Global Partnership
for Sustainable Development Data

Making the case:

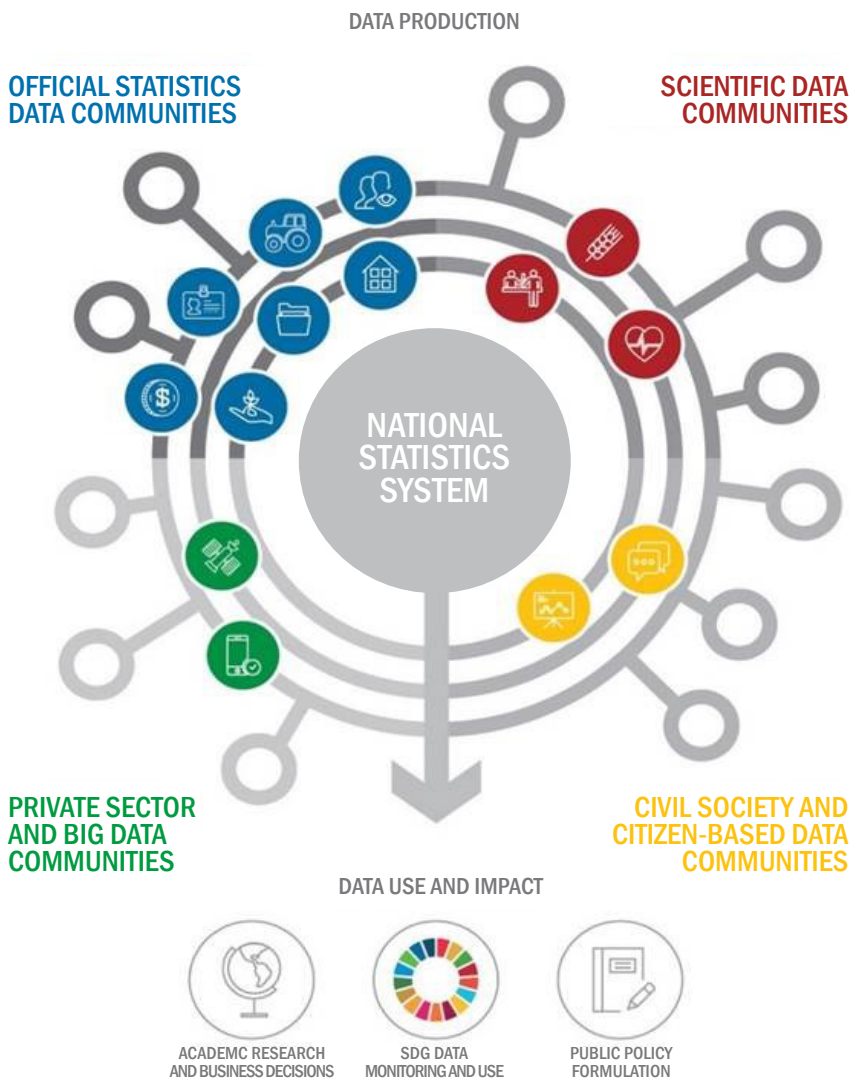# More and Better Financing for Development Data

INTRODUCTION

The data ecosystem is expanding to include new sources, new producers, and new users. The possibilities are huge, but governments cannot take full advantage of these opportunities without increased support for national statistical offices and the whole national statistical system.

Disruptive technology and big data are changing our economies and our lives, and they will change our data systems too, building on the foundations of a strong and robust statistical system. This requires investment — to get the basic building blocks in place, and to establish the systems to use both new and existing sources to produce the high quality and timely data that governments need.

Substantial capacity is required to understand and use new data and technology, to guarantee the quality and independence of data, and to ensure that the essential principles of good statistics are maintained in the new environment. Only national statistical offices have the mandate to set statistical standards, to design and implement large-scale data collection programs, and to manage national statistical systems. In the new data ecosystem, national statistical systems will play a central role as data producers, brokers, and arbiters of data quality. We need to ensure continued support for national systems as they evolve, playing their key role in this new data ecosystem, maximizing the opportunities, and managing the risks.

There is a strong consensus that better data are a prerequisite for delivering the United Nations 2030 Agenda for Sustainable Development and ensuring that no one — and no national data and statistical system — is left behind. Good data alone will not end extreme poverty, but they are an essential part of the infrastructure to inform the decisions and programs that will improve people's lives. Meeting the data challenges of the SDGs will require increased investments in international and national data and statistical systems. Here we make the case for investing in data, highlight the current state of financing for statistics, identify funding gaps, and make the case for not just **more** but **better** financing for data.

Figure 1: The ecosystem of data production and use

DATA PRODUCTION

OFFICIAL STATISTICS
DATA COMMUNITIES

SCIENTIFIC DATA
COMMUNITIES

NATIONAL
STATISTICS
SYSTEM

PRIVATE SECTOR
AND BIG DATA
COMMUNITIES

CIVIL SOCIETY AND
CITIZEN-BASED DATA
COMMUNITIES

DATA USE AND IMPACT

ACADEMC RESEARCH
AND BUSINESS DECISIONS

SDG DATA
MONITORING AND USE

PUBLIC POLICY
FORMULATION

Source: GPSDD (2016), "The state of development data funding 2016", http://opendatawatch.
com/wp-content/uploads/2016/09/development-data-funding-2016.pdf.

INVESTING IN DATA BRINGS RETURNS

Data are needed for policy making, planning, monitoring and measuring the impact – subnationally, nationally, and globally – of policy and programs. Businesses rely on these data as well in deciding where to invest and expand into new markets. Although data are not typically considered an attractive funding proposition, investing in data does bring returns. Take a few examples from the recent *2017 Development Co-operation Report*.

1 Increased income for farmers
Farmers' share of crop export prices in Ethiopia doubled to 70 percent within four years of opening the Ethiopian Commodity Exchange, which provides real-time, official price data; its dissemination mechanisms are tailored to the needs of small farmers (Minney et al., 2012).

2 Improved school performance
In the United Kingdom, a study has shown that every pound (GBP) invested in producing statistics on schools' performance leads to academic improvements equivalent to a GBP 16 increase in gross domestic product (Burgess et al., 2013).

3 More effective maternal health interventions
Censuses conducted in Mexico and Peru in 2000 showed that the proportion of births attended by health professionals among indigenous women was lower than among non-indigenous women (38 percent and 45 percent, respectively). These data were used to promote more effective interventions; by 2012, in both countries more than 80 percent of births by indigenous women were attended by health personnel (UN, 2015a).

It is important that policy makers understand the value of data and of investing in statistical systems as the gateway to better data. Without a strong and properly resourced system to turn the huge volumes of data now available into high quality and useful statistics, governments will not be able to reap the rewards of the data revolution and deliver the services of the future.

HIGH DEMAND, LOW FUNDING

The demand for more and better data for the SDGs has not been translated into a corresponding growth in funding, and the excitement around new data sources and disruptive technology has not been met with commensurate support for the national systems that are needed to take advantage of them. Aid for statistics, as calculated by PARIS21 in its *Partner Report on Support to Statistics* (PARIS21, 2017), averaged 0.30 percent of total official development assistance (ODA) between 2013 and 2015 (about USD 600 million per year). Supporting statistics does not appear to be a high priority for most Development Assistance Committee (DAC) members. A large share of total ODA came from a very small number of providers: five bilateral and multilateral providers accounted for 75 percent of total aid commitments to statistics in 2015 (PARIS21, 2017).

Domestic resources are not yet filling the gap. In the long run, it is essential for governments to bear the costs of the systems that will tell them if they are on or off track and whether their interventions are meeting the needs of their citizens, and the share of domestic resources supporting these systems should be increasing over time. However, in resource-constrained countries external support will continue to be required in the coming years.

CLOSING THE FINANCING GAP- WHAT WILL IT TAKE?

Two recent studies (SDSN, 2015; GPSDD, 2016) calculated the minimum cost of producing data for the SDGs in 144 developing countries to be about USD 2.8-3.0 billion per year up to 2030. The estimates include the cost of expanding the program of surveys and censuses and of improving administrative data systems.

The *State of Development Data Funding* report (GPSDD, 2016) estimated that developing countries face an annual funding gap, once domestic budgets for statistics are accounted for, of USD 635-685 million to produce data for the SDGs. Aid for statistics reached USD 541 million in 2015, so an additional USD 150 million a year is

needed through the year 2030 for low- and lower-middle income countries to meet their minimum financing needs.

Given the changing landscape for development finance, fundraising strategies will need to find innovative ways of leveraging new sources of finance, including global financing facilities and private sector involvement, and make better use of existing resources. Filling the estimated SDG data funding gap in developing countries of approximately USD 685 million per year is achievable. An additional USD 200 million annually in ODA (USD 541 million in 2015) would make a huge difference to enable countries to put in place statistical systems capable of supporting the SDGs, as long as the aid focuses on building sustainable statistical systems (UN, 2015; SDSN, 2015).

To put these numbers in context, according to the two reports, bridging the gap in funding would not require a large proportional increase – from 0.3 percent to 0.45 percent of official development assistance.

Figure 2: Aid to statistics: Trends in volume and as a share of ODA, 2006-15, commitments
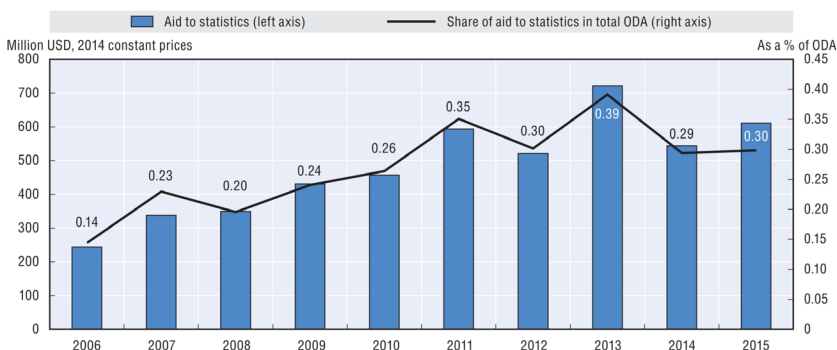
Source: PARIS21 (2017), "Partner report on support to statistics", www.paris21.org/press2017.

Bridging the gap
will require 0.45 percent
of official development
assistance.

NOT JUST MORE, WE NEED BETTER FINANCING

2017 saw a surge of interest in the data for development agenda with the publication of several high-profile reports highlighting the opportunities and challenges in the new environment. These reports include the *2017 Development Co-operation Report*, UN SDSN's *Counting on the World*, the World Bank's *Data for Development: An Evaluation of World Bank Support for Data and Statistical Capacity*. Throughout these reports runs a common theme: the need to reinvent donor support for data and statistics.

Previous efforts have been characterized by a heavy reliance on technical matters, such as support for survey design or revisions to national accounts. Smarter, better financing will go beyond technical assistance to build partnerships and foster skills such as management and leadership in national statistical offices. Additionally, financial support will be more coherent, better aligned with national plans and priorities, and will focus on increasing data use, as well as better dissemination practices and increased data literacy. Success in these endeavors — and ensuring that strengthening national data ecosystems is country driven — will depend on mobilizing political support to raise reliable and predictable financing for data.

A GLOBAL PLAN TO GUIDE DATA INVESTMENT PRIORITIES

The United Nations (UN) Cape Town Global Action Plan for Sustainable Development Data (UNSC, 2017) is the most recent roadmap for improving global data for sustainable development to achieve the scope and intent of the 2030 Agenda. The plan acknowledges that this work will be country-led and will occur at the subnational, national, and regional levels. The goal of the plan is to fully communicate and co-ordinate existing efforts and identify new and strategic ways to efficiently mobilize resources from international organizations, national governments, and other partners.

The Global Action Plan proposes action in six areas, each associated with several objectives that can be used to help guide more and better financing for data. The six are:

1. Co-ordination and strategic leadership on data for sustainable development;

2. Innovation and modernization of national statistical sysems;

3. Strengthening of basic statistical activities and programs;

4. Dissemination and use of sustainable development data;

5. Multi-stakeholder partnerships;

6. Mobilization of resources and co-ordination of efforts for statistical capacity building.

All of these aspects are integral to the capability to produce and use data for development and should guide interventions. Also important are new approaches to statistical capacity development such as PARIS21's project on Capacity Development 4.0, which covers recommendations for better allocation of resources and coordination of donors' programs.

Figure 3: Applying the Cape Town Global Action plan to build development data capacity
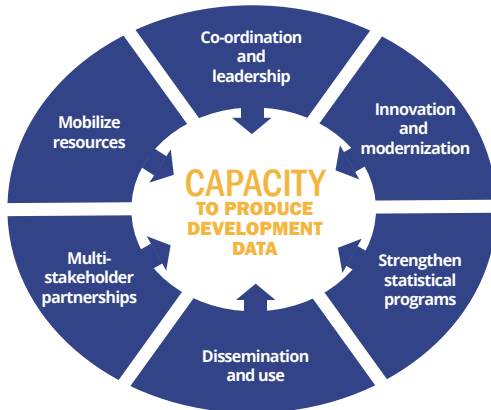
Source: Open Data Watch.

NEED FOR COLLECTIVE ACTION ON MORE AND BETTER FINANCING FOR DATA: POINTS FOR DISCUSSION

The SDGs and the movement to harness the data revolution for sustainable development have raised the political profile of data, but to spur action we still need to build the case and strengthen the evidence base on the value of investing in data. We will be working towards this in the coming months and welcome all partner contributions.

- As recommended in the 2017 OECD Development Cooperation Report, data need to become a strategic cross-cutting priority for developing countries and donors alike. What else can we do to build this commitment and increase investment?

- National and international financing for statistics very often tends to prioritize the collection of sector-specific data (for example, in health and education) over civil registration and vital statistics, and administrative data; or over capacity building for the sustainable production and use of key data. How can we promote systems over surveys?

- Are our systems for supporting countries organized in the best way to enable them to modernize their data and statistical systems and take advantage of new data sources and technology?

- Are our financing instruments fit for purpose to take advantage of the data revolution?

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