary to find a balance between satisfying user needs and avoiding undue burdens on the supplies of primary data.

^a *Handbook of Statistical Organization: A Study on the Organization of National Statistical Services and Related Management Issues*, Studies in Methods Series F, No. 28 (United Nations publication, Sales No. E.79.XVII.17), p. 61.

234. It is generally accepted that one can precisely define the costs but not the benefits of statistical undertakings. There is no way to answer the question of how many people will benefit directly or indirectly from the publication of a particular number and to what extent. Nevertheless, a chief statistician's decisions regarding the allocation of resources implies that the balance of costs relative to benefits is more favourable in one direction than another.

235. The issue is to assess needs and concerns in order to learn how a statistic can be beneficial to its potential users. Since its usefulness cannot be quantified, one should have at least a general impression of what that use might be.

236. Clearly, the formulation described above is rather abstract. In practice, there is no substitute for an enquiring attitude, one that seeks to relate systematically proposed new statistics to the questions they are deemed to be helpful in answering. Furthermore, those questions should relate to the concerns of the general public or the Government.

237. On the supply side it is important to track costs and to keep a history of costs of different kinds of statistical activity. A chief statistician should at least be able to argue in relative terms about costs and benefits—for example, if x were spent on activity A, y should (or should not) be spent on activity B given the apparent (albeit non-quantifiable) benefits of A relative to B. Tracking costs for planning purposes should be the object of considerable attention and respect within a statistical agency and should include the following:

- The ability to assess the value of a statistical activity (e.g., conducting a survey, compiling an account, editing an administrative file, publishing a statistical bulletin) with a degree of accuracy adequate for planning purposes;
- The ability to archive and retrieve the results so that they can be used to price future activities;
- The ability to reveal alternative uses for the same resources;
- A mechanism to record decisions and assign accountability.

B. Developing a progress plan

238. Notwithstanding the limitations of planning, experience shows that embarking on any complex initiative (conducting a family income and expenditure survey, launching a quarterly labour force survey, compiling an input-output table) without a plan is a prescription for unmanageable turbulence and very uncertain outcomes. This uncertainty is worsened by the interdependency of a statistical agency's undertakings. For example, the input-output table cannot be compiled without the survey of inter-industry purchases and sales; the latter cannot be conducted without the new commodity nomenclature, which in turn requires a production survey; and so on. Planning for all the interdependencies and expecting them to function precisely, though, is not realistic. Rather, in addition to careful planning, considerable flexibility, local discretion and fallback positions are necessary. The art of planning statistical operations consists in finding a way to manage all of this in a timely and realistic fashion.

239. The next section introduces the various purposes and elements of a plan; the difference between a multi-year exercise and a single-year plan (which is more akin to a traditional budget); the significance of "accountability"; and lastly, the plan as a teaching device once its results are evaluated.

1. The annual plan and its constituents

240. Essentially, a plan consists of the following elements:

- A clear set of objectives to be met by the end of the planning period;
- A description of the steps to be taken;
- A list of the requirements—environment and resources—to ensure the practicality of the objectives;
- A discussion of fallback options should the outcomes not meet the objectives.

Additional elements include the mechanisms for monitoring and evaluation.

241. In chapter IV of the 1980 *Handbook*, a considerable space was devoted to describing in detail a three-tiered planning structure, comprised of a system of overall planning, based on a long-term plan of a “strategic” nature; a medium-term plan of a more “tactical” nature; and a short-term “operative” plan.⁵⁵ The 2002 edition of the *Handbook* focuses primarily on operative plans.

242. An operative plan must be annual, for a number of reasons. The plan follows the standard budgetary cycle, which is annual. In addition, preparation of the plan on a yearly basis establishes a routine, so that the plan is not forgotten. Devising the plan more frequently consumes an inordinate amount of resources and imparts a sense of instability. Finally, the annual plan must fit into a longer-term framework in order to prevent the creation of a series of disjointed annual plans and ensure that the statistical system, while maintaining its flexibility, will not be faced with changes in direction that it cannot accommodate.⁵⁶

2. Making allowances for size and uncertainties

243. Many offices are small - 100 staff members or fewer - and have unpredictable budgets, either because of political circumstances or because a large portion of their resources come from international initiatives over which the office has limited influence. Thus, if there were a concerted push to measure poverty on an international scale or examine the factors that affect fertility, the scale of operations required might account for a very large component of the office’s total activity. In this context, the existence of a multi-year plan could help ensure that international programmes reflected national needs. The principle of having a five-year plan and an annual set of objectives firmly anchored in that plan applies equally to small offices and to much larger ones, although the latter tend to have a more predictable budget. The difference is that in smaller offices, the

⁵⁵ 1980 *Handbook*, p. 70.

⁵⁶ Assuming that the annual plan is part of a five-year medium-term programme, that resources are constant and that the maximum permissible annual shift in staff is only 5 per cent gross, at the end of the term one quarter of the staff might be doing very different things from what they were doing at the beginning.

actual implementation of an undertaking can be much more informal, allowing for greater flexibility.

244. Multi-year plans have multiple purposes, involving perceptions as well as organizational realities:

- Impressing upon the staff that their work is part of a larger scheme and is not a routine continuation of some arbitrary disposition creating a basis for measuring the performance of the office and of its organizational units;
- Recording experience in order to improve future allocation of resources and reliability in carrying out tasks;
- Increasing the efficient use of available resources;
- Documenting inadequacy of resources relative to imposed tasks;
- Improving the perception that the statistical agency uses rational criteria to organize its activities.

245. These objectives are somewhat easier to attain if planning is open; if a significant proportion of the staff takes part in the establishment of the plan;⁵⁷ and if there is a collective effort to learn from experience by reviewing systematically the differences between activities planned and activities carried out. However, there is no avoiding the cost involved to document, track performance, record costs and organize a structure that is cohesive and achievable.

3. The role of ceremony

246. On the one hand, the expectation that detailed plans can be fulfilled with total precision is likely to cause frustration with the entire planning exercise and may lead to a premature abandonment. On the other hand, introducing the plan in a manner that is too lax may lead to its never being addressed with the respect that is required for it to function effectively. This is why, in a number of offices where the annual planning activity has become formalized, the discussion and promulgation of the plan are subject to some ceremony.

4. Planning and budgeting

247. Perhaps surprisingly, the institution of sensible planning is a measure that usually leads to less, rather than more, detailed control of the various parts of an office. Attaining high-level objectives is only possible if local managers have the discretion to modify their approaches in the event of unforeseeable circumstances. This means that effective planning requires the establishment of a sound budgeting approach, complete with a statement of how authority is to be delegated.

⁵⁷ “The 1980 *Handbook* (p. 70) states: “The major objectives of planning are...to involve as many staff members of the statistical agency as possible in the priority setting and integration function”.

248. Conceptually, the relationship between the two activities is as follows. A plan is created, taking into account all the interdependencies and outlining a set of objectives, a schedule and steps to be taken to ensure that the objectives are met.

249. The plan will appoint agents to head its various activities. Each agent will be given a discretionary budget and the responsibility for achieving a balance between income and expenditures. Handling matters in this fashion has the added virtue that each agent will become more conscious of costs. If the performance in meeting objectives is judged from the point of view of efficiency, the various agents will have the incentive to find methods and techniques that will allow them to meet objectives with the resources allocated (rather than the somewhat perverse situation that has been known to occur, wherein managers spend as much as possible to demonstrate their authority). Essentially, planning involves controlling the resources allocated to agents, thereby requiring that they achieve their goals within the given resource constraints. This arrangement applies to offices of all sizes.

5. Planning and accountability

250. The greater the discretionary authority given to planning agents, the greater their accountability. In the framework of an open plan with a great deal of devolution of authority and responsibility, the chief statistician will ask for accountability from the staff. If the management establishment is too inexperienced to carry out its part of the agency-wide plan, the chief statistician will not be able to comfortably delegate budgetary authority. An organization can be considered efficient if the head of the system can rely on subordinates to help formulate and carry out both a medium-term and an annual plan.

6. Evaluation of the plan

251. At the end of a planning exercise (annually and, on a more strategic basis, every five years) the chief statistician should receive a formal⁵⁸ evaluation. This evaluation may be conducted by an outside party or by a unit within the statistical agency, depending on the political, legal and regulatory circumstances. The evaluation serves several purposes:

- Accounting to the government for the work of the agency;
- Conveying to the staff the seriousness of the process;
- Determining the degree of error in the process—exogenous (beyond control) and endogenous (subject to control and future improvement)—and attempting to explain the causes;
- Validating or changing the agency's strategy;

⁵⁸ Although for smaller offices it could be informal, the effort to prepare and disseminate the result of a formal process can be helpful nevertheless.

- Using the results to engage the organization's management in a dialogue regarding accountability.

252. For the process to be credible, evaluating and planning should be carried out by two different parties; in fact, the greater the organizational distance between the two, the better. It is also worth considering the possibility of using the evaluation as a training opportunity. For example, recently recruited professionals can serve as assistants to an evaluation secretariat, thereby receiving their introduction to the planning exercise. It is not critical to constitute an evaluation secretariat as a permanent organization. Indeed, it may be rather difficult to justify it, as it is unlikely that it will have work year-round. One option is to have a standing committee headed up by someone who is indisputably knowledgeable and objective. If circumstances allow, evaluation (and similar tasks, such as audits) might consistently be handled by retired senior officials of the agency.

Conclusions

A statistical organization has no objective "calculus of priorities". The chief statistician must combine intuition and insight with the experience and current knowledge to make decisions with confidence. Once this becomes routine, the agency will be able to formulate, albeit in a qualitative way, some of the benefits of a planned course of action. It is important to implement an effective mechanism to track, measure and record costs. For a planning exercise to be effective, it must reflect the right balance of decisiveness and staff participation. It should be part of a medium-term framework and should be treated as the annual definition of activities, their cost and the corresponding resource requirements. The staff, having taken part in the creation of the plan, should be held accountable for its execution. The practice of evaluating the plan ex post should be strictly observed, as a means of enforcing accountability and learning from experience.