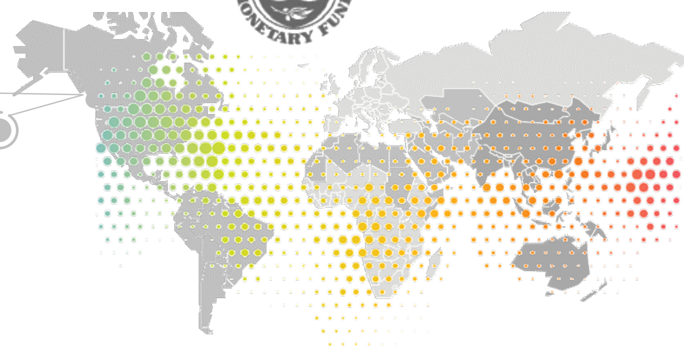

A Multi-Partner Initiative for IMF Capacity Development On Data for Decisions—D4D

PROGRAM DOCUMENT

(September 1, 2017)

data for decisions FUND

INTERNATIONAL MONETARY FUND

Contents

Page

Figures

Boxes

Appendices

List of Selected Acronyms

CD	Capacity Development
D4D	Data for Decisions
DGI	G-20 Data Gaps Initiative
(e-)GDDS	(Enhanced) General Data Dissemination System
ESS	External Sector Statistics
FAD	IMF's Fiscal Affairs Department
FAS	Financial Access Survey
FDI	Foreign Direct Investment
FSSF	Financial Sector Stability Fund
G-20	The Group of Twenty
GFS	Government Finance Statistics
HFIs	High-Frequency Indicators
HLG-PCCB	High-Level Group for Partnership, Coordination and Capacity-Building
ICD	IMF's Institute for Capacity Development
IMF	International Monetary Fund
LICs	Low-Income Countries
LMICs	Lower Middle-Income Countries
MCM	IMF's Monetary and Capital Markets Department
MFS	Monetary and Financial Statistics
NSS	National Statistical Systems
ODA	Official Development Assistance
PSDS	Public Sector Debt Statistics
RBM	Results-Based Monitoring Framework
RM	STA's Resource Management Division
RPPI	Residential Property Price Index
RTACs	Regional Technical Assistance Centers
RSS	Real Sector Statistics
SC	Steering Committee
SDDS	Special Data Dissemination Standard
SDGs	Sustainable Development Goals
SECO	Swiss Economic Cooperation Organization
SNA	System of National Accounts
STA	IMF's Statistics Department
TA	Technical Assistance
UMICs	Upper Middle-Income Countries

D4D Fund Overview

Objective: Putting more and better data in the hands of decision-makers to enhance evidence-based macroeconomic policies and support achievement of the sustainable development goals (SDGs).

Focus: Strengthen national statistical systems to cope with a more challenging national and international policy environment, promote transparency and accountability, and offer efficiency solutions to CD.

Conceptual Foundation: Based on a needs assessment that considered (i) demand from countries, (ii) policy relevance, (iii) identified data gaps and data quality concerns, (iv) complementarity of capacity development (CD) provided out of the IMF's Regional Technical Assistance Centers (RTACs) and bilateral CD projects, and (v) the need for flexibility to react to a country's capacity and readiness to accept CD.

Target Countries: Mainly Low- and lower middle-income countries world-wide, including fragile states.

Size: US$33 million (including a 7 percent IMF trust fund management fee).

Modules of the D4D Fund:

M1	Addressing Data Needs and Quality Concerns	Submodule Real Sector Statistics (RSS) Submodule External Sector Statistics (ESS) Submodule Government Finance Statistics (GFS)
M2	Financial Access Survey (FAS)	Sustain and expand the FAS
M3	Online Learning	Develop and launch eight fundamental statistics courses (English and up to five other languages)
M4	Statistical Information Management	Provide advice on statistical information management practices and related technical environments

M1: Addressing Data Needs and Quality Concerns

- Help countries compile and disseminate data in three topical domains (real, external and government finance sectors) to support policy analysis and formulation and detect economic risks and vulnerabilities;
- Bring more and better data into the public domain, thus enhancing transparency and accountability; and
- Offer technical advice on enhancing source data and promoting higher-frequency data.

M2: FAS

- Provide policymakers and analysts with high-quality statistics in this unique financial inclusion database covering 189 economies (http://data.imf.org/fas);
- Improve and expand FAS to new areas, such as new access points, gender-disaggregated statistics, and costs of financial access; and
- Provide monitoring basis for SDG financial inclusion indicator.

M3: Online Learning

- Develop a new structured online learning curriculum to exponentially enhance reach of statistics training in eight fundamental statistical topical areas; and
- Offer online learning in up to six languages to allow truly global delivery.

M4: Statistical Information Management

- Develop advice to help statistical offices, central banks, and ministries to streamline, standardize, and automate their data management practices and infrastructure; and
- Enhance countries' ability to compile and disseminate macroeconomic and financial statistics.

I. Better Data—Better Policies

"Data has gained prominence as a vital building block for making sound policy. Without reliable and timely economic data, we would be wandering in the dark, making decisions on the basis of anecdotes, gut feelings, or worse."

Christine Lagarde, IMF Managing Director, at the opening of the 2nd IMF Statistical Forum, Washington, D.C. (November 2014).

"Good data and statistics are indispensable for informed decision-making by all actors in society. … I urge all partners and stakeholders to work together to ensure that the necessary investments are made, adequate technical capacity is built, new data sources are explored and innovative processes are applied to give all countries the comprehensive information systems they need to achieve sustainable development."

Ban Ki-moon, UN Secretary General, Message on World Statistics Day (October 2015).

A. The International Context

Interest in economic and financial statistics has risen steadily over the past few decades. While crises, with cross-border spillover effects, were often motivating enhancements in statistics, recently a more proactive understanding of the need to improve the availability and quality of statistics has emerged. To some extent, this is due to the global drive toward instilling more transparency and accountability into policy-making, thus providing benchmarks against which policy-making can be assessed. More generally, there has also been a realization that quality and timely data are vital for empowering governments, civil society, academia, the private sector, the public, the media, and other domestic and foreign stakeholders to make informed and improved decisions so that countries can be better off in the future. The 2030 Development Agenda has provided major additional impetus to this new way of thinking, which in turn now also requires the providers of capacity development (CD) in the statistical area to adjust their approaches.

The 2007/08 global financial crisis underscored gaps in the availability of key information for policy making and for the timely assessment of risks across countries. As such, it provided a dramatic wake-up call to policy-makers who realized that the data on which they based their decision-making were deficient, and key information was unavailable. This has affected all statistical sectors, but the lack of a full understanding of countries' underlying fiscal positions and the soundness of their financial sectors had the most immediate impact as it prompted the crisis to explode at full force.[1] This led to the launch of the G-20 Data Gaps Initiative (DGI) in 2009; it recently entered its second phase and

[1] See, for example, *Fiscal Transparency, Accountability, and Risks*, IMF Policy Paper, November 2012.

has aimed to explore and assess the data gaps and provide proposals for strengthening data collection among the systemically important G-20 countries.[2]

Previous crises, with spillovers across borders, had led to earlier initiatives to strengthen economic and financial data.[3] For example, the Great Depression of the 1930s triggered fundamental advances in statistics and led to the development of the System of National Accounts (SNA) in the late 1940s. Capital liberalization in the 1980s brought new investment opportunities but also heightened risks and vulnerabilities, triggering a rethink of macro-prudential and monetary policies, and also the related statistical frameworks. The 1994/95 Mexican crisis and 1997/98 Asian financial crisis provided other experiences that emphasized the need for more and better data to understand international flow and stock positions and resulted in the establishment of the IMF's data dissemination standards.[4] The 1997/98 Asian crisis also brought additional attention to the need for statistical information on reserves, balance sheet positions, and foreign currency liquidity. These are a few examples of how crises have motivated international cooperation to enhance economic and financial data, illustrating the oftentimes reactive path of such initiatives to negative economic developments.

Global efforts to enhance transparency and accountability of policy-making have been conducive to fostering investment in statistics. Transparency enables a better-informed debate by governments and their various stakeholders in-country and abroad about the formulation, analysis, and results of policy-making, by highlighting the basis, trade-offs, and risks that fed into decisions taken and instilling credibility to the authorities' policies. In addition to fostering accountability with domestic stakeholders—mainly parliament, civil society and the public at large—making more and better data available has also helped mitigate perceived risks by domestic and international investors. Various studies have found that improvements in data transparency, such as by subscribing to the IMF's data standards initiatives, have reduced sovereign borrowing costs, foreign exchange spreads, and exchange rate volatility, and increased FDI inflows.[5] This recent heightened interest from stakeholders in the quality, timeliness, and international comparability of data has been instrumental in countries aiming to develop their national statistical systems (NSS).

Tailwinds at the international level have provided additional strong incentives for investing in statistical development (Figure 1). On the global front, the 17 Sustainable Development Goals (SDGs) underlying the United Nations 2030 Agenda for Sustainable Development challenge NSS to modernize

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[2] See the G-20 DGI Progress Reports for additional information.

[3] For a discussion of these developments, see Heath, Robert and Evrim Bese Goksu, *G-20 Data Gaps Initiative II: Meeting the Policy Challenge*, IMF Working Paper WP/16/43, Washington, D.C. 2016.

[4] The Special Data Dissemination Standard (SDDS) was established in 1996 and the General Data Dissemination System (GDDS) in 1997, with the former aiming at countries with international capital market access while the latter focused on countries that needed to develop their statistical systems.

[5] See, for example, a recent study by Choi, Sangyup and Yuko Hashimoto, *The Effects of Data Transparency Policy Reforms on Emerging Market Sovereign Bond Spreads*, IMF Working Paper WP/17/74, Washington, D.C., 2017.

their infrastructure and processes, with a view to building enhanced capacity to efficiently and effectively respond to new data demands. Building on the 2015 Addis Agenda, the 2030 SDG Agenda is also a call to action, challenging the international community to move beyond "business as usual" in supporting statistical development. To this end, the 2017 Cape Town Global Action Plan for Sustainable Development Data offers a strategic statistical agenda for achieving the 2030 Agenda (Box 1).

Box 1: Cape Town Global Action Plan for Sustainable Development Data

Meeting in Cape Town, South Africa in January 2017, the High-Level Group for Partnership, Coordination and Capacity-Building for Statistics for the 2030 Agenda for Sustainable Development (HLG-PCCB) issued a call for "***policy leaders to achieve a global pact or alliance that recognizes the funding of national statistical systems (NSS) modernization efforts is essential to the full implementation of Agenda 2030***." In line with its mandate, the HLG-PCCB prepared an action plan that was endorsed by the UN Statistical Commissions at its annual meeting in March 2017 and will be submitted to the September 2017 UN General Assembly for approval.

The Cape Town Global Action Plan for Sustainable Development Data provides a framework for planning and implementing statistical capacity building necessary to achieve the scope and intent of the 2030 Agenda. It proposes to leverage and coordinate the lead role of countries and regional efforts with those of international organizations and other partnerships. To this end, the Action Plan proposes six strategic areas:

- Coordination and strategic leadership on data for sustainable development;
- Innovation and modernization of national statistical systems;
- Strengthening of basic statistical activities and programs, with focus on addressing the monitoring needs of the 2030 Agenda;
- Dissemination and use of sustainable development data;
- Multi-stakeholder partnerships for sustainable development data; and
- Mobilizing resources and coordinating efforts for statistical capacity building.

In recognizing the urgent need for NSS to adapt and develop to meet widening, increasing and evolving needs of data users, the Action Plan stresses that "***CD is important for all countries, even more so for developing countries, particularly African countries, least developed countries, landlocked developing countries, small island developing states and middle-income countries, and other countries in vulnerable situations***."

The Cape Town Global Action Plan for Sustainable Development Data (full text) is available at https://unstats.un.org/sdgs/hlg/Cape-Town-Global-Action-Plan/.

Figure 1: Guidance from International Initiatives to the D4D Fund

B. Meeting Policy Needs and Development Challenges

The Data for Decisions (D4D) Fund embraces this international guidance and aims to proactively equip countries with the necessary expertise to develop their NSS. As such, the D4D Fund will allow the IMF's Statistics Department (STA) to step up and recalibrate its CD to achieve the twin objectives of bringing more and better data into the hands of policy-makers while supporting the development of NSS to foster monitoring of the SDGs.

With the IMF's focus on macroeconomic and financial statistics driven by its surveillance and program work, the D4D Fund aims to provide CD in these core areas (Box 2). This covers the full topical range of macroeconomic statistics, such as national accounts, price, government finance and balance of payments statistics, but also some new statistical products that have proven to be important in detecting economic risks and vulnerabilities, such as high-frequency indicators (HFIs) of economic activity to support the formulation of short-term policy responses or residential property price indices to help detect the emergence of a housing bubble.

Box 2. Examples of the Importance of Macroeconomic Statistics for Policy-Making

- A country's government scrutinizes key macroeconomic parameters—GDP, prices, external accounts, public debt, to name a few—before developing and adopting the national budget.
- A Minister of Finance is better able to assess a country's fiscal position and related risks and vulnerabilities by relying on timely and high-quality government finance statistics (GFS) that capture the essence of the government's activities in the economy.
- A Central Bank Governor is well placed to fine-tune monetary conditions by drawing on targeted high-frequency indicators of economic activity, as well as timely and comprehensive monetary and financial statistics (MFS) and financial soundness indicators (FSI) that also cover the non-bank sector.
- Reserve managers monitor trends in the current and financial accounts of the balance of payments, as well as both on- and off-balance sheet data on foreign currency liquidity (resources and drains), to identify potential vulnerabilities and make decisions on the composition of their portfolios.
- Regional policy-makers working to develop or strengthen monetary unions require data on intra-regional trade and harmonized national accounts, prices statistics, and fiscal positions.
- Private sector users of statistics, such as international investors, and global and domestic companies seeking opportunities to fuel performance, profit and employment, consider economic data as key inputs into their strategic decision-making.
- Rating agencies—among the most powerful players in global finance—rely on economic and financial data to give investors guidance on which investments are safest to make.

Statistical systems in less advanced economies face particular challenges in making their macroeconomic statistics fit for policy-making. Among these are (i) resource constraints, including regarding staff levels and expertise, underfunded data collection programs, and lack of access to technologies and technological infrastructure that could help improve performance and minimize costs; and (ii) a traditional focus on producing official statistics for national consumption, with the resulting lack of incentives to readily implement new processes and statistical best practices, and to tailor output to new and emerging data demands. Further, the experience of the IMF's CD programs shows that an unsupportive institutional environment, such as inadequate laws and weak inter-agency collaboration—for example to support the collection of primary source data—undermines data quality. Thus, while advanced economies have made headway under various data initiatives, less advanced countries are still catching up to close their data gaps and enhance data quality and dissemination. In this environment, identifying obstacles to statistical advancement and offering a sustainable way forward to addressing them can be major contributions of a steady CD engagement.

Investment in CD in macroeconomic and financial statistics can be expected to have beneficial spillovers to the compilation and dissemination of other statistics, including the SDG indicators. In providing technical assistance (TA) and training to low-income (LICs) and lower middle-income (LMICs) countries, as well as countries that are statistically challenged in specific topical domains, the CD provided under the D4D Fund will transmit crucial compiling experience that will have positive externalities beyond the macroeconomic areas. In the same vein, the D4D Fund's modules on online training (Module 3) and the advice on data management practices and related technical environments (Module 4) are expected to offer synergies well beyond the core macroeconomic statistical area. As a result, compilers will be able to apply their newly acquired knowledge in the macroeconomic statistics area to social, environmental and other topical statistical domains. Finally, it is also important to realize that many SDG indicators rely on macroeconomic statistics for monitoring, either directly or indirectly. A well-measured GDP, for example, will help improve the accuracy of several dozen SDG indicators in the denominator, thus strengthening guidance to national policy-makers and fostering international comparability (Box 3).

Finally, there is a significant funding gap for crucial SDG data. According to the Paris21 Partnership in Statistics for Development in the 21st Century, official development assistance (ODA) dedicated to statistics amounted to US$470 million in 2014, representing a share of 0.25 percent in total ODA; the IMF ranks among the top five providers of development co-operation in statistics.[6] However, it is estimated that an annual increase between US$350–400 million is needed in order to support the production of Tier I and II indicators for the SDGs.[7] The D4D Fund thus contributes to filling an important gap in the international architecture in support of the 2030 Development Agenda.

[6] See http://www.paris21.org/Press2016.

[7] See Keijzer, Niels and Stephan Klingebiel, *Realizing the Data Revolution for Sustainable Development: Towards Capacity Development 4.0,* Paris21 Discussion Paper No. 9, Paris, March 2017.

Box 3. Supporting the Implementation of the 2030 Agenda for Sustainable Development

The IMF is the custodian agency for four SDG indicators—on financial access, financial soundness, government revenue, and the size and proportion of the budget funded by domestic taxes—under Goals 7, 8, 10, and 17. In addition to directly supporting two of the four SDG indicators through the D4D modules covering the Financial Access Survey (FAS)[1] and CD on GFS, the D4D Fund is also designed to enhance the quality of national accounts, price, and balance of payments (cross border flows) statistics that underpin a larger range of the SDG indicators (see below). Further, it provides a framework for capacity building that impacts two SDG targets (17.18 and 17.19) identified under the goal of revitalizing the global partnership for sustainable development.

National Accounts and Prices

- Impacts SDG Goals: 1, 2, 7, 8, 9, 10, 11, 12, and 14

Government Finance Statistics

- Impacts SDG Goals: 1, 7, 10, 11, 14, 16, and 17
- Linked directly to indicators under SDG Goals 7 and 17

Balance of Payments

- Impacts SDG Goals: 2, 3, 8, 9, 10, 15, 16, and 17

Financial Access Survey

- Linked directly to an indicator under SDG Goal 8

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1/ The IMF's financial soundness indicator database will serve as monitoring tool for the financial stability SDG indicator, with related STA CD being provided under the new Financial Sector Stability Fund (FSSF).

C. IMF Capacity Development in Statistics—A Strong Foundation

IMF CD aims to empower people and strengthen institutions to foster stronger, sustainable growth, and STA is an important provider. CD is one of STA's core activities, accounting for more than half of its outputs. STA is the third-largest provider of TA across departments within the IMF, and it has a stellar record of delivering high-quality advice on macroeconomic and financial statistics.[8] With its global reach, and increasing focus on low-and lower middle-income countries, and especially fragile states, STA stands as a key pillar in the IMF's global leadership in strengthening human and institutional capacity.

A recent evaluation of the IMF's statistical operations highlighted the major—and much appreciated—role CD in statistics has played in supporting high-quality data from its membership. Drawing on the results of a survey of country authorities and data providers, the IMF's Independent Evaluation Office's 2016 report notes that "TA and training provided by STA are effective forces for the improvement of data." While 90 percent of the survey respondents agreed that STA's training is of high quality, aligned with recipients' priorities, feasible to implement, and has helped to improve data quality, appreciation for TA is even stronger with views on its quality, relevance and feasibility almost unanimously positive.[9] Similarly, the (unpublished) 2014 IMF Global Opinion Survey revealed particularly strong ratings on the high-quality economic data the IMF offers on its external website—reflecting reporting by member countries, many of them beneficiaries of IMF CD on statistics—and on the provision of relevant TA to build economic capacity, with especially positive responses from countries in the Southern Hemisphere.

The IMF maintains a well-calibrated CD approach on statistics, delivering in areas that are within its mandate and benefiting from its role as an international standard setter (Box 4). This unique methodological expertise underpins the IMF's CD on statistics.

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[8] See *Getting Results in Macroeconomic Statistics: Featured Cases from 25 Years of IMF Capacity Development in Statistics* (September 2016; http://www.imf.org/external/np/ins/english/pdf/25_Years_of_STA.pdf).

[9] See Chapter 4 (paragraphs 61–62 and Figure 4) in Behind the Scenes with Data at the IMF: An IEO Evaluation (IEO, 2016).

Box 4. The IMF's Role as a Leader on Methodology and an International Standard Setter

"Without standards, there are no consistent and comparable data, and without data there are no good policies" (Louis Marc Ducharme, STA Director)

Since its inception in 1945, the IMF has had a compelling interest in developing and promulgating guidelines for the compilation of comprehensive and internationally comparable macroeconomic statistics. These guidelines have evolved to meet changing economic circumstances. Over the last two decades, the IMF has been at the forefront of global efforts to update, harmonize, and expand the suite of international statistical methodologies, in close collaboration with IMF member countries and regional and international organizations.

The latest wave of standard-setting was initiated with the launch of the *System of National Accounts 2008*—a joint product of Eurostat, the IMF, World Bank, OECD, and UN—and resulted in updates to key statistical manuals/compilation guides developed and maintained by the IMF, including the *Balance of Payments and International Investment Position Manual* (2009), *External Debt Guide* (2013), *International Reserves and Foreign Currency Liquidity Template Guidelines* (2013), *Government Finance Statistics Manual* (2014), and the *Monetary and Financial Statistics Manual and Compilation Guide* (2016).

In response to the growing demand for standardization and compilation guidance in new areas, the IMF also led in the production of the *Export and Import Price Index Manual* (2009), *International Transactions in Remittances Guide* (2009), the *Public Sector Debt Guide* (2011), the *Residential Real Estate Price Handbook* (2013), and the *Coordinated Direct Investment Survey Guide* (2015). These initiatives complemented the IMF's earlier work on developing guidelines to bring greater international comparability and methodological soundness to important inflation indicators—the *Producer Price Index Manual* (2004) and the *Consumer Price Index Manual* (2004)—and to meet the emerging need for financial soundness indicators (*FSI Compilation Guide*, 2006). In addition, in 2002 the IMF issued the *Coordinated Portfolio Investment Survey Guide* to advice on the collection of "from-whom and to-whom" cross-border portfolio investment positions.

The IMF also made important contributions to the *Handbook on Security Statistics* (2015) which filled an important void in the aftermath of the recent global crisis, and to the *Manual on Statistics of International Trade in Services* (updated in 2010) as well as its accompanying *Compilation Guide* (2015)—both responded to heightened user interest in measuring cross-border trade in services.

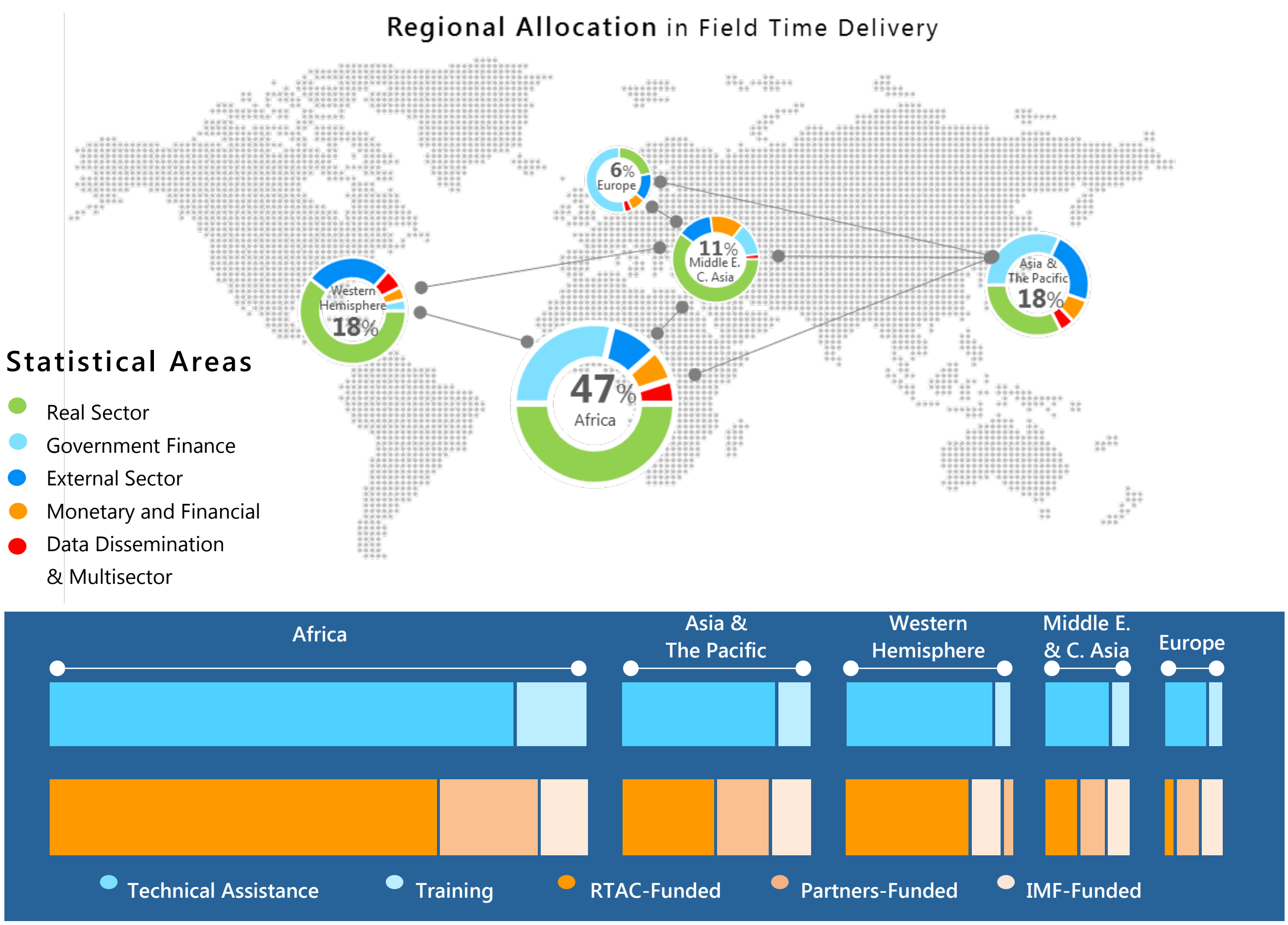
The IMF continues to lead or contribute to various standard-setting governance and advisory bodies (including the *Inter-Secretariat Working Group on National Accounts,* the *Inter-Agency Group on Finance Statistics*, the *IMF's Government Finance Statistics Advisory Committee*, and the IMF's *Committee on Balance of Payments Statistics*); and actively participates in international and regional forums. These footprints underscore the IMF's ongoing commitment to developing and promoting internationally accepted statistical methodologies to reflect the evolving features of the global economy, the needs of policymakers, and existing statistical compilation capacity.

For more details, see Methodology in STA over the Past 25 Years, IMF, November 2016.

The IMF has worked with all its members to improve their macroeconomic data, focusing on all topical domains under its unique mandate. This includes real sector statistics (mainly national accounts, price statistics, and more recently HFIs); GFS and public sector debt statistics (PSDS); external sector statistics (covering balance of payments and the international investment position, international reserves, and coordinated direct investment and portfolio surveys); monetary and financial statistics; financial soundness indicators (FSIs); the financial access survey (FAS), and data dissemination. The IMF's CD engagements on statistics are primarily with ministries of finance, central banks, and especially national statistical offices. Training and TA are complementary and are tailored to specific country needs, with a view to building absorptive capacity as a foundation for delivering sustainable results.

The IMF's CD on statistics is being provided to more than 130 countries worldwide (Figure 2). Continued valuable support from the IMF's external partners to finance projects and to place statistical advisors in all ten Regional Technical Assistance Centers (RTACs) has allowed such a global presence. CD to Africa has steadily accounted for almost half of IMF CD on statistics. Support to other regions has fluctuated due to several factors, including changes in demand, the launch of new topical projects, and security considerations. The same holds true for the distribution of CD by topical area, although in all regions work on real sector statistics is dominant and work on GFS is growing.

Figure 2. IMF Capacity Development on Statistics, FY2017



IMF training on statistics is strong and diverse, using a combination of approaches. The training program continues to be strengthened as a major vehicle for advancing the adoption of internationally accepted statistical methodologies, and bolstering the capacity of officials to address the challenges of compiling and reporting macroeconomic statistics. STA leverages its partnership with the IMF's Institute for Capacity Development (ICD) to maximize the delivery of face-to-face training, offering about 30 courses each year at the ICD Regional Training Centers. STA also delivers some 50 other seminars and workshops through RTACs and in partnership with regional agencies to ensure global coverage. These training initiatives are also tailored to specific regional needs. Against the background of this expanded delivery in the face of increasing demand, STA is now beginning to create online learning modules aimed to transfer statistics knowledge to a broader group of beneficiaries around the world. The D4D Fund would allow this work to accelerate, cover all fundamental statistical areas, and broaden the reach by translating the online courses into up to five languages.

Finally, with the advent of the D4D Fund, STA will complete the overhaul of its medium-term steady state CD architecture (Figure 3). The D4D Fund will be a key anchor of this architecture to offer the advantages of a more long-term, predictable and efficient TA delivery mechanism with funding certainty while building on the results achieved to date.[10] The architecture will be based on four pillars: (i) addressing core strategic and policy-relevant CD needs on macroeconomic statistics through the D4D Fund; (ii) covering fundamental statistics CD through RTACs, consistent with the various RTAC program documents, as well as other regional projects supported by bilateral funding partners; (iii) providing specific financial sector statistics CD under the new Financial Sector Stability Fund (FSSF) operated jointly with the IMF's Monetary and Capital Markets Department (MCM); and (iv) meeting other CD needs (e.g., on regional harmonization, data dissemination, or specific niche issues) through complementary internal and some limited bilateral funds.

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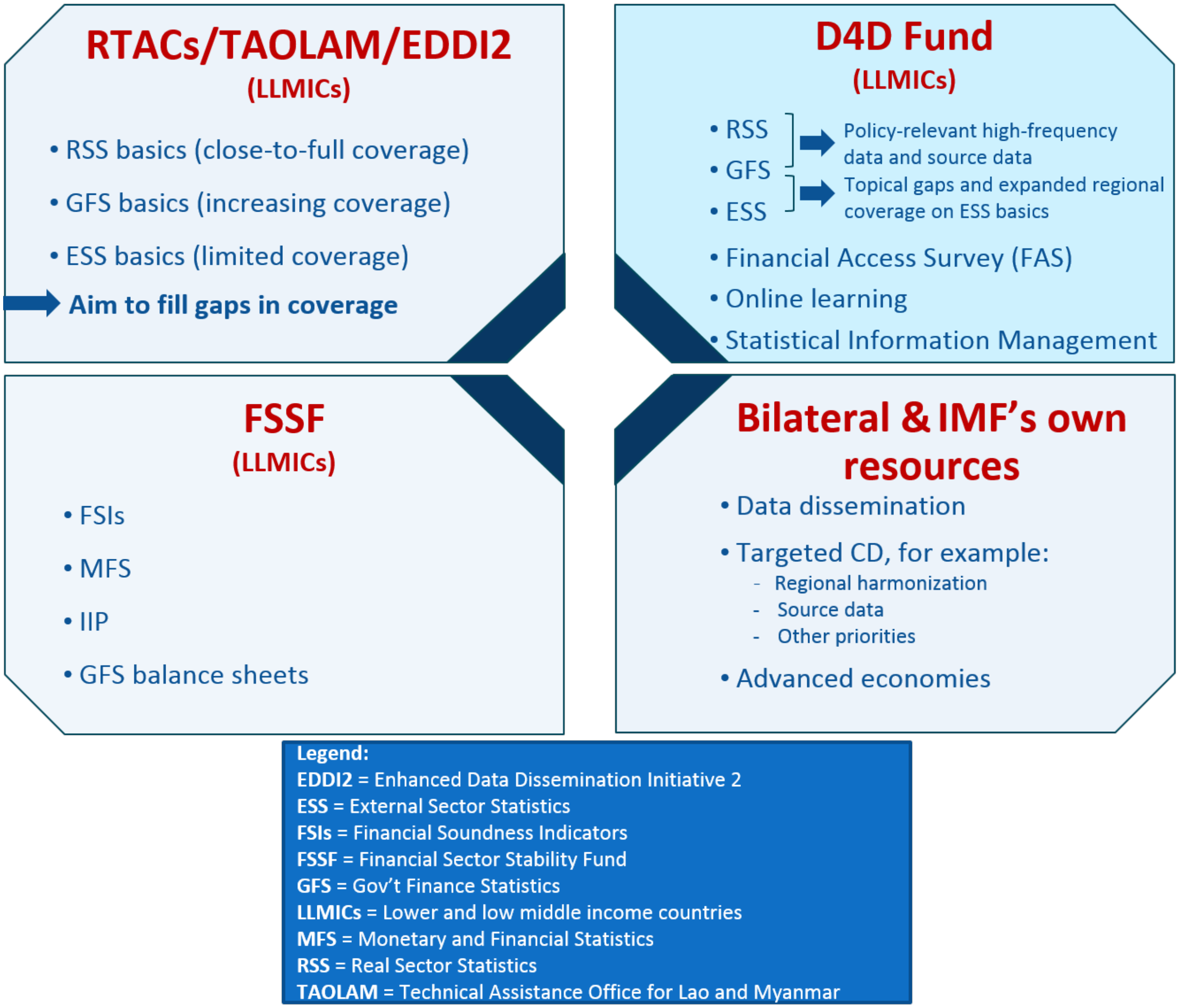
[10] See *Getting Results in Macroeconomic Statistics: Featured Cases from 25 Years of IMF Capacity Development in Statistics* (September 2016; http://www.imf.org/external/np/ins/english/pdf/25_Years_of_STA.pdf).

Figure 3. STA's Medium-Term Steady State CD Architecture



II. GETTING MORE AND BETTER DATA INTO THE HANDS OF POLICYMAKERS

A. Structure, Objective and Expected Outcomes of the D4D Fund

The primary objective of the D4D Fund is to place more and better data in the hands of decision-makers to enhance evidence-based macroeconomic policies and support achievement of the SDGs. In line with this objective, the modules covered under the D4D Fund will: (i) help to close data gaps, improve data quality, and broaden data dissemination to help detect economic vulnerabilities and risks and improve economic decision-making; (ii) support statistical capacity building primarily in LICs and LMICs, with a special focus on fragile states, and possibly other middle-income countries with statistically fragile topical areas in need; and (iii) support the availability of data to relevant stakeholders, thereby fostering transparency and accountability.

The D4D Fund is based on a thorough needs assessment. It considered (i) demand from countries, with considerable input from IMF area departments; (ii) policy relevance, considering the current international context; (iii) identified data gaps and data quality concerns; (iv) complementarity of CD provided out of the RTACs and STA's other CD vehicles, as per STA's vision of its the medium-term steady-state CD architecture; and (v) the need for flexibility to react to a country's capacity and readiness to accept CD.

The D4D Fund will address core operational macroeconomic data needs through four modules (M1 to M4). These modules will be delivered separately as part of a customized strategy tailored to the statistical needs of recipient countries and regions, and structured around the following parameters (Figure 4). The envisaged outcomes are closely intertwined and integrated with STA CD through other delivery modes, such as RTACs and bilateral programs, that tend to cater more to creating the methodological foundation.

Figure 4. D4D Modules Overview

M1	Addressing Data Needs and Quality Concerns USD 19-21 million	Submodule Real Sector Statistics (RSS) Submodule External Sector Statistics (ESS) Submodule Government Finance Statistics (GFS)
M2	Financial Access Survey (FAS) USD 4-5 million	Sustain and expand the FAS
M3	Online Learning USD 5-7 million	Develop and launch eight fundamental statistics courses (English and up to five other languages)
M4	Statistical Information Management USD 1-1.5 million	Provide advice on statistical information management practices and related technical environments

The module size reflects the identified demand and different needs to keep the modules operational. The largest module, M1, would offer CD on real, external sector and government finance statistics, with an emphasis on data sources (including administrative data), high-frequency indicators, cross-border trade and financial statistics, the integration of flows and stock positions, and risk-based data issues to help address policy-relevant issues (especially in fiscal reporting, such as the reporting on public enterprises). Module M2 would sustain and expand the Financial Access Survey (FAS) beyond April 2018 (when its current funding expires), thus ensuring continuation of this unique financial inclusion database that is relevant for policy analysis and formulation and that the IMF has offered to the international community as a key source for monitoring of the relevant indicator under the SDGs (Box 5). Module M3 would develop, in several languages, STA's curriculum of eight online training courses that would be a prerequisite (entry requirement) for higher-tiered face-to-face training for country officials. Module M4 would provide advisory services to help statistical offices, central banks, and ministries of finance to improve their data management practices and infrastructure to support data compilation and dissemination.

Box 5: The Financial Access Survey (FAS)

The FAS has been conducted annually since 2009 with generous financial support provided by the Netherlands' Ministry of Foreign Affairs and the Bill & Melinda Gates Foundation. It is a key database on financial inclusion and includes statistics on access to, and use of, a wide array of financial services. Access to financial services is captured by the number of ATMs and branches of more traditional financial service providers, such as commercial banks, whereas mobile money agent outlets are the main source of data for digital financial services. The number of account holders or insurance policies, and the value of outstanding loans or mobile money transactions, are all examples of statistics that capture the use of financial services.

Since its launch, 189 economies have contributed to the FAS, which now contains more than 150 series on financial inclusion for the period 2004–15. All the information is based on administrative data compiled by national authorities, which collect the source data directly from national financial service providers such as commercial banks, credit unions, microfinance institutions, and insurance companies, but also from providers of digital financial services such as mobile network operators. The data are disaggregated by the type of financial services provider and are shown separately for individuals and small and medium enterprises (SMEs), where available. Piloting on capturing gender-disaggregated data was launched recently.

Appendix I provides highlights of the 2016 round of the Financial Access Survey.

The key expected objectives and outcomes of the D4D are:

- **Module M1:** Help countries detect economic risks and vulnerabilities in three main topical domains (real, external and government finance sectors); bring more and better data into the public domain, thereby enhancing transparency and accountability; and offer technical advice on enhancing source data, promoting higher-frequency data, and ensuring consistency within a data set and across data sets.

- **Module M2:** Provide policymakers and analysts with high-quality statistics in the FAS, the IMF's unique financial inclusion database covering 189 economies (http://data.imf.org/fas); expand the FAS to new areas, such as new access points, gender-disaggregated statistics, and costs of financial access; provide the monitoring basis for SDG financial inclusion indicator (8.10.1); and foster analysis and outreach to deepen understanding and implications of financial inclusion.

- **Module M3:** Offer a widened reach of statistical expertise, through the roll-out of eight online courses on fundamental statistics under a new structured curriculum (in English and up to five other languages) that will serve as a prerequisite for higher-tiered face-to-face training courses. These courses aim to substantially expand the number of qualified statisticians to compile and disseminate data used in policy making.

- **Module M4**: Provide advice on improved data management and related technical environments to enhance the authorities' ability to compile and disseminate statistics. The main focus will be on building stronger institutions and practices to support policy-making, in part through improved processes and documentation, as well as development of a community of practice.

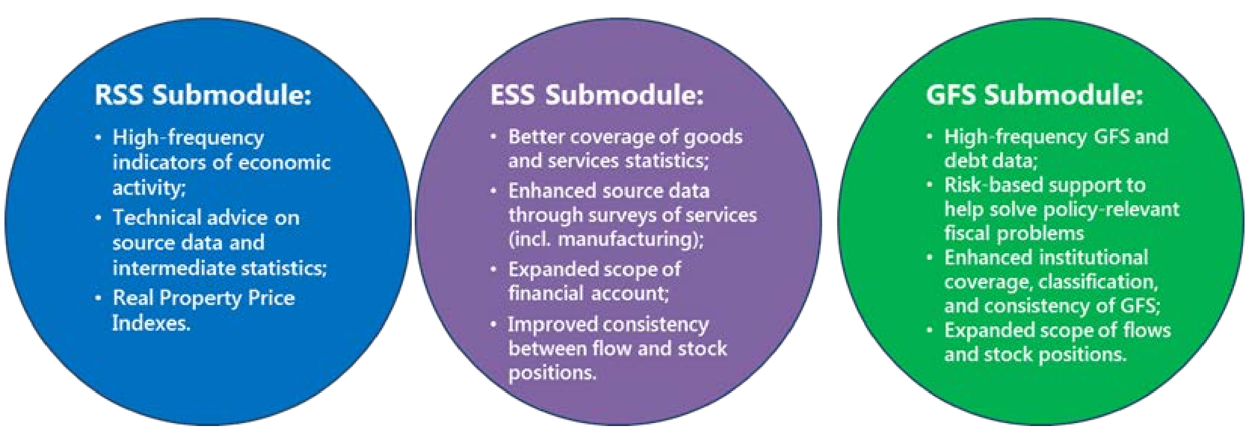
B. Modular Approach Leveraging the IMF's Core Competencies to Meet Country Needs

The D4D Fund will be delivered by IMF staff and experts with experience, and utilize the IMF's RBM framework to track and monitor achievement of outcomes. Additionally, a risk-based approach will be applied in devising and proposing D4D interventions with countries; this will ensure that the data improvements that are being sought will encounter receptive policy-makers, resulting in a better foundation for their decisions.

Module M1: Addressing Data Needs and Quality Concerns

This module has five broad goals: (i) provide policy-makers with more and better data; (ii) help countries detect economic risks and vulnerabilities; (iii) bring more data into the public domain, thereby enhancing transparency and accountability; (iv) focus on higher-frequency data; and (v) complement the provision of CD on "bread-and-butter" statistics, including those provided through RTACs.

Three submodules—on real sector, external sector, and government finance statistics—aim to provide coverage of topical gaps identified based on needs assessment with countries. The use of administrative data to augment current data sources would be a key element of the work towards more and better data. The focus of each sub-module is presented below.



The key expected outcomes are:

- **Increased staff capacity** is achieved through TA and training, especially on developing source data, compilation methods, and dissemination;
- **Source data** are adequate for the compilation of these macroeconomic statistics;
- **Higher-frequency data** are compiled and shared internally and/or disseminated to the public;
- **Timeliness** of data that are made available internally and/or disseminated to the public is improved (i.e., shorter delays);
- **New data sets** are compiled and disseminated, with a focus on high-frequency indicators and residential property price indices;
- **Coverage and scope** are enhanced, and **classifications** are based on the latest manual or guide;
- **Internal consistency** within datasets and **inter-sectoral consistency** across datasets is improved, with a view to reducing discrepancies; and
- **Better and more accessible metadata/business processes documentation** are made available internally and/or disseminated to the public, with a view to enhancing interpretation and analysis and ensuring CD sustainability.

Module M2: Financial Access Survey

The objectives of this module of the project are fourfold. First, to continue to produce the FAS each year to provide high-quality supply side statistics for policy analysis and formulation on financial inclusion issues. Second, to allow for the improvement and expansion of the FAS in key areas, such as on new access points, gender-disaggregated data, and the costs of financial access. Third, to provide a monitoring basis for SDG financial inclusion indicator 8.10.1. And fourth, to provide funds to engage in further policy-oriented research and outreach to deepen the understanding and implications of financial inclusion and other financial services developments. [11]

The key expected outcomes are:

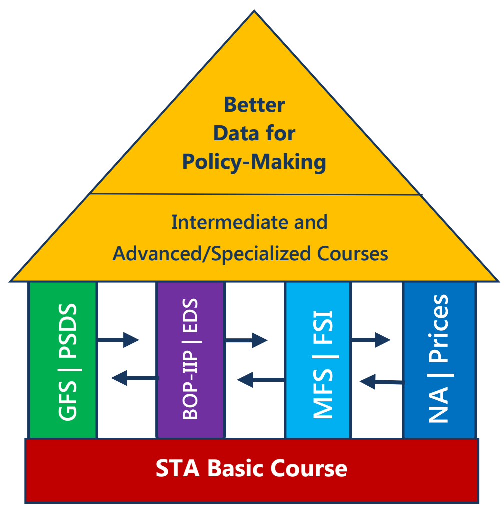
- Continue production of the FAS annually, generating a **longer time series** (external funds to support the FAS are only sufficient to cover this activity through April 2018);

[11] Examples of the analytical and research use of FAS data to date include the World Bank's Global Financial Development Report 2014: Financial Inclusion; Financial Inclusion: Can It Meet Multiple Macroeconomic Goals? (IMF Staff Discussion Note 15/17; Introducing a New Broad-based Index of Financial Development (IMF Working Paper 16/05); and State of the Industry Report on Mobile Financial Services. *Decade Edition: 2006–2016*.

- Produce new data with increasingly broader **coverage and scope** to ensure that policy-makers and analysts have high-quality statistics on the ongoing developments in financial services delivery, such as on innovations in digital services, gender coverage, and the ability to monitor barriers that different economic agents face in accessing and using financial services more generally;
- Provide the **monitoring basis for Indicator 8.10.1 under the SDG reporting framework** to measure financial inclusion; and
- Contribute to the **research and policy agenda** that focuses on financial inclusion as an accelerator for achieving strong economic growth, poverty reduction, and gender equality.

Module M3: Online Learning

To sharpen the focus on results and flexibility in delivery of CD using technology to the fullest extent, this module will develop and implement a new structured online learning curriculum to enhance the reach of statistics training. Traditionally, STA has delivered eight face-to-face fundamental courses in statistics and has increased the number of advanced and specialized courses, including regional training and workshops closely aligned with TA. A basic online course is currently under development, useful for compilers and generalists to understand the essentials for producing macroeconomic and financial statistics across domains. Under the D4D Fund, STA will develop and roll-out all eight fundamental STA courses to be available online 24/7/365 in English and up to five other languages.



With a view to strengthening the impact of specialized and intermediate/advanced courses, the online curriculum would be designed to become entry requirements for face-to-face courses. This will also ensure that participants in face-to-face courses have the necessary skills to follow and benefit from the training. While this may imply a greater pool of prequalified applicants for the face-to-face courses, no significant expansion in face-to-face courses is planned. The selection process for these courses will also continue to be informed by other factors, including geographical balance and country needs.

The key outcome of this module is increased staff capacity through training. This outcome will be measured by using the IMF's new evaluation framework and specific training tools to gauge pre- and post-course learning and impact. A broader outcome of this module is that more effective knowledge transfer is likely to take place in the face-to-face courses, by eliminating the time currently devoted to addressing the variances in the basic knowledge across participants.

The online training module will have significant positive externalities, including for activities under STA's training program and CD activities of other providers. The expected knowledge transfer to online training participants, therefore, will provide significant leverage in creating synergies with those activities. Simply put, more trained macroeconomic statisticians will provide knock-on effects for compiling both economic and social data in recipient countries.

Module M4: Statistical Information Management

National statistical systems in lower- and lower middle-income countries (LICs and LMICs) face challenges to improve their statistical and data management practices and infrastructure. To this end, module M4 aims to provide advice to help statistical offices, central banks, and ministries of finance to streamline, standardize, and automate their data management, with the goal to enhance countries' ability to compile and disseminate macroeconomic and financial statistics. This could also help improve compilation and dissemination of other statistics. Through this advice, the beneficiary agencies should learn about best practices in statistical data and metadata lifecycle management and related frameworks established by the international community. This includes transferring knowledge on governance structures and tools needed for effective statistical information management, as well as information on suitable technical standards and statistical information models. The advice provided should enable recipient agencies to design and implement state-of-the art statistical information management structures and tools.

Under this module, STA will provide remote advice using teleconferencing tools and hold workshops on-site. In addition, over time, STA will establish a knowledge base of practices in comparable agencies to support a fast and valuable response to future requests, as well as a network of practitioners.

In implementing the module, STA will advise on a variety of factors conducive to successful data management. This includes the organizational setup and governance for implementing and maintaining an efficient statistical information management environment, the staff skills needed, processes for statistical data lifecycle management, statistical data management standards, statistical data modeling, and technology options available to meet specific needs—without, however, offering recommendations for specific tools or technology. STA will also help establish contact with other agencies that are similar in nature to provide advice based on their local experience.

The key expected outcomes are:

- Develop and support the **institutional environment** to compile and disseminate macroeconomic and financial statistics;
- Foment **management processes** to monitor their quality as well as transparency and other standards consistent with strong statistical practices; and

- Develop and maintain **business process documentation** that is stored and readily accessible.

C. Delivery Modalities to Maximize Impact

Modules M1 and M4 will entail country-owned work plans to achieve the intended outcomes. Those will be established at the first TA mission and/or workshop and agreed with the country authorities to ensure ownership. They will also include relevant log frames that specify outcomes, indicators (with related baselines) and milestones to measure progress, consistent with the STA RBM catalog. D4D Fund partners will have access to this information through the RBM Portal. Development of the work plan will factor in a country's absorptive capacity, political buy-in, and available human and IT resources, as well as identify risks to the success of the engagement and related mitigation efforts. Such a thorough approach at the earliest stages of engaging with a country, and throughout the CD implementation, aims to ensure the sustainability and effectiveness of the CD provided. The close tracking of progress under the RBM system will also be conducive to efficient engagement, ensuring that mission travel takes place in tandem with the internalization of past TA recommendations.

Module M2 will focus on conducting the annual FAS financial inclusion survey, as well as relevant outreach and analytical work. D4D Fund partners will be made aware of the outcome of each survey, including specific new features, such as newly available data on gender breakdown or the cost of financial access. They will also receive access to research and outreach material being produced.

Module M3 will entail the gradual development, piloting, and sequential rollout of the new structured online training curriculum in English and up to five other languages. D4D funding partners will be kept informed about the roll-out schedule and may be asked to participate in the piloting of the new online courses, and to bring in their respective expertise, if available. Upon successful rollout, statistics will be provided on the number of graduates from each fundamental course and on the results of the training that the IMF impact tool measures regarding the progress of participants.

D. Country Selection and Ownership

The D4D Fund aims for flexibility in country coverage, drawing primarily from a pool of over 80 potential beneficiaries covering LICs and LMICs.[12] The choice of target countries will be based on robust selection criteria and careful screening of TA requests to maximize the chance of reform success. To strengthen country ownership, access to the D4D Fund's modules will be menu-driven: beneficiary countries will tailor their participation to selected modules/submodules, in line with national priorities and capacity. Consultations with IMF area departments will also feed into the prioritization process.

[12] The D4D's online learning module is a public good and would not specifically target countries according to income levels. However, efforts will be made to encourage and ensure that LIC and LMIC countries sign up their officials. IMF experience generally shows that participants in LICs and LMICs benefit most from the availability of online learning (see http://www.imf.org/external/np/ins/english/learning.htm).

The D4D Fund may also provide some limited technical assistance to upper-middle-income countries (UMICs). This scope recognizes both the relatively arbitrary nature of the dividing line between LMICs and UMICs (which can reflect significant natural resource earnings or relatively large regional transfers), as well as the existence of policy-relevant deficiencies in some, but not all, domains of macroeconomic statistics. Furthermore, while income levels may be a marker of how well national statistical systems are funded, some UMICs continue to experience critical data issues, while others still require external support for retooling their national statistical systems after years of neglect or national conflict. In addition, work in these countries could provide models for successful reform efforts for LMICs, and could facilitate the dissemination of good practices among regional peers through workshops and (possibly) the participation of their experts in other modules of the D4D project. However, given that the focus of the D4D Fund will be LICs and LMICs (fragile and post-conflict states particularly), access by UMICs will be only on a selective basis, and in accordance with the D4D Fund criteria and governance procedures.

E. Tracking Progress under the RBM Framework

Projects under the D4D Fund will be designed, monitored and evaluated under the IMF's RBM framework. The RBM is at an advanced stage of implementation in STA. The framework systematically focuses on results and has an integrated reporting format. Its design draws on the cumulative IMF experience using the bilateral partnership vehicles for CD delivery, as well as current trends in project management; it addresses the needs for accountability by external partners for their constituencies. The D4D Fund RBM log frame objectives and main outcomes are delineated in Appendix II.

III. INTEGRATION AND COORDINATION FOR SUCCESS

STA recognizes the importance of strengthening the integration of the D4D Fund's activities across modules, with other IMF work streams, and in coordination with other TA partners and stakeholders. These are discussed below.

A. Coordination Across Modules

To maximize impact and sustainability of outcomes, the D4D modules are closely integrated, notably in the areas of data management and training, as well as with respect to inter-sectoral data consistency. Given the overarching focus on making data more timely and available for policy use, the module on statistical information management (M4) would provide advice for strengthening the technical infrastructure underlying source data collections in each of the M1 submodules, as well as advice on the requisite data processing and dissemination frameworks and governance. The online learning module (M3) would vastly increase the leverage in STA's CD program, by providing more country officials the opportunity to develop expertise across all macroeconomic statistical areas, thus increasing NSS' absorptive capacity and mitigating risks associated with staff turnover. The provision of online learning concerning the fundamentals of compiling and disseminating macroeconomic statistics would also reinforce concepts and frameworks used in the FAS (M2) to collect and compile these survey data. Specialized online courses would reinforce the peer learning gains of compilation workshops that are envisaged under module M1. In delivering TA on the domain-specific submodules targeting data needs, attention would also be given to consistency across macroeconomic datasets, with a view to ensuring that the data products present a coherent view of the economic situation.

B. Integration between Capacity Development and IMF Surveillance and Lending

Surveillance is the cornerstone of the IMF's operational work. The IMF's financial programming tool—an integrated macroeconomic framework that demonstrates how the data for a country's various economic sectors (real, monetary, fiscal and external) are interlinked—is the workhorse for bilateral surveillance. The IEO Report (2016) noted that "economic analysis and projections derived from this framework can only be as sound as the data supporting it." The demand for quality data is no less important for the IMF's work on multilateral surveillance, which has assumed an even larger role with the adoption of the Integrated Surveillance Decision in 2012. This decision made the IMF Article IV consultations a vehicle for both bilateral and multilateral surveillance, and helped push forward work on policy spillovers and interonnectedness. The IEO Report (2016) stressed that "in the context of this wider scope, data needs have grown markedly."

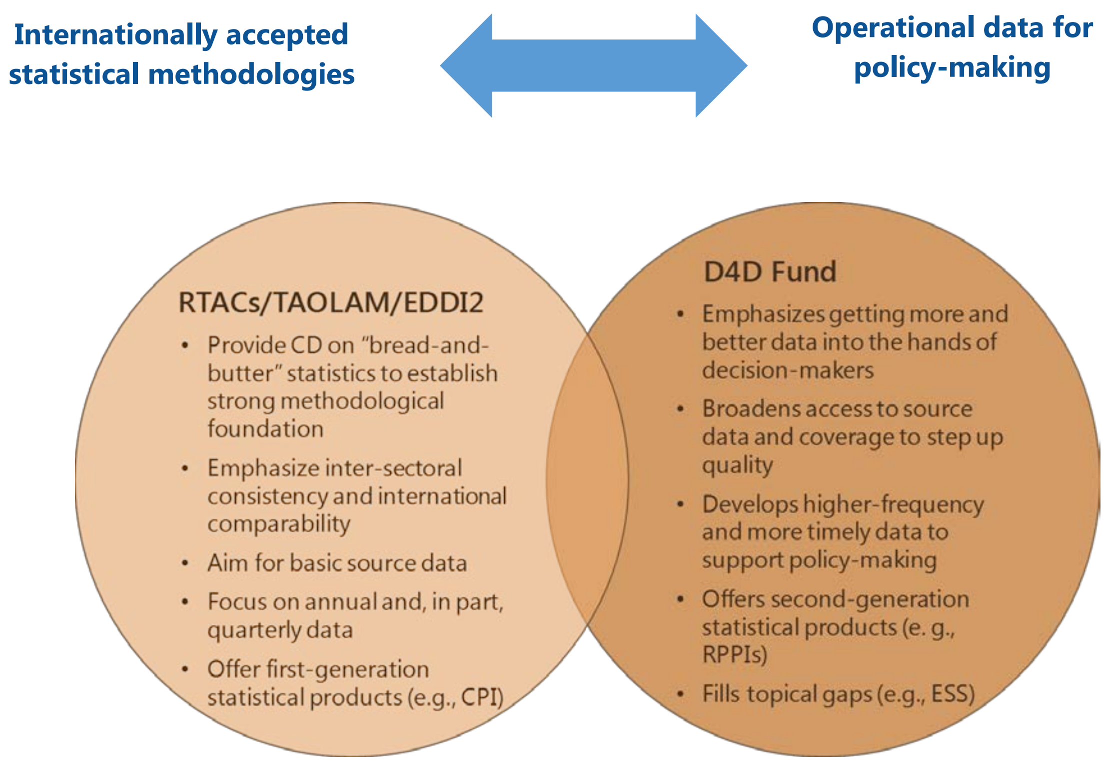
In the same vein, accurate data are essential for the formulation and monitoring of IMF-supported programs. Such programs are generally underpinned by a full-fledged macroeconomic framework, as well as quantitative and qualitative performance criteria measuring the authorities' progress in implementing their program commitments. The higher the quality, timeliness and robustness of data, the higher the likelihood of measuring program implementation accurately and diminishing the scope for misreporting and miscommunications.

Against this background, the D4D Fund has strong operational relevance. The largest module addresses data needs and quality concerns through three submodules in the areas of real sector statistics, government finance statistics, and external sector statistics. Under this module, new products, such as HFIs and Real Property Price Indexes (RPPIs), would sharpen analysis of short-term economic risks and provide "early warning" signs; enhancing the GFS institutional sector coverage would allow for better detection of fiscal vulnerabilities; and more reliable current and financial accounts would inform sound assessments of a country's external financing needs. In addition to targeting specific data sets for development or improvement, the D4D Fund, through the modules on online learning and statistical information management, would also strengthen a country's absorptive capacity, the sustainability of its national statistical programs, and the prospects of faster availability of data by adopting better data management practices. All of this would directly feed into the quality of data used by country authorities for policy-making and the IMF for its policy advice under its surveillance and lending activities.

C. Full Integration with Other IMF Capacity Development Activities, including RTACs

The D4D Fund aims to expand the frontiers of NSS' outputs, going beyond the focus by RTACs on the coverage, timeliness, and methodological soundness of mainstream macroeconomic statistics (Figure 5). For example, a possible D4D Fund engagement would help countries develop HFIs for economic fine-tuning, improve access to new source data on cross-border trade in services, or promote inter-agency data sharing to enhance the reliability of economic statistics. To augment data accessibility, the D4D Fund would also offer advice on data management—an area not covered by RTACs. Further, the flexibility of the D4D Fund would allow it to meet emerging CD demands that cannot be addressed by the RTACs or other funding facilities. Finally, the online training module would help leverage TA activities by RTACs (and those of other TA providers) by deepening statistical expertise among officials in recipient countries.

Figure 5. Complementarity of STA CD Modes of Delivery: D4D Fund and RTACs



D4D Fund operations will also complement STA CD offered through other avenues. Under its planned medium-term steady state CD architecture, STA will provide TA under one additional trust fund—the Financial Sector Stability Fund (FSSF)—in addition to the small number of bilateral CD projects. The statistics module under the FSSF will focus on two work streams: (i) the Balance Sheet Approach (BSA), entailing the provision of targeted CD in three topical statistical domains to allow countries to identify their cross-sectoral and cross-border assets and liabilities under a consistent framework to identify economic risks and vulnerabilities; and (ii) Financial Soundness Indicators (FSIs) by which CD would be provided to enable countries to derive and report up to 40 FSIs that would improve understanding on the structure, stability and vulnerabilities in the financial sector as a basis for developing strong macro-prudential policies. As an example of complementarity, the BSA work stream under the FSSF aims to strengthen the quality of international investment position statistics (cross-border positions); this would augment and add value to the D4D's focus on the financial account in the balance of payments, not least by helping to detect and address coverage issues that contribute to errors and omissions in the balance of payments. At a policy level, the availability of better cross-border transactions and positions data allow for more informed analysis, such as on returns (income) on various types of investment.

D4D-funded operations will also have synergies with CD offered by the IMF's other functional departments. For example, the HFIs to be developed under module M1 will be conducive to MCM's TA advice to countries on monetary policy frameworks which rely on frequent economic data points. CD provided by the IMF's Fiscal Affairs Department (FAD) in the area of public finance management will benefit from the risk-based approach to GFS CD under module M1 to support enhancements to fiscal reporting of the government, including possibly for public enterprises.

D. Coordination with Other Development Partners

As stated above, the IMF is one of the top five providers of statistics CD world-wide. The volume and scope of STA CD are regularly reported to Paris21 for its PRESS Partner Report on Support to Statistics.[13] Through its role as founding father and Board member in Paris21,[14] the IMF also liaises closely with other CD providers, countries, and users of statistics on the challenges to statistics CD.

STA also regularly coordinates CD activities with the World Bank at HQ and in the field, and other CD providers in the field. With a large unmet demand for statistics CD in light of the challenges mentioned above, such coordination at HQ and in the field is essential to harmonize advice, taking into account the limited absorptive capacity of some of the recipient countries.[15]

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[13] http://www.paris21.org/Press.

[14] The Partnership in Statistics for Development in the 21st Century (PARIS21) was founded in November 1999 by the United Nations, the European Commission, the OECD, the IMF, and the World Bank in response to the UN Economic and Social Council resolution on the goals of the UN Conference on Development. It represents a global framework of national, regional and international statisticians, analysts, policy-makers, development professionals and other users of statistics to promote, influence and facilitate statistical capacity development and the better use of statistics.

[15] For an example of successful coordination on CD in the field between the IMF and Statistics Norway, see https://unstats.un.org/unsd/statcom/48th-session/side-events/20170306-2L-capacity-development-in-africa/. Another example is on the IMF and the Swiss Economic Cooperation Organization (SECO) developing external sector statistics in three Central Asian countries (http://www.imf.org/external/spring/2017/mmedia/view.aspx?vid=5409273052001).

IV. GOVERNANCE AND OPERATIONAL ARRANGEMENTS

A. Governance Structure

A multi-partner trust fund provides scope for considerable synergies and efficiencies. It ensures a more effective and agile administration of TA funding, facilitates partner coordination, fosters a more uniform, global reach, and provides greater visibility. The governance and operational arrangements of the D4D Fund aim to capture these benefits fully.

Work under the D4D Fund will be guided by a Steering Committee, composed of partner representatives and IMF staff. The SC will be chaired by a partner representative, and will rotate each year. IMF staff members will serve as the Secretariat to the SC. SC meetings will be held once a year (with additional meetings as necessary), and decisions will be made on a consensus basis. Meetings can take place in person or by video/teleconference. When appropriate, other stakeholder organizations may be invited to participate as observers. Operational guidelines for the SC, as well as the clarification of the roles of SC members and the Secretariat, will be discussed and agreed at the first SC meeting.

The SC's function is to provide strategic guidance and contribute to the setting of policies and priorities, including through the endorsement of an indicative annual work plan. The SC will review progress under the work plan as well as performance under the program. It will also be a forum for coordinating CD activities on statistics capacity development. To that end, the D4D Fund's project manager will circulate information on mission planning and mission reports to SC members.

B. Work Plan

Projects to be supported by the D4D Fund will be initiated in the context of the indicative annual work plan, which will be subject to the endorsement of the SC. Project selection and delivery will be demand driven, based on identified needs and country requests. Work plans will be determined early through consultations between IMF headquarters, country authorities, and partners to identify needs that will support the countries' reform agendas. It is anticipated that demand for assistance under the D4D Fund will be based on new requests, as well as follow-up work recommended from RTACs or other diagnostic missions. Projects will be prioritized based on country need and the authorities' commitment to reform, with due consideration on the distribution of activities across regions.

The indicative work plan will be submitted to the SC for endorsement at its regular meetings. In-year adjustments to the work plan will be submitted to partners on a lapse-of-time basis. While the first SC would review the proposed initial scope of each module, including country and topic selection under M1 and country selection under M4, at each successive SC meeting, the IMF will deliver a progress report on the execution of activities under the previously endorsed work plan, as well as an updated work plan for the forthcoming period.

C. Accountability and Results-Based Management

To foster the accountability, effectiveness, and sustainability of the CD delivered, the planning, management, and use of D4D Fund resources will be executed in accordance with the IMF's RBM framework. The RBM provides strengthened project management, results standards, and consistency of results monitoring throughout the D4D Fund's portfolio. The D4D Fund's RBM log frame will contain objectives and outcomes by module and draw on STA's RBM catalog which underpins all of STA's CD activities (Appendix II). Country-specific log frames will set objectives and outcomes for the entire portfolio under M1 and M4, as well as more strategic log frames for M2 and M3.

STA will supervise, execute, and backstop the CD delivery under the D4D Fund. This reflects the principal role of STA in maintaining the overall quality and consistency of all IMF TA and policy recommendations in its areas of expertise. Operationally, quality control will be provided through (i) the screening and selection of experts; (ii) regular supervision and backstopping support from IMF headquarters; and (ii) regular self-assessments, assessing progress achieved to date against the predefined project objectives and outcomes.

The IMF's area departments will also be involved in monitoring progress in implementing reforms in the beneficiary countries. This will occur in the context of IMF-supported country programs and surveillance activities.

Relevant information on a project's status will be accessible to partners via the IMF's partner portal. In addition to financial information, the portal is a central repository of information on partner arrangements, including their legal documentation, project documents, project progress reports, and self-assessments.

D. Independent Evaluation

An independent evaluation of the work executed by the D4D Fund will be conducted by a team of external experts. The terms and conditions of the evaluation will be guided by the IMF's common evaluation framework, which is being rolled out in 2017.

The evaluation will assess the effectiveness, efficiency, and relevance of this work and will offer recommendations for improvement. As this will be the first evaluation under this trust fund, the focus will be on drawing lessons to guide future implementation of the work, and less on impact and sustainability which require a longer assessment period. The findings of the evaluation will inform discussions on operations for the remainder of the five-year phase and beyond. The evaluation is expected to take place during the IMF's FY2022 (i.e., around summer 2021), half way through the implementation of the funding phase.

E. Dissemination Policies

The D4D Fund's dissemination policies will be guided by the IMF's transparency rules. Accordingly, TA reports produced following D4D Fund missions will be shared with SC members, once the consent of the TA recipient has been given, and with the understanding that such information shall be kept confidential. The sharing of TA reports with other development partners will be determined case by case, based on whether the institution in question has a legitimate interest in the TA, for example, through its engagement in related activities in the beneficiary country.[16] In addition, as the IMF is considering changes to its dissemination policy that could facilitate the publication of TA reports on the IMF's external website—provided that the beneficiary country does not object to the publication—the outputs of TA missions should be expected to become very visible to external stakeholders over time; this will also help foster transparency and accountability in the beneficiary countries.

F. Visibility

The IMF will undertake outreach efforts related to D4D Fund activities, establishing a public profile and promoting partner visibility. A consistent approach will be applied to recognize the sources of external funding, thereby strengthening the visibility of partners. Visibility will be provided through a partner website, partner debriefings, and will be supplemented by other means, for example through the growing social media presence of IMF capacity development. Partners will be systematically recognized in outreach activities and receive acknowledgement in publications. The envisaged increasing publication of TA reports on the IMF's external website should be conducive to visibility as well.

In addition, the IMF will seek to identify opportunities for raising the profile of particular events under the D4D Fund to advertise the achievements under the initiative. For example, this could entail using regional workshops and seminars to highlight advancements in particular statistical CD domains.

G. Program Management

The D4D Fund will require essential centralized program management. This work will include preparation and monitoring the performance of country programs; ensuring regular high-quality reporting against the RBM framework, as well as to the SC; strengthening synergies and coordination with other STA CD vehicles (e.g., RTACs, bilateral projects) and other TA providers; and enhancing visibility of D4D Fund partners. A dedicated program manager will be hired to fulfill these tasks.

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[16] See *Staff Operational Guidelines on Dissemination of TA Information*: http://www.imf.org/external/pp/longres.aspx?id=4332.

V. RESOURCE NEEDS AND FINANCIAL MANAGEMENT

A. Resource Needs

The estimated total cost of the the D4D Fund for an initial five-year phase is about USD 33 million. This includes a project manager residing in STA's Resource Management Division and the IMF trust fund management fee (Table 1). The costs by modules are:

M1: Addressing Data Needs and Quality Concerns: USD 19–21 million

M2: Financial Access Survey: USD 4–5 million

M3: Online Learning: USD 5–7 million

M4: Statistical Information Management: USD 1–1.5 million

The allocation of costs by module reflects the current needs assessment and available cost estimates (e.g., for the online learning tool). It will be refined during trust fund implementation, as agreed during the Steering Committee meetings and reflecting possible shifts in demand and available cost savings.

The average annual budget of around USD 6½ million across all modules will cover the following:

- A project manager at the economist level in STA's Resource Management Division;
- Annual delivery of about 80-90 bilateral TA missions of one or two-week duration, conducted by STA staff and/or short-term experts;
- Annual delivery of approximately eight workshops, including the cost of participation of the national compilers;
- Conducting the annual Financial Access Survey and related analytical and outreach work;
- Sequential development of online learning courses and translations; and
- Project management, backstopping, and the IMF trust fund management fee.

Table 1. Illustrative Budget for the D4D Fund (US $'000)

In US dollars

	FY19	FY20	FY21	FY22	FY23	Total
Project Manager	**257,920**	**263,594**	**269,655**	**275,871**	**282,216**	**1,349,256**
HQ Staff	**2,082,901**	**2,147,141**	**2,820,664**	**2,808,384**	**3,545,309**	**13,404,398**
TA missions	**1,695,639**	**1,732,791**	**1,772,476**	**1,985,853**	**2,031,351**	**9,218,111**
HQ Delivery	436,534	446,070	456,255	521,774	533,695	2,394,328
STX	1,259,105	1,286,722	1,316,221	1,464,079	1,497,656	6,823,783
Workshops	**648,469**	**458,677**	**677,946**	**447,672**	**676,407**	**2,909,171**
HQ Delivery	164,222	124,647	171,677	92,550	140,898	693,994
STX	114,248	78,530	119,434	103,766	147,068	563,045
Participants	370,000	255,500	386,835	251,356	388,441	1,652,132
Training	**-**	**20,440**	**41,820**	**64,176**	**87,536**	**213,972**
Language Services	**95,000**	**97,090**	**99,324**	**101,612**	**103,949**	**496,975**
Security (officials traveling to a third location)	**75,000**	**76,650**	**78,413**	**80,220**	**82,065**	**392,348**
Miscellaneous	**5,000**	**5,110**	**5,228**	**5,348**	**5,471**	**26,157**
STA Project management	**405,933**	**414,864**	**424,403**	**314,391**	**321,621**	**1,881,211**
STA Backstopping	**197,122**	**201,458**	**206,090**	**228,195**	**233,443**	**1,066,306**
Sub total	5,462,983	5,417,815	6,396,018	6,311,722	7,369,367	30,957,905
IMF trust fund management fee (7%)	382,409	379,247	447,721	441,821	515,856	2,167,053
Total	5,845,392	5,797,062	6,843,739	6,753,542	7,885,223	33,124,958

B. Administrative Arrangements

All contributions from partners will be made into the multi-partner D4D Fund Subaccount (Subaccount) under the IMF's Framework Administered Account for Selected Fund Activities (the "SFA instrument").[17] An operating unit will be established under the Subaccount to receive contributions and finance activities under the D4D Fund. All funds will be commingled. The basis for the financial arrangements between partners and the IMF will be a *Letter of Understanding* and subject to the terms and conditions of the Subaccount, as well as the SFA instrument. The IMF will administer and account for all partner contributions in accordance with its financial regulations and other applicable IMF practices and procedures. If the IMF recruits outside consultants and experts, it will do so in accordance with its normal procedures.[18] For any procurement of goods and services beyond a certain threshold amount (currently US$50,000), IMF regulations require a competitive bidding process with at least three competitive bids.[19] The IMF will charge all project-related costs of TA provided under the D4D Fund based on actual cost, including for IMF staff time. In addition, the IMF charges a trust fund management fee of 7 percent.

The IMF will provide partners with reports on the subaccount's expenditures and commitments. The operations and transactions conducted through the subaccount will be subjected to annual audits. Separate reporting on the execution of the D4D budget will also be provided at each SC meeting and be available on an ongoing basis via the IMF's partner portal.

[17] All subaccounts are governed by Framework Administered Account for Selected Fund Activities (SFA) adopted in March 2009 (see http://www.imf.org/external/np/pp/eng/2009/030409.pdf).

[18] The IMF maintains a roster of experts whose certification is based on globally established expertise, strong performance records, and proven familiarity with international best practices.

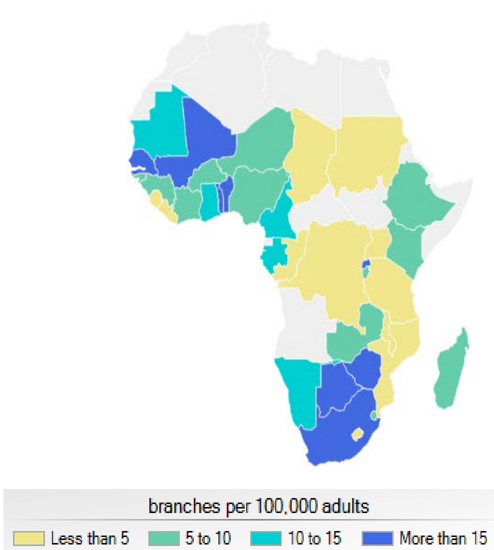
[19] For more on IMF procurement methodologies, see http://www.imf.org/external/np/procure/eng.

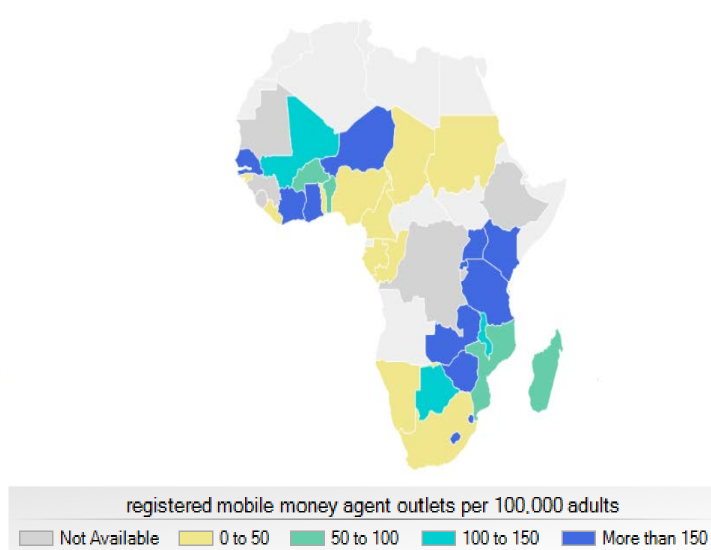
Appendix I: The Financial Access Survey, 2016 Round

Evolving technologies and the introduction of new business models in the delivery of digital financial services create opportunities to increase the availability and use of these services by individuals and firms. This potential of digital financial services to expand financial inclusion was explicitly recognized in the July 2016 Communiqué of the Group of Twenty (G-20), and led to a revision and expansion of the G-20 Financial Inclusion Indicators. These indicators measure the use, availability, and quality of financial services across the globe. Several of the G-20 indicators, including those that capture mobile money activities, are taken from the IMF's Financial Access Survey (FAS), which has been collecting data on financial inclusion since 2009.

The 2016 FAS results show how mobile money could contribute to financial inclusion. Mobile money refers to the provision of financial services through a mobile phone, for example, to make a payment via text messages. These services can be accessed through mobile money agents, which are often more prevalent in economies where access points of traditional financial service providers in the form of brick-and-mortar branches are relatively low. Recent developments in Botswana, Namibia, and South Africa illustrate this point: in these economies, the outreach of financial service providers through their network of branches is among the highest in Sub-Saharan Africa (Figure 1), while the availability of mobile money agents are on the lower end of the spectrum. In contrast, Kenya, Tanzania, and Uganda have a relatively small number of brick-and-mortar branches while the presence of mobile money agents is relatively high.

Figure 1. Physical Access Points for Financial Services in Sub-Saharan Africa (2015 or most recent reported data)





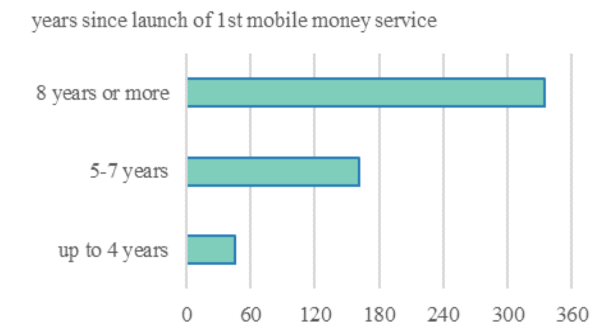
Source: Financial Access Survey and IMF staff calculations.

Note: Data on branches cover commercial banks, credit unions and financial cooperatives, deposit-taking microfinance institutions, and other deposit takers where applicable.

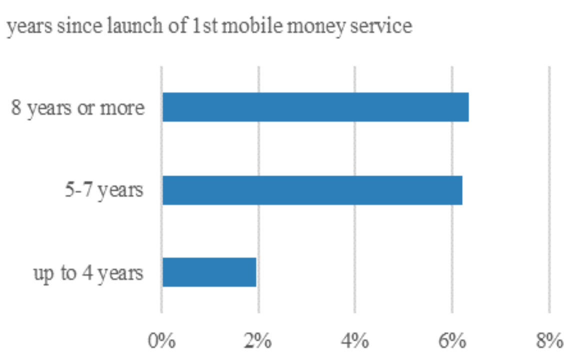
The extent of use of digital financial services also depends on when they were first introduced. In economies such as Malaysia or Zambia, where mobile money services have existed for at least eight years, on average there is one registered mobile money account for every three adults (Figure 2). Ownership of such accounts is significantly lower in economies where mobile money services were only recently introduced such as in Guyana or Solomon Islands, though take-up rates are promising.

Figure 2. Insights into Recent Developments in Digital Financial Services

Average number of registered mobile money accounts per 1,000 adults, (2013-2015)



Average annual increase in registered mobile money accounts as share of the adult population, (2013-2015)



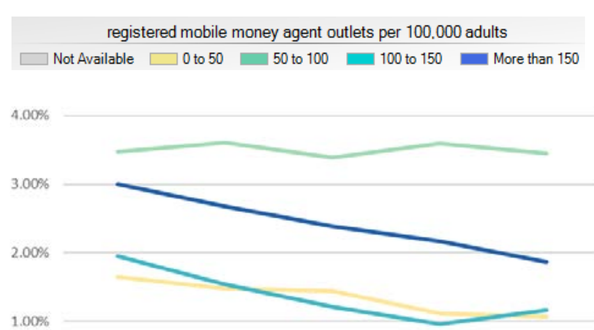
Source: Financial Access Survey and IMF staff calculations.

Note: Data on years since launch from the GSMA MMU (mobile money for the unbanked) are used in cases where no data are available in the FAS.

The FAS also collects data on the number of active agents, the number and value of mobile money transactions, and the outstanding balance on mobile money accounts. These data show that the average value of a mobile money transaction has become smaller in the past few years. For example, in Kenya the value of each mobile money transaction equaled 5 percent of GDP per capita in 2007 and declined to 3 percent in 2011. The last four years saw a further decline in value per transaction, reaching 2 percent of GDP per capita in 2015 (Figure 3).

Figure 3. Trends in Mobile Money Payments

Value per mobile money transaction as percentage of GDP per capita



Source: Financial Access Survey and IMF staff calculations.

The downward trend in the value per transaction underlines the potential of mobile money services to serve as an introductory step into the financial system by the relatively poorer segments of the population. In Pakistan, however, the value per mobile money transaction has closely followed average income developments and, at 3.5 percent of GDP per capita, has been constant in the past five years. Over the same period, the number of mobile money transactions per adult increased almost sevenfold, though with one mobile money account for every 20 adults, the use of mobile money services does not seem to be widespread yet.

Box 2. Other FAS Highlights for 2015

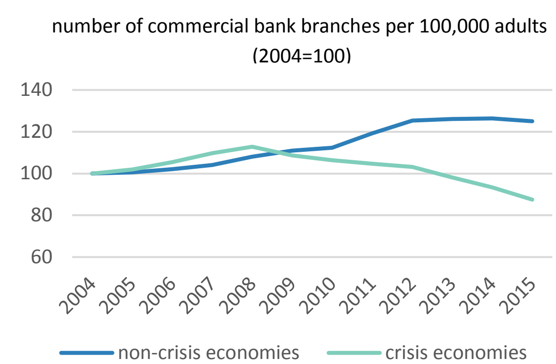
- 60 percent of mobile money agents are active.
- Almost 1 of every 5 ATMs in an economy can be found in its three largest cities.
- The number of insurance policy holders grew by 12 percent in the past 4 years.
- With an average of 11 percent of GDP, the share of outstanding loans of SMEs from banks hardly changed since 2012.

Source: Financial Access Survey and IMF staff calculations.

A Historical Perspective

In addition to providing insights into recent developments, the FAS contains historical data going back to 2004 that can be used to gain a better understanding of the linkages between financial inclusion and financial stability, income inequality, and economic growth. The data can also be used to illustrate how the availability of financial services evolve after policy interventions or external events. For example, the data show that up to 2008, the upward trend in commercial bank branches was the same across a wide array of economies (Figure 4). Economies directly affected by the global financial crisis experienced a decline from 2009 onwards, whereas other economies have seen a continuation of the upward trend in these access points.[20]

Figure 4. Crisis vs. Non-Crisis Economies



Source: Financial Access Survey and IMF staff calculations.

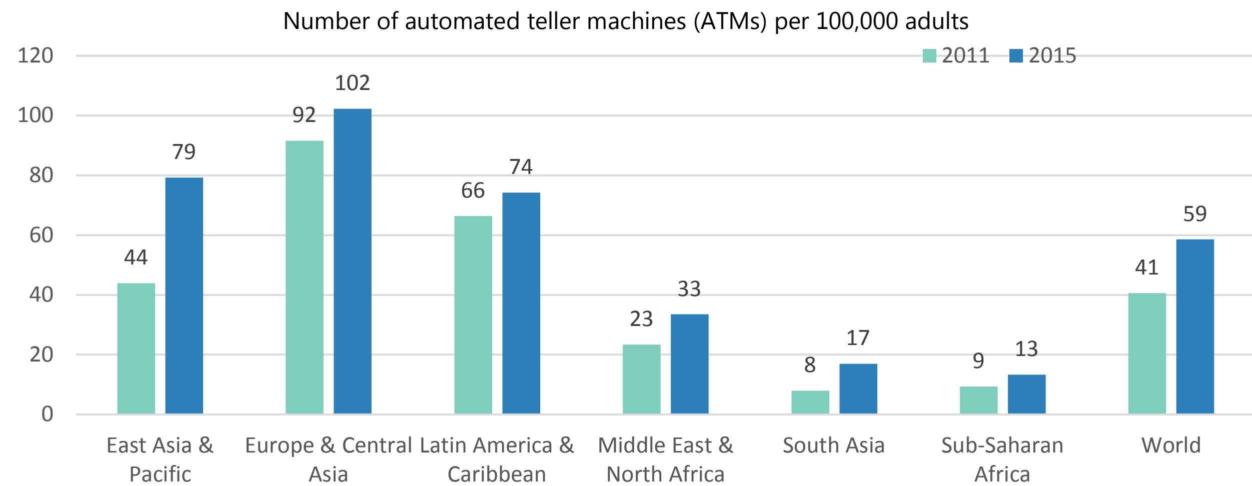
International Comparability

To foster use of a common methodology, definitions of financial institutional units and instruments covered in the FAS are primarily based on the IMF's *Monetary and Financial Statistics Manual and Compilation Guide.* This harmonization ensures that the FAS serves as a useful monitoring basis for data collection efforts that aim to provide internationally comparable indicators on financial inclusion.

[20] Definition of crisis economies taken from Luc Laeven and Fabián Valencia, 2013. "Systemic Banking Crises Database," IMF Economic Review, Palgrave Macmillan; International Monetary Fund, vol. 61(2), pages 225-270, June.

For this reason, the FAS is slated to provide the monitoring basis for the SDG financial inclusion indicator. One of these envisaged indicators would measure the availability of automated teller machines (ATMs) to the population. The 2016 FAS shows that, globally, the availability of ATMs has increased by two-fifths in the past 4 years (Figure 5). However, there are differences across and within regions. In the East Asia and Pacific region, for example, the number of ATMs per adult has nearly doubled, as especially China is catching up with the average of the region. In the same vein, five years ago, the access to ATMs in South Asia and Sub-Saharan Africa was very similar. Since then, South Asia has experienced a near-doubling of access to ATMs, while Sub-Sahara Africa observed a much smaller improvement. This difference may be explained by the rapid development in digital financial services in the African region, which provides a lower-cost alternative to more traditional banking systems.

Figure 5. Regional and Global Development



Source: Financial Access Survey and IMF staff calculations.
Note: The graph contains data over the period 2011-2015, or the most recent 4-year period for which data are available, for 177 economies.

Data Readily Available

All the data are readily available on the FAS website, http://data.imf.org/FAS, which also hosts other information, such as the metadata that provide additional insights into specific definitions and circumstances of the participating economies.

Following a growing interest in gender-disaggregated statistics on financial inclusion from many users, a small number of national authorities were surveyed in 2016 to assess their capacity to compile and disseminate these statistics by drawing from administrative data sources. The results of this survey will soon be available on the FAS website.

Appendix II: D4D Fund Log Frames Objective and Main Outcomes by Module

The key expected objective and outcomes of the D4D are:

- **Module M1:** Help countries detect economic risks and vulnerabilities in three main topical domains (real, external and government finance sectors); bring more and better data into the public domain, thereby enhancing transparency and accountability; and offer technical advice on enhancing source data, promoting higher-frequency data, and ensuring consistency within a data set and across data sets. The country-topic specific outcomes will be specified and tracked in (initially about 80-90) separate log frames.

- **Module M2:** Provide policymakers and analysts with high-quality statistics in the FAS, the IMF's unique financial inclusion database covering 189 economies (http://data.imf.org/fas); expand the FAS to new areas, such as new access points, gender-disaggregated statistics, and costs of financial access; provide the monitoring basis for SDG financial inclusion indicator (8.10.1); and deepen understanding of financial inclusion through analytical and outreach work. The M2 strategic log frame would target coverage of over 180 countries participating in the survey each year, and set targets for the number of respondents to questions in new areas.

- **Module M3:** Offer a widened reach of statistical expertise, through the roll-out of eight online courses on fundamental statistics under a new structured curriculum (in English and up to five other languages) that will serve as a prerequisite for higher-tiered face-to-face training courses. These courses aim to expand the number of qualified statisticians to compile and disseminate data used in policy-making. The M3 strategic log frame would target completing the first course in the first year of the D4D and beginning a second course, staggering an additional course every six months, with translations to begin about half way through the D4D funding phase. Online courses would be expected to reach 500-1,000 participants per course per year, mainly in LICs and LMICs.

- **Module M4**: Provide advice on improved data management and related technical environments to enhance the authorities' ability to compile and disseminate statistics. The main focus would be on building stronger institutions and practices to support policy-making, in part through improved processes and documentation, as well as development of a community of practice. Country-specific log frames would be prepared. Targeted beneficiary countries would be delineated at the first Steering Committee meeting.

Objective (STA RBM Catalog)

Strengthen compilation and dissemination of data on macroeconomic and financial statistics for decision-making according to the relevant internationally accepted statistical standard, including developing/ improving statistical infrastructure, source data, serviceability and/or metadata.

Module 1 Outcomes	
RSS	• **Staff capacity is increased** through training, especially on developing source data, compilation methods, and dissemination • **Source data are adequate** for the compilation of these macroeconomic statistics • Data are compiled and disseminated using the **coverage and scope** of the latest manual/guide • **Higher frequency data** has been compiled and made available internally and/or disseminated to the public • **Improved timeliness** of data made available internally and/or disseminated to the public (shorter delays) • A **new data set** has been compiled and made available internally and/or disseminated to the public • **Metadata released** internally and/or to the public have been strengthened consistent with the dataset to enhance interpretation and analysis • **Business processes documentation** for compilation and dissemination of macroeconomic and financial statistics is stored, accessed and regularly updated
GFS	• **Staff capacity is increased** through training, especially on developing source data, compilation methods, and dissemination • **Source data are adequate** for the compilation of these macroeconomic statistics • **Higher frequency data** has been compiled and made available internally and/or disseminated to the public • Data are compiled and disseminated using the **coverage and scope** of the latest manual/guide • Data are compiled and disseminated using the **classification** of the latest manual/guide • **Improved timeliness** of data made available internally and/or disseminated to the public (shorter delays) • **Internal consistency** within a macroeconomic or financial dataset has improved (reduced discrepancies) • Macroeconomic data sets used by policy-makers have been made more **intersectorally consistent** (reduced discrepancies) • **Metadata released** internally and/or to the public have been strengthened consistent with the dataset to enhance interpretation and analysis • **Business processes documentation** for compilation and dissemination of macroeconomic and financial statistics is stored, accessed and regularly updated

ESS	• **Staff capacity is increased** through training, especially on developing source data, compilation methods, and dissemination • Data are compiled and disseminated using the **coverage and scope** of the latest manual/guide • **Source data are adequate** for the compilation of these macroeconomic statistics • **Improved timeliness** of data made available internally and/or to the public (shorter delays) • **Internal consistency** within a macroeconomic or financial dataset has improved (reduced discrepancies) • Macroeconomic data sets used by policy-makers have been made more **intersectorally consistent** (reduced discrepancies) • **Metadata released** internally and/or to the public have been strengthened consistent with the dataset to enhance interpretation and analysis • **Business processes documentation** for compilation and dissemination of macroeconomic and financial statistics is stored, accessed and regularly updated
Module 2 Outcomes	
FAS	• A **new data set** has been compiled and made available internally and/or disseminated to the public • **Longer time series** have been compiled and made available internally and/or to the public • Data are compiled and disseminated using the **coverage and scope** of the latest manual/guide
Module 3 Outcomes	
Online	• **Staff capacity is increased** through training, especially on developing source data, compilation methods, and dissemination
Module 4 Outcomes	
Data Services	• The **Legal/institutional environment** is conducive to compile and disseminate macroeconomic and financial statistics; the **Relevance/practical utility** of existing statistics are **monitored**; **Management processes** monitor their quality; i**nstitutional integrity/transparency/ethical practices** meet statistical standards; statistical **leadership/strategic planning** are in place • **Business processes documentation** for compilation and dissemination of macroeconomic and financial statistics is stored, accessed and regularly updated