# Data for Decisions (D4D) Fund
A Multi-Partner Initiative

# WORK PLAN
(July 2018 to December 2019)

## INAUGURAL STEERING COMMITTEE MEETING
*June 22, 2018*
*Bern, Switzerland*

*"It is a capital mistake to theorize before one has data."*
Sherlock Holmes, "A Study in Scarlett" (Arthur Conan Doyle)

# Contributing Partners as of [May 25, 2018]

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## List of Acronyms

| | |
|---|---|
| AFI | Alliance for Financial Inclusion |
| AFR | IMF's African Department |
| AIM | Agile, Integrated, and Member-Focused Way |
| CBK | Central Bank of Kenya |
| CD | Capacity Development |
| D4D | Data for Decisions |
| DGI | G-20 Data Gaps Initiative |
| (e-)GDDS | (Enhanced) General Data Dissemination System |
| EDW | Economic Data Warehouse |
| ESS | External Sector Statistics |
| FAS | Financial Access Survey |
| FSSF | Financial Sector Stability Fund |
| G-20 | The Group of Twenty |
| GFS | Government Finance Statistics |
| HFIs | High-Frequency Indicators |
| ICD | IMF's Institute for Capacity Development |
| IMF | International Monetary Fund |
| LICs | Low Income Countries |
| LLMICs | Low and Lower Middle-Income Countries |
| MCD | IMF's Middle East and Central Asia Department |
| NSDPs | National Summary Data Pages |
| NSS | National Statistical Systems |
| ODA | Official Development Assistance |
| PSDS | Public Sector Debt Statistics |
| RBM | Results-Based Monitoring Framework |
| RPPI | Residential Property Price Index |
| RTACs | Regional Technical Assistance Centers |
| RSS | Real Sector Statistics |
| SC | Steering Committee |
| SDGs | Sustainable Development Goals |
| SPPIs | Services Producer Price Indices |
| STA | IMF's Statistics Department |
| TA | Technical Assistance |

# 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 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 Fiscal and Debt Reporting (GFS/PSDS) |
| **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.  THE D4D FUND—RESPONDING TO NEW GLOBAL CHALLENGES

1.      **Good data are essential for informed decision-making, both by the public and private sectors.** This is especially so for macroeconomic and financial statistics that allow feeling the pulse of economic activity, detecting and monitoring economic risks and vulnerabilities. They guide fiscal, monetary, and structural policy analysis and formulation by country authorities and inform IMF surveillance. In the same vein, the breadth and depth of available macroeconomic and financial statistics empower the private sector—domestic and foreign economic agents—as well as global finance, development partners, analysts, academia, and civil society to assess opportunities and risks when making their own decisions. Moreover, more and better data enable a more informed and transparent debate by governments and their various stakeholders about the formulation, analysis and results of policy-making.

2.      **Data needs are evolving at a fast pace, offering opportunities and challenges.** Oftentimes, economic crises have been engines for interest and investment in statistical advancement, driven by the realization that data used for decision-making prior to the crises were deficient and did not capture the full extent of economic risks and vulnerabilities. Several of the global statistical standards and methodologies,[1] as well as data initiatives,[2] have their origins in severe economic downturns. More recently, the Sustainable Development Goals (SDGs) adopted by the international community in 2015 have provided major, and positive, impetus to statistical development. At the same time, the SDGs pose a daunting challenge for countries world-wide, especially low- and lower middle-income countries (LLMICs), to modernize their national statistical systems (NSS) in order to produce some 230 indicators to monitor progress in meeting the development objectives (Box 1).

3.      **Digitalization has also rapidly brought measurement issues to the fore and generated new data needs in many statistical topical areas.** The rapid pace of change has led to a possible under-measurement of economic activity associated with digital products, questioning the conceptual boundaries of GDP and raising major national accounts and price index compilation challenges, among others. At the same time, given the rapid growth of the internet, the daily volume of newly created data, including from machines, has been increasing exponentially—which opens up new opportunities for using them as statistical source data.

4.      **The more demanding external environment for national statistical systems (NSS) has triggered a world-wide effort to support countries, especially LLMICs, in statistics CD.** While countries need to contribute their own shares in enhancing staffing and technical resources available for NSS, the extent of the statistical modernization needed implies that LLMICs cannot stem this challenge on their own. Notwithstanding major efforts by key bilateral and international CD providers, the available statistics CD accounts for only a fraction of Official Development Assistance (ODA) at present. It is against this

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[1] 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.

[2] *The G-20 Data Gaps Initiative in the Wake of the 2007/08 Global Financial Crisis* (http://www.imf.org/external/np/g20/pdf/2017/092117.pdf).
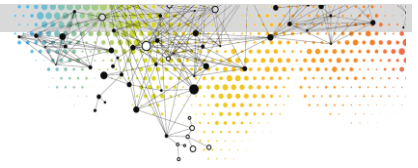
background that the international community has called for "a global pact"[3] in support of the modernization of countries' NSS, including by mobilizing resources and coordinating efforts for statistical CD. This will help ensure that under the 2030 Agenda for Sustainable Development, "no one is left behind".

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### Box 1. Relevance of Macroeconomic Data in Monitoring SDGs



As the SDG architecture has firmed up, it has become apparent that more than one-third of SDG indicators relate to macroeconomic aggregates. As a result, developing a sound basis for macroeconomic statistics will substantially enhance SDG monitoring. For example, if the quality of GDP is enhanced by better capturing the informal economy, the reliability and cross-country comparability of many SDG indicators will improve over time, as many indicators relate to the size of the economy. The D4D Fund will make important contributions to enhancing the reliability and cross-country comparability of macroeconomic statistics (especially under Module M1), and also ensures that the direct reporting to the international community related the SDG financial inclusion indicator will take place by fostering country reporting under the Financial Access Survey (Module M2).

| National Accounts and Prices | Government Finance Statistics | Balance of Payments | Financial Access Survey |
|---|---|---|---|
| Impacts SDG Goals: 1, 2, 7, 8, 9, 10, 11, 12, and 14 | Impacts SDG Goals: 1, 7, 10, 11, 14, 16, and 17<br><br>Linked directly to indicators under SDG Goals 7 and 17 | Impacts SDG Goals: 2, 3, 8, 9, 10, 15, 16, and 17 | Linked directly to an indicator under SDG Goal 8 |

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**5.      The IMF, with its 720 TA and training missions on macroeconomic and financial statistics during FY2018 (May 1, 2017–April 30, 2018), is among the top five providers of statistics CD world-wide.** The D4D Fund will allow to sustain, and expand, this statistics CD at a critical juncture, embedded in a holistic

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[3] https://unstats.un.org/sdgs/hlg/Cape-Town-Global-Action-Plan/

approach that offers a medium-term planning horizon and employing a broad range of delivery modes encompassing field-based operations, two major trust funds—the D4D Fund alongside the Financial Sector Stability Fund (FSSF)—and well-targeted interventions through the IMF's own resources and other externally-funded operations. This medium-term steady state CD architecture will ensure a flexible response to country demands across the full spectrum of topical statistical CD areas. The underlying D4D Fund Program Document describes in greater detail this new operational framework, including the complementarities and interactions between the various tools and how the framework is intertwined with the IMF's surveillance and lending operations, thereby also leveraging the role of the IMF as a trusted advisor to its member countries.

**6. Consistent with the IMF's new *Overarching Strategy on Data and Statistics in the Fund in the Digital Age*,[4] the particular focus of the D4D Fund will be on closing data gaps and data quality issues (Box 2).** The Strategy—the first at the IMF in its seven-decade history—was discussed by the IMF's Executive Board in March 2018 and recognizes the particular challenges from the dynamics of the digital age, the impact of data weaknesses for policy-making, and the need to leverage technology for data dissemination. It presents a forward-looking approach to gathering, processing, and sharing economic data amid a fast-changing data landscape and identifies data needs for evolving IMF surveillance priorities. It identifies six strategic priorities that the IMF will tackle during the Strategy's implementation phase. The D4D Fund will play a crucial part in this, especially under the identified Strategic Priorities 5 and 6.

**7. The D4D Fund will assist LLMICs in an <u>a</u>gile, *i*ntegrated and <u>m</u>ember-focused way (AIM)**. The AIM approach has been a hallmark of the IMF's Global Policy Agenda over the last few years. It entails responding to newly arisen challenges and offering solutions to countries in areas of importance to them and the international community. Given the D4D Fund's emphasis on policy-relevant data, the trust fund's set-up allows a quick response to newly emerging priorities of the international community. The first such challenge comes from the April 2018 *International Monetary and Financial Committee (IMFC) Communique's* "call on the IMF and the World Bank Group to work together on a multi-pronged work program to enhance debt transparency and sustainability and address LIC debt vulnerabilities. We urge the IMF… to work with debtors and creditors on … tackling data gaps."[5] This echoes a similar statement from the March 2018 *G-20 Communique of Finance Ministers and Central Bank Governors* that support(s)" the provision of technical assistance by the IMF and the World Bank Group (WBG) in debt recording and reporting in LICs, where needed, and look forward to the work of these institutions on debt transparency."[6] As a result, the work plan for the first 18 months of the D4D Fund proposes to the Steering Committee to consider a quick response to this urgent priority (see Figure 1), by launching the D4D Fund submodule on fiscal and debt reporting with particular verve.

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[4] https://www.imf.org/en/Publications/Policy-Papers/Issues/2018/03/20/pp020918imf-executive-board-supports-new-strategy-for-data-and-statistics-in-the-digital-age.

[5] https://www.imf.org/en/News/Articles/2018/04/20/pr18140-communique-of-the-thirty-seventh-meeting-of-the-imfc.

[6] https://www.g20.org/en/press/press-room/press-releases/communique-first-g20-meeting-finance-ministers-and-central-bank.

**Box 2. The D4D Fund and the IMF's New Data and Statistics Strategy**

The challenges emerging from the digital revolution include an unprecedented amount of new data and measurement questions on growth, productivity, inflation, and welfare. Newly available granular and high-frequency (big) data offer the potential for more timely detection of economic vulnerabilities. The Strategy recognizes the lessons from past crises, especially the 2007/08 global financial crises, and the emanating need for IMF surveillance to have greater cross-country comparable data. It concludes that IMF staff and country authorities face the complexity of integrating new data sources and closing data gaps, while working to address data weaknesses.

The Strategy encompasses six priorities: (1) agility in the identification of data needs; (2) building the global data commons—an integrated network of country websites publishing data essential for surveillance on a pre-announced schedule; (3) supporting the use of big data and other innovations; (4) securing seamless access and sharing of data within the Fund; (5) promoting the production of data that are comparable across countries; and (6) addressing weaknesses in official data.



Statistics CD will contribute the achievement of all six priorities, with an emphasis on priorities 5 and 6; the March 2018 Board paper and discussion explicitly recognized the D4D Fund and the FSSF as instrumental in this regard. What promises particular leverage is the closely intertwined approach with IMF surveillance, thereby making IMF area department teams an agent for change in the countries they are in charge of.

**8.    The D4D Fund's modular structure will allow sufficient flexibility to address additional, newly emerging CD priorities during its five-year funding cycle**. IMF staff will use the regular Steering Committee meetings to keep partners abreast of statistical challenges and developments at the global level. This will be informed by the IMF's unique insights from its bilateral and multilateral surveillance, its global leadership role as an international standard setter in the statistical community, and its cooperation with other players in the global statistical community. By the same token, Steering Committee partners are encouraged to bring their insights and thoughts on particular statistical CD needs to the table.
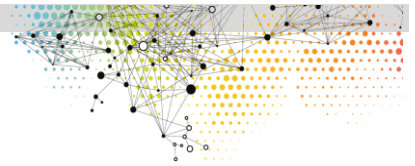
# Figure 1. The Need for Addressing Gaps in Debt Data

*Debt levels have been increasing...*

**The Rising Debt Trend in LDICs , 2000-17** (Median, percent of GDP)
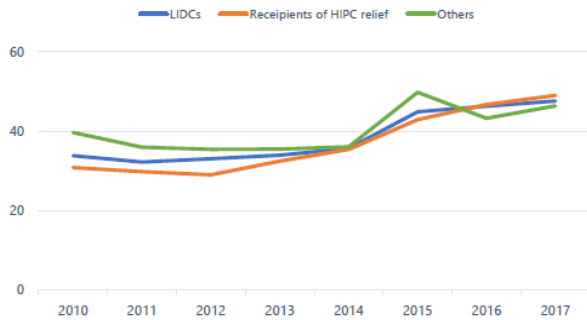


Source: Macroeconomic Developments and Prospects in Low-Income Developing Countries (March 2018)

*...coinciding with a concerning rise in interest expenses due to market borrowing.*

**2013 vs 2017 Median Interest Expense** (percent of budgetary revenue)



Note: Eritrea, Somalia, and Timor-Leste are excluded due to data limitations.
Source: WEO and IMF staff calculations.

*Consequently, risks of debt distress are on the rise.*

**Evolution of Risk of Debt Distress** (in percent of LIDCs with DSAs)
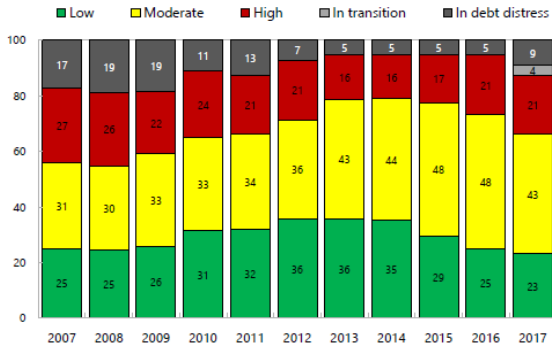


Note: In transition depicts countries not yet formally rated in the DSA, but moving towards distress.
Source: LIC DSA Database

*Coverage of fiscal accounts remains narrow,...*

**Budgetary Central Government Flows for SSA Countries, 2016**



Source: AFR desk economist survey of 45 SSA countries

*...especially for contingent liabilities,...*

**Budgetary Central Government Contingent Liabilities for SSA Countries,**
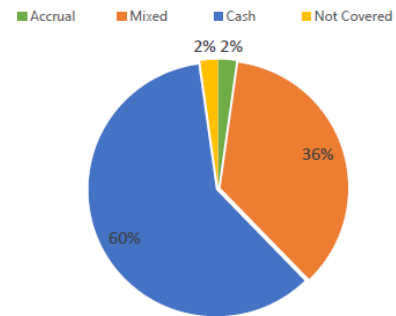


Source: AFR desk economist survey of 45 SSA countries

*...causing risks to debt sustainability when parts of liabilities are not recorded.*

**A Real Country Case - Public Debt, 2010-15** (In percent of GDP)
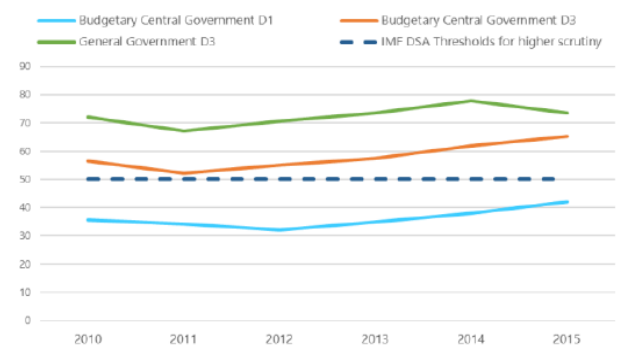


Source: STA, Government Finance Division

## II.  THE MODULAR STRUCTURE—A KEY FEATURE OF THE D4D FUND

9.      **The D4D Fund's modular structure, mirroring the modular approach of the recently launched FSSF, will allow the setting of work priorities in light of newly emerging demands.** While all modules are expected to make a material difference with respect to strengthening NSS at a crucial moment in time, careful prioritization among the different modules, submodules, and work streams within submodules, is needed to balance available resources with the urgency of specific statistical reform priorities. At the same time, the IMF would need to set up the necessary human and technological infrastructure to bring some modules, submodules, and work streams up to speed while recognizing commitments made for work under RTACs, other trust funds, and bilateral CD projects. As a result, this is likely to result in different paces of implementation across the four modules.

**Figure 2. D4D Fund Modular Structure and Tentative Budget Allocation**
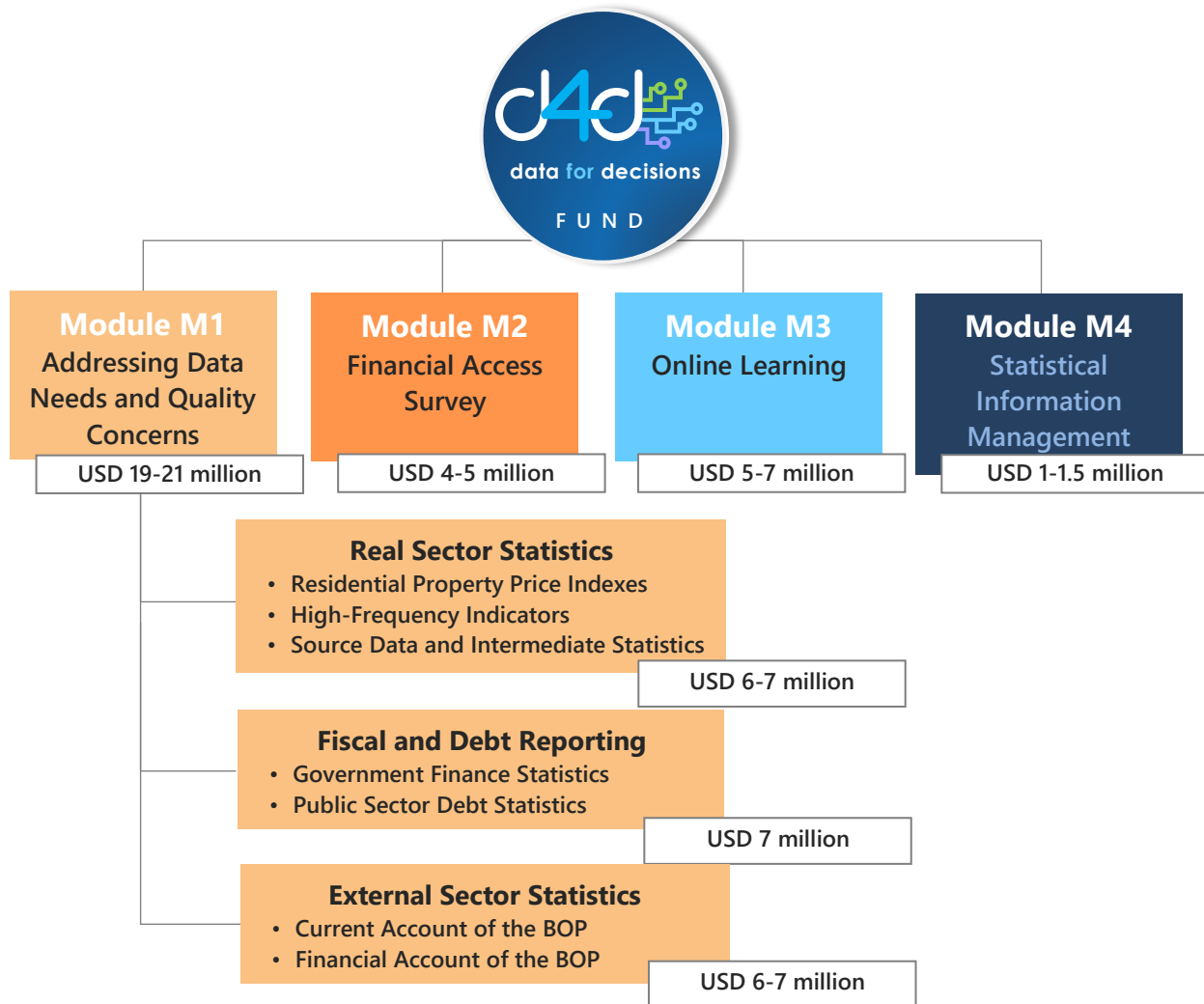
**10.      Current indications suggest that the resource needs by module, as specified in the D4D Fund Program Document, remain broadly appropriate (Figure 2).** The D4D Fund's operational focus on data for decision-making, the detection of economic risks and vulnerabilities, and support to monitoring of the SDGs underline the strong need to devote up to two-thirds of the targeted budget envelope of USD 33 million to Module M1, with its three submodules and seven work streams. In addition, up-front investments compatible with the overall tentative budget will particularly be needed to make Module M3 on online learning operational, in order to put in place a robust infrastructure and staffing base to launch the conceptual and technical work on developing and rolling out the eight fundamental online training courses. In the same vein, the focus on financial inclusion data under Module M2 (Financial Access Survey) will require a mix of staffing, workshops, and outreach to achieve sustained global reporting of some 150 time series and the targeted expansion of the database into new access points, gender-disaggregated statistics, and the costs of financial access; the outcome of the two recent pilots bode well for the envisaged attention to measure the financial access gender gap (Box 3). Finally, Module M4 is expected to initially benefit from experimental work to assist countries in streamlining, standardizing and automating their statistical data management before rolling out this work stream at a faster pace once the pilots in several countries have been completed.

**11.      Within Module M1, the submodule on fiscal and debt reporting, with a particular emphasis on public sector debt statistics (PSDS), will be pursued on a fast track.** In this context, the work stream aims at quickly reaching a broad geographical coverage to respond to the identified increased debt vulnerabilities that preoccupy the international community. In return, the submodule on external sector statistics (ESS) will be launched at a slower pace, to some extent also reflecting existing bilateral resources that cover a large group of Sub-Saharan African and Asian LLMICs in enhancing their balance of payments statistics. Under the ESS submodule, initial work will thus focus on the Middle Eastern region where particular ESS challenges exist.

## Box 3. The Financial Access Survey (FAS)—A Tool for Monitoring Financial Inclusion

The FAS is a recognized, high-quality, supply-side financial inclusion database that allows policy-makers to assess, with brief time lags, the impact of legal or structural policy decisions on financial inclusion. It also helps inform developmental and macro-prudential policies for the financial sector; financial inclusion that is not well-managed, threatens financial stability.

Since its launch in 2009, the FAS has enjoyed close-to-universal country coverage. It is based on administrative data from central banks and other regulators sourced from financial service providers, such as commercial banks, mobile network operators, or insurance companies. While interview sample data also feed into studies on financial access from the demand side (e.g., the World Bank's Global Findex), these surveys are expensive and, thus, undertaken less frequently. The FAS' reliance on supply-side sources offers more cost-effective and, consequently, higher-frequency data collection with a broader coverage of the population to complement the demand-side surveys.

FAS has been flexibly adjusted to provide sufficiently granular data for the quickly changing financial sector architecture. While traditional means of banking have seen continuous growth in Asia, Sub-Saharan Africa has on average five times fewer bank branches and ATMs per adult than in the rest of the world, with fragile states rated particularly poorly. To illustrate how innovations help improve financial access, the FAS has been widened to also cover mobile money services. In Afghanistan, for instance, there are now more than six times as many mobile money agents than ATMs, facilitating direct deposit of payroll for civil servants through mobile phones. Mobile money data also have immense potential in supporting estimates of macroeconomic aggregates, such as GDP and remittances, thereby reinforcing the objectives under the D4D Fund's Module M1. A growing interest in ensuring equitable access to financial services has created a need for gender-disaggregated financial access statistics. The recent FAS gender data pilots show the potential of the FAS to measure the financial access gender gap with sufficiently granular and high-frequency data.

### Number of Countries Reporting Gender-Disaggregated Financial Access Data (2004–16)



Number of Countries Reporting Data on Female Depositors

Number of Countries Reporting Data on Female Borrowers
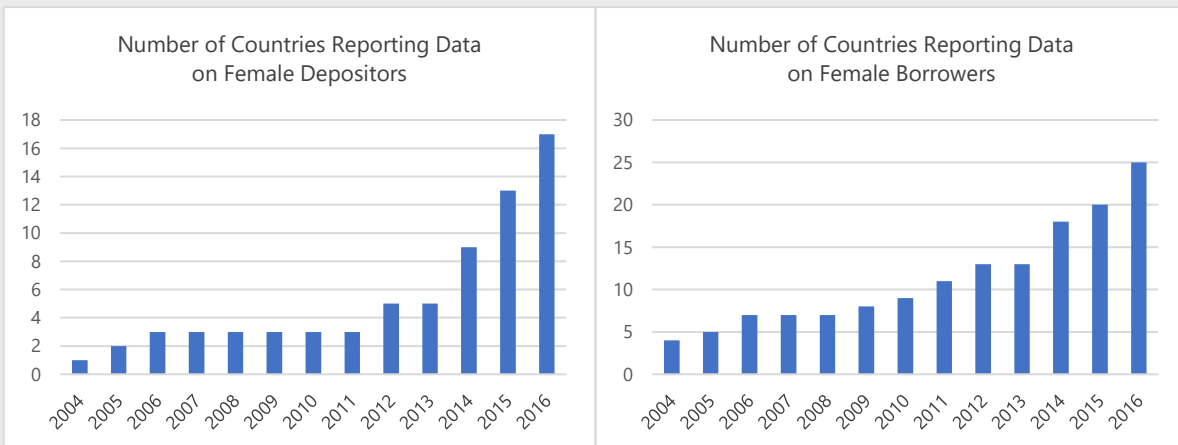
Source: 2017 FAS pilot on gender-disaggregated financial access

# III. SUMMARY OF THE FINANCIAL STATUS AND FUNDRAISING

**12.     To date, about US$18 million of the US$33 million targeted in the Program Document has been raised.** Luxembourg has signed an LOU for €4 million, and pledges have been received from Switzerland (CHF 4 million), the European Commission (€2 million), the Netherlands (€3.5 million), Korea (US$1.7 million), and China (US$1 million). We expect most of these pledges to be formalized into signed LOUs in the coming weeks. The available contributions also indicate that the proposed work program will be consistent with available cash flow.

### Table 1. Financial Contribution Report

#### As of May 31, 2018
*(in Millions)*

| | Agreement Information | | | | Contribution Received | | Contribution Expected (U.S. | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Partners | Signed Date | Currency | Amount | U.S.Dollars | Agreement Currency | U.S.Dollars | Requested | Future Request |
| **Partners** | | | | | | | | |
| Luxembourg | 1/12/2018 | EUR | 4.0 | 4.8 | 2.0 | 2.5 | - | 2.3 |
| Partners Total | | | | 4.8 | | 2.5 | - | 2.3 |
| **Under Negotiation** | | | | | | | | |
| Switzerland | Pending | CHF | 4.0 | 4.0 | | | | |
| European Commission | Pending | EUR | 2.0 | 2.4 | | | | |
| The Netherlands | Pending | EUR | 3.5 | 4.1 | | | | |
| Korea | Pending | USD | 1.7 | 1.7 | | | | |
| China | Pending | USD | 1.0 | 1.0 | | | | |
| Under Negotiation Total | | | | 13.2 | | | | |
| **Grand Total** | | | | 18.0 | | 2.5 | - | 2.3 |
| Program Document Budget | | | | 33.1 | | | | |
| **Funding Gap** | | | | 15.1 | | | | |

**13.     Fund-raising efforts for the D4D Fund are advancing.** It is expected that several partners will join during the second half of 2018, as budgetary allocations are secured from national parliaments. Representatives from several countries are planning to attend the initial steering committee meeting as observers. The IMF will seize all viable opportunities to advance partnership discussions. The D4D Fund will be featured prominently during the IMF Annual Meetings in Bali, including through a promotional video. Japan as the incoming Group of Twenty (G-20) chair has indicated that it will make enhancing debt transparency and sustainability a likely priority under its presidency beginning on December 1, 2018.

**Table 2. Cash Flow Statement**

As of May 31, 2018

(in thousands)

| Partner | FY 2018 | FY 2019 | FY 2020 (May to Dec 2019) | FY 2020 Jan to Apr 2020) | FY 2021 | FY 2022 | FY 2023 | Total |
|---|---|---|---|---|---|---|---|---|
| | FY1 | FY2 | FY3 | FY3 | FY4 | FY5 | FY6 | |
| Contributions[1] | 2,472 | 6,224 | 3,160 | | 3,030 | 2,660 | 421 | 17,967 |
| **Signed**(a) | **2,472** | **480** | **480** | | **480** | **480** | **421** | **4,813** |
| Luxembourg | 2,472 | 480 | 480 | | 480 | 480 | 421 | 4,813 |
| *Not Signed* (b) | - | **5,744** | **2,680** | | **2,550** | **2,180** | - | **13,154** |
| Switzerland | - | 1,000 | 1,000 | | 1,000 | 1,000 | - | 4,000 |
| European Commission | - | 2,000 | - | | 370 | - | - | 2,370 |
| Korea | - | 1,650 | - | | - | - | - | 1,650 |
| Netherlands | - | 594 | 1,180 | | 1,180 | 1,180 | - | 4,134 |
| China | - | 500 | 500 | | - | - | - | 1,000 |
| | - | | - | | | | | - |
| Interest Earned (c) | 09 | - | - | | - | - | - | 09 |
| **Total Cash Available** (d=a+b+c) | **2,481** | **6,224** | **3,160** | | **3,030** | **2,660** | **421** | **17,976** |
| Expenses[2] | - | 2,706 | 4,146 | | | | | 6,851 |
| **Cash Balance (Signed+Interest-Expenses)** | **2,481** | **5,999** | **5,013** | | **8,043** | **10,703** | **11,125** | **11,107** |

[1] Contributions are net of transfers and return of funds.

[2] Expenses will include the 7% Trust Fund Management Fee. All figures are estimates based on proposed workplan.

**14.     The available resources – including the pledged amounts – are sufficient to enable the Steering Committee to endorse the work plan of US$ 6.85 million**. Based on current estimated disbursements, the subaccount would have a US$3.16 million balance at the end of calendar year 2019, the end point of the current D4D Fund work plan. As noted elsewhere in this work plan, the Steering Committee will be asked to endorse a second work plan at the next Steering Committee, by which time we are expectant that additional partners will have finalized agreements to contribute to the D4D.

# IV. PROPOSED WORK PLAN FOR THE NEXT 18 MONTHS

## A. Module I: Addressing Data Needs and Quality Concerns

| M1 | Addressing Data Needs and Quality Concerns | Submodule: Real Sector Statistics (RSS) |
| | | Submodule: External Sector Statistics (ESS) |
| | | Submodule: Fiscal and Debt Reporting (GFS/PSDS) |

15.     **This Module will provide the core statistics CD that is essential for improving policy-making, detecting economic risks and vulnerabilities, and supporting countries in their SDG reporting.** Its three submodules on real sector statistics (RSS), ESS, and fiscal and debt reporting, together with the underlying seven work streams, are expected to close data gaps, address data weaknesses, and support the dissemination of data in a fundamental way.

16.     **The CD to be provided under this module will be based on a holistic needs assessment that brings in the expertise of IMF country teams.** The IMF's long-standing relationship with its member countries provides a very strong and comprehensive basis to analyze existing needs. Nonetheless, clearly identifying the baselines as a foundation for the development of country-tailored and country-owned work plans at the outset of the CD intervention in a given submodule or work stream will ensure that work priorities will be focused and respond to country's immediate policy needs. In the process, STA topical divisions will also specify assumptions and assess risks to achieving the intended outcomes that will be incorporated in the country-specific log frames feeding into the IMF's Results-Based Monitoring (RBM) system. This will be a hallmark of the IMF's work under Module M1.

17.     **Module M1's holistic approach also entails looking across topical statistical areas when analyzing newly emerging or better data.** For example, while concerns on LLMICs' debt sustainability provide a strong rationale for the work stream on PSDS under Module 1, the assessment of debt sustainability also hinges on accurate GDP and external sector data. This is because the impact of countries' efforts to enhance their national accounts, including through rebasing, tapping new source data, and capturing the effects of the digitalization of the economy, could potentially lead to significant—often upward—revisions of GDP. This may counter the effect of higher debt reporting as a result of better debt data coverage. The same holds true for improvements in ESS that could impact external debt sustainability analyses without, for example, an underlying change in external debt data.

18.     **The approach to CD under Module M1 will be built on the IMF's proven track record as a successful CD provider in statistics:**

- Module M1 CD envisions a mix of mutually reinforcing TA and training—generally with a strong peer-to-peer learning element and the transfer of knowledge on the economic rationale of, and
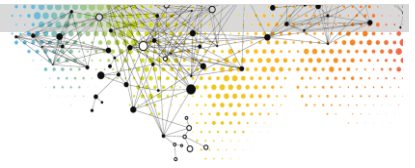
need for, the CD intervention—which is expected to substantially and sustainably address identified data gaps and weaknesses in policy-relevant areas.

- The envisaged CD will also feature a clear identification of the baseline situation, the development of country-owned work plans, the identification of suitable source data, the decision on the best mode of delivery, and the incorporation of milestones, indicators, and outcomes under the IMF's new RBM framework.

- CD will be tailored such that it will be (i) highly practical, with hands-on training with the authorities' own data to complement the TA; (ii) heavily policy-oriented so that methodology will only come to bear to the extent that it is "fit-for-purpose" and relevant for addressing countries' data gaps and weaknesses; (iii) delivered in close consultation with IMF country teams that will also provide the litmus test on the data's usability; (iv) focused on encouraging data dissemination and publication of TA reports consistent with IMF guidelines so as to foster transparency and accountability; and (v) implemented with a willingness to use big data (e.g., mobile money and credit card data) and technology (such as machine-to-machine readable technology), where appropriate.

**19.    D4D Fund interventions will be coordinated with other IMF CD vehicles, such as through RTACs, the FSSF and bilateral projects, as well as with other CD providers.** This can take several forms. For example, in the area of national accounts, RTACs would traditionally assist countries on core methodological issues to improve the compilation of annual and quarterly national accounts, including through multi-year assistance on GDP rebasing, while the D4D Fund could provide support to explore new data sources, including big data, to measure the informal economy. Another case could be related to D4D-funded workshops identifying issues that could best be addressed by existing bilateral projects. In some cases, outcomes may also be achieved through a blending of resources; for example, the FSSF's balance sheet analysis work stream may lead to improvements in a country's international investment position, which may also foster enhancements of the financial account in the balance of payments envisaged under the D4D Fund submodule on external sector statistics. Finally, synergies will be used by organizing workshops using field-based infrastructure, for example, RTACS or IMF Regional Training Centers.

**20.    Consistent with the FSSF approach, the objectives in the strategic log frame for the modules, submodules and work streams (Annex I) will be translated into country-specific log frames at the inception of the work plan for each identified country.** At this moment, more information will be available on a country's given baseline, the likely intensity of the CD engagement, and the risks that may affect the CD intervention's success. Each country's specific log frame, developed jointly with the authorities and IMF country teams, will feature the selected outcomes, milestones, and indicators, in line with the RBM catalog.

## Submodule: Real Sector Statistics

| | | |
|---|---|---|
| **M1** | Addressing Data Needs and Quality Concerns | Submodule: Real Sector Statistics (RSS) |
| | | Submodule: External Sector Statistics (ESS) |
| | | Submodule: Fiscal and Debt Reporting (GFS/PSDS) |

*Work Stream: Residential Property Price Indexes (RPPIs)*

*Baseline and strategic objectives in line with the program log frame*

**21.      RPPIs are used by policy-makers as an input into the design of macro-prudential and monetary policy, aiming to reduce systemic risks arising from excessive financial pro-cyclicality.** The IMF's/FSB's G-20 Data Gaps Initiative and guidance on Financial Soundness Indicators identify data on residential property and their associated price changes as critical ingredients for financial stability policy analysis, considering that real estate bubbles played an important role in destabilizing financial systems over the last few decades. As such, RPPIs have gained much prominence as a critical tool to detect and monitor economic risks and vulnerabilities. In this context, they have also become increasingly important in informing economic surveillance by the IMF, other international financial institutions, and private rating agencies.

**22.      The work stream will assist countries to develop the capacity to compile and disseminate RPPIs in line with the guidelines and best practices outlined in the *Handbook on Residential Property Price Indices* (RPPI Handbook).** The capacity building effort will focus on the areas where compilers tend to face most challenges, such as in securing access to suitable data on property transactions and implementing appropriate compilation techniques.

**23.      Progress in RPPI compilation has been limited so far.** While most LLMIC's do not yet have access to suitable source data for a RPPI, an estimated eight LLMICs (one-tenth) have compiled and disseminated a RPPI and around ten countries (one-eighth) are currently working on the compilation of a RPPI. The IMF's price statistics estimates that each of these indexes could be improved in respect of source data, compilation methods, and data dissemination.

**24.      These work streams will be delivered though a mix of TA missions (primarily for those countries that have already compiled, or are already working on compiling, RPPIs) and regional workshops**. In particular:

- *For participating countries from the group of about one-tenth of countries that already have a basic RPPI*: Assistance will be provided such that the compilation and dissemination will be brought in line with guidelines and best practices outlined in the *Handbook on Residential Property Price Indices*. Experience from an existing bilateral RPPI project suggests that for these countries TA requirements could be split between short-term steps to improve current methodologies and the longer-term objective to further develop data sources and introducing more sophisticated methodological techniques.

- *For around one-eighth of countries that are currently working on the compilation of RPPI*: The objective will be to increase staff capacity for further improving source data, compilation methods, and dissemination. Specifically, assistance may focus on determining the suitability of current data, and developing capacity to introduce relatively robust, although less sophisticated compilation methodologies. In the longer term, developing better source data could also be explored.

- *For around four-fifths of eligible countries where no RPPI is available but economic analysis requires better real estate price data*: Regional workshops will provide training on source data needs, methodology, and appropriate compilation methods, while also helping in the assessment of a country's potential for developing source data and capacity to face the methodological and compilation challenges. Workshops will be complemented by follow-up TA missions, if there is sufficient progress in basic data collection.

### CD approach to be taken, including modes of CD delivery

**25.** **The selection of countries and delivery modes for the first 18 months of the D4D Fund is primarily based on previous engagement with LLMICs on RPPI issues.** The implementation plan envisages holding two regional workshops—one for Africa[7] in FY2019 and one for the MCD[8] region in FY2020—and TA missions in six countries. Prior to the launch of the D4D Fund, RPPI workshops have already been held for Southern Africa, Europe, the Caucasus region, Asia, and Latin America, reaching about 85 countries, of which about half are LLMICs. The proposed TA missions in the D4D Fund work plan to Vietnam, Bangladesh, Indonesia and Mongolia represent follow-up engagements to the regional workshops in Asia in 2015 and 2017. In addition, for Vietnam and Bolivia, the authorities have requested RPPI TA following risks flagged in the surveillance of housing markets in recent IMF Article IV surveillance reports.

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[7] For AFR, the targeted countries could comprise Ethiopia, Rwanda, South Sudan, the Central African Republic, the Democratic Republic of the Congo, Chad, Cameroon, Angola, Zambia, and Zimbabwe. The exact country composition would be presented to the next Steering Committee.

[8] For MCD, the targeted countries could comprise Afghanistan, Djibouti, Egypt, Morocco, Sudan, and the West Bank and Gaza. The exact country composition would be presented to the next Steering Committee.

**Table 3. CD Activities on RPPIs**

| Country / Region | Scope |
|---|---|
| FY 2019 | |
| AFR Workshop | Training, baselines, and work plans |
| MCD Workshop | Training, baselines, and work plans |
| Vietnam | Residential Property Price Indices |
| Mongolia | Residential Property Price Indices |
| FY 2020 | |
| Indonesia | Residential Property Price Indices |
| Bolivia | Residential Property Price Indices |
| Bangladesh | Residential Property Price Indices |
| Vietnam | Residential Property Price Indices |

## *Work Stream: High-frequency Indicators (HFIs)*

*Baseline and strategic objectives in line with the program log frame*

**26.      High-frequency indicators (HFIs) for economic activity are an important ingredient for many economic policy decisions.** Policy-makers need a good understanding of the cyclical position of an economy to be able to adjust fiscal and monetary policy in a way that eases economic volatility. Easing volatility is conducive to strengthening economic growth, but also for making growth more inclusive. This is because low-income households have less means to bridge periods with lower income, partly related to limited access to finance.

**27.      Currently about two-thirds of LLMIC compile some type of monthly or quarterly economic activity indicator.** With a view to offering policy-makers with guidance on the economy's cyclical position so that fiscal and monetary policy decisions can smoothen cyclical swings, this work stream aims to:

- support at least 10 countries currently not producing HFIs to compile and disseminate an indicator for a significant activity/sector in the economy; and

- assist at least 15 additional countries to strengthen the compilation and dissemination of well-defined HFIs of economic activity.

**28.      The work stream includes CD on the development of suitable source data, compilation techniques, and the development of statistical and analytical frameworks.** Participating countries are expected to compile new indicators for their own policy-making and use by others, such as the IMF and external users.

*CD approach to be taken, including modes of CD delivery*

**29.      The HFI work stream will be developed mainly by the following two activities**: (i) opening regional workshops to undertake a country assessment and baseline definition and to develop country-specific work plans; and (ii) offering support on a single-country basis through tailored TA missions. In some instances, consideration can be given to possibly also provide TA on a multi-country basis when synergies are warranted.

**30.      An initial selection of potential candidates has been made through the available metadata, also taking into account absorptive capacity.** In FY2019, two regional opening workshops, one benefitting a first group of IMF's African Department (AFR) countries[9] and one in the APD[10] region, will be organized, followed by similar events in FY2020 for MCD[11] and a second group of AFR countries.[12] The workshops will aim to (i) explain the rationale of, and need for, HFIs; (ii) provide the basic methodological training and guidance on data sources and the use of administrative data; (iii) derive countries' baselines; and (iv) develop country-owned work plans for developing, enhancing, or improving HFIs.

**31.      Country-specific TA missions are expected to be conducted to about 25 targeted countries during the five-year D4D Fund period.** During FY19, three two-week potential missions have been planned, with Jordan being already confirmed and discussions still ongoing with the objective to include one AFR and one MCD country.

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[9] Targeted countries are: Ethiopia, Kenya, Rwanda, Tanzania, Uganda, The Gambia, Ghana and Nigeria.

[10] Targeted countries are: Bhutan, Cambodia, India, Indonesia, Lao's Republic, Mongolia, Philippines, Sri Lanka, and Vietnam.

[11] Targeted countries are: Armenia, Egypt, Kyrgyz Republic, Morocco, Tajikistan, Tunisia, Uzbekistan, and West Bank and Gaza.

[12] Targeted countries are: Burundi, Cabo Verde, Cameroon, Cote d'Ivoire, Madagascar, Mauritania, Mozambique, and Senegal.

**Table 4. CD Activities on HFIs**

| Country / Region | Scope |
| --- | --- |
| **FY 2019** | |
| AFR Workshop I | Training, baselines, and work plans |
| APD Workshop | Training, baselines, and work plans |
| Jordan | Assess/improve source data and current methods |
| AFR Country | Assess source data and current methods – Experimental estimates |
| MCD Country | Assess source data, implement methods – Experimental estimates |
| **FY 2020** | |
| AFR Workshop II | Training, baselines, and work plans |
| MCD Workshop | Training, baselines, and work plans |
| AFR Workshop Country | Assess source data, implement methods – Experimental estimates |
| AFR Workshop Country | Assess source data and current methods – Experimental estimates |
| APD Workshop Country | Assess source data, implement methods – Experimental estimates |
| APD Workshop Country | Assess source data and current methods – Experimental estimates |
| WHD Country | Assess source data and current methods – Experimental estimates |
| MCD Workshop Country | Assess source data, implement methods – Experimental estimates |

## Work Stream: Improved Source Data and Intermediate Statistics

*Baseline and strategic objectives in line with the program log frame*

**32.     This work stream aims at developing and using source data to compile annual and quarterly GDP estimates as well as services producer price indices (SPPIs).** Improved source data, including better estimates of the informal economy and the digital economy, will enhance the coverage and accuracy of GDP estimates, support countries' ongoing and future rebasing exercises, facilitate the sectoral decomposition and cross-sectoral linkages in the national accounts, and improve the quality of SDG reporting. Efforts to better reflect the impact of the digital economy on national accounts will focus on areas that are particularly relevant in the LLMIC context, such as the rapidly growing mobile money services. Assistance on price statistics will focus on the services sector which has been growing rapidly in many LLMICs, partly related to digitalization. However, in many LLMICs, price statistics remains limited to goods, resulting in a measurement omission.

**33.     GDP rebasing has recently been a major endeavor for statistics agencies in LLMICs, often resulting in significant—generally upward—revisions to headline GDP.** This has triggered a sharp increase in political buy-in for rebasing exercises, as policy-makers have appreciated the more accurate measures of the size and structure of the economy—but also, as key ratios, such as on debt-to-GDP, have looked more favorably after the completion of the exercise. Nonetheless, some one-third of IMF member countries have still not rebased their national accounts for more than 10 years (it is best practice to undertake a rebasing exercise every five year or less), to some extent related to the comprehensiveness of
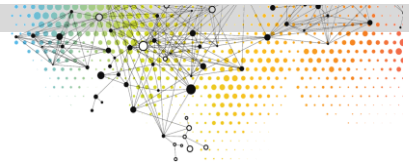
the work and the lack of good source data and intermediate statistics.[13] Development of high-quality source data and intermediate statistics will also support the sectoral decomposition of national accounts, which can provide inputs for policy decisions on structural reforms and economic diversification and transformation policies—a topic high on the policy agenda of many LLMICs. Finally, improved GDP estimates will assist countries in monitoring progress towards the SDGs, many of which refer to GDP.

**34.      Digitalization of the economy requires to re-think the way national accounts and price statistics are compiled.**  Improved measurement of digital products and transactions[14] could foremost help enhance the quality of GDP and inflation, but also inform external and monetary and financial sector statistics. Digitalization can also entail a rapid increase in the quality of products and services, for example, the increase in quality between different generations of smart phones. While it is estimated that the size of the digital economy is still less than 10 percent of GDP in most economies if measured by value added, income, or employment, it has penetrated many economic activities and is likely to rise sharply over time.

**35.      Support on the compilation and dissemination of an SPPI will be conducive to better differentiating between productivity-driven price changes (that reflect technological advances) versus general inflationary price changes.** The work stream objective will focus on the eligible countries with sizable mobile money activity. Currently, around ten countries have financial sectors with a large and fast-growing mobile money component and are, therefore, natural candidates for the compilation of a SPPI. The objective to cover most of these countries under the D4D Fund could be revised upwards in case the mobile money sector, or other digital products, gain momentum over the next five years.

**36.      Determining a baseline for this work stream is hindered by the heterogenous nature of the issues regarding source data and intermediate statistics.** Many LLMICs do not use source data in a coherent manner in compiling national accounts and SPPIs. This D4D Fund work stream has to take into consideration various areas of source data collection in assessing the baseline among the eligible countries:

- About a quarter of LLMICs use tax data for national accounts compilation, but often not to their full potential. Legal confidentiality requirements, lack of inter-agency cooperation agreements, or insufficient capacity in the national statistics office are barriers many countries face.

- Some of the more statistically sophisticated LLMICs are developing sectoral decompositions of their national accounts. This work supports detailed analysis of particular sectors as well as the linkages with other sectors.

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[13] Source data are distinguished by being obtained directly from the data providers, while intermediate statistics have some additional statistical processes such as deflation, balancing with other sources, or seasonal adjustment. Both types of data are combined in the process of producing macroeconomic aggregates.

[14] These could include, for example, online platform-enabled services, such as Uber, Airbnb and WhatsApp, and mobile money financial services.

- About one-fifth of the eligible countries collects regular business survey information, while the bulk of LLMICs faces insufficient funding to conducts these surveys that are essential for GDP compilation.

- An IMF survey from 2017 indicates that about half of the LLMICs include estimates for the informal economy in their national accounts but only one-fifth of them can substantiate this estimate through informal sector surveys they use in the compilation process.

- A very small number of LLMICs estimate the impact of technological changes on GDP and other macroeconomic aggregates, or explore non-traditional sources of data (e.g., big data from mobile banking) or compile a SPPI.

**37.    In addressing the above deficiencies, the work stream will aim to define a baseline and quantitative targets for each country intervention.** This also reflects the fact that the work stream may be more promising in one country to tackle data issues regarding the informal economy, while in another case cooperation with tax authorities may be in the foreground to address measurement gaps. The resulting indicators to measure progress in each country intervention could thus comprise (i) improvements in the availability and use of source data; (ii) reducing the discrepancy between different elements of national accounts (production- versus expenditure-based compilation); (iii) monitoring the size of necessary revisions in the rebasing of national accounts; and/or (iv) assessing the availability of measures to estimate the technological change in GDP or of an SPPI.

 *CD approach to be taken, including modes of CD delivery*

**38.    The launch of this work stream will benefit from existing diagnostics of country needs identified through other CD interventions (RTACs and bilateral projects).** The identified country engagements for FY2019-20 therefore reflect (i) six TA missions on supporting the sectoral composition of GDP; (ii) five TA missions on enhancing source data availability, including by fostering cooperation with tax authorities and the design, conduct, sample selection and launch of business surveys, with particular reference to data gaps in the informal sector and digital economy; (iii) one regional workshop to improve estimates on the non-observed economy, including the informal economy; and (iv) one workshop to assist in developing an SPPI, with particular reference to digital services. For FY2020, two workshops in the AFR[15]  and APD regions[16] are planned to guide countries on the use of source data and estimates of the informal economy. The volume of D4D-funded CD activities is projected to increase over the medium-term to offset the winding down of bilateral donor-funded projects focusing on the development of source data in Africa and the Middle East region.

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[15] Targeted countries are: Botswana, Kenya, Rwanda, Tanzania, Uganda, Zambia, and Zimbabwe.

[16] The countries for the APD workshop will be identified by the time of the next Steering Committee meeting.

**Table 5. CD Activities on Improved Source Data and Intermediate Statistics**

| Country / Region | Scope |
| --- | --- |
| **FY 2019** | |
| Macedonia | Developing source data for sectoral decomposition and linkages of accounts |
| Honduras | Developing source data for sectoral decomposition and linkages of accounts |
| Uganda | Developing source data for sectoral decomposition and linkages of accounts |
| Kosovo | Developing source data for sectoral decomposition and linkages of accounts |
| **FY 2020** | |
| APD workshop | Regional workshop on the use of source data and estimates of the informal economy. |
| AFR workshop | Regional workshop: Services producer price index for countries with intensive use of mobile banking |
| Moldova | Developing source data for sectoral decomposition and linkages of accounts (follow-up) |
| Kosovo | Developing source data for sectoral decomposition and linkages of accounts (follow-up) |
| Liberia | Increasing use of administrative data; improvement of surveys including informal economy and the digital economy for the national accounts |
| Uganda | Developing source data for sectoral decomposition and linkages of accounts |
| Nigeria | Increasing use of administrative data; improvement of surveys including informal economy and the digital economy for the national accounts |
| Zimbabwe | Increasing use of administrative data; improvement of surveys including informal economy and the digital economy for the national accounts |
| Malawi | Increasing use of administrative data; improvement of surveys including informal economy and the digital economy for the national accounts |

## Submodule: External Sector Statistics

| M1 | Addressing Data Needs and Quality Concerns | Submodule Real Sector Statistics (RSS) |
| --- | --- | --- |
| | | Submodule External Sector Statistics (ESS) |
| | | Submodule: Fiscal and Debt Reporting (GFS/PSDS) |

**39.     Measuring cross-border flows is central to analyzing the benefits of global trade, digitalization, and financial integration.** This submodule focuses on the current and financial accounts of the balance of payments. It aims to address gaps in the coverage of goods, services, income, remittances and investments, which impair the reliability of balance of payments statistics and their policy use to detect and address external risks and vulnerabilities, including in particular cross-border spillovers. Important policy implications are derived from ESS, affecting monetary, fiscal and exchange rate policies and informing on structural reform needs. This is even more so in LLMICs, which tend to be more open to the rest of the world than more advanced countries.

**40.**      **In addition, globalization has changed the way trade and investments are conducted which requires changes in the way balance of payments statistics are compiled.** This relates, for example, to global value chains[17] transactions arising from the production of primarily goods split across borders. In addition, big data offers new data sources to improve the accuracy of statistics, for example, by using mobile money transactions for estimating remittances.

 *Baseline and strategic objectives in line with the program log frame*

**41.**      **The strategic objectives and baselines of this submodule for the D4D Fund's five-year period are as follows:**

- *Improving the scope of goods and services statistics in at least 15 countries to better assess the impact of global value chains on their current account:* Currently, basic trade-related indicators in LLMICs are not widely available: only a quarter of countries eligible under the D4D Fund report transactions on goods for processing and/or merchanting[18] data in their balance of payments statistics.

- Strengthening coverage of financial and remittance flows data in at least 15 countries: Financial account data in some LLMICs are constrained by data availability for key components, including direct investment and private sector debt—areas that typically require surveys to augment existing data sources. For most of the countries eligible under the D4D Fund, for remittance inflows (an important component in the balance of payments of LLMICs) measurement issues persist, not least due to the informal channels of transmission, as well as to the growth of electronic transfer modes ("mobile money").

- *Addressing errors and omissions to enhance data relevance:* High errors and omissions in the balance of payments,[19] and inconsistencies between cross-border stocks and flows hampers data interpretation and can, as a result, lead to imperfect decision-making. For the countries eligible under the D4D Fund, regional averages of net errors and omissions in relation to gross current account flows range between 1.7-1.9 percent for APD, MCD and WHD countries, with a higher average for AFR (3.1 percent) and a lower average for EUR (1.2 percent) countries. Except for the EUR grouping, more than half of the countries in each of the other regions exceeded 1 percent for the indicator.[20] Errors and omissions is not an item that can be directly controlled but rather result from

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[17] Global value chains refer to breaking down the production process into different components and different countries. This way, each entity/country participating in the production process can focus on producing-specific parts and components where they have a comparative advantage, rather than on producing the entire final goods.

[18] These types of transactions are indicative of an economy's participation in global supply chains, and their accurate measurement also enhances GDP estimates.

[19] Statistical imbalances in a country's balance of payments are presented as "net errors and omissions" and result in practice from imperfections in source data and compilation.

[20] Based on countries' reporting of data for the *IFS* (reference year 2015). For a global perspective of this indicator, see "Revisiting Global Asymmetries—Think Globally, Act Bilaterally: Paper by IMF ([BOPCOM 15/08](#))".

imbalances across all other balance of payments components. Nonetheless, with the complementarity between the objectives of addressing data gaps and weaknesses in the current and financial accounts, and of improving data relevance, errors and omissions are expected to improve in the countries to be targeted for CD in ESS under the D4D.

*CD approach to be taken, including modes of CD delivery*

**42.     CD delivery will adapt a phased approach, with activities to be stepped up in the last three years of the D4D Fund.** This reflects a range of ongoing bilateral ESS projects and some RTAC coverage which combined currently covers around 44 percent of the LLMICs. Accordingly, priority for CD will initially be given to MCD countries that are benefitting from existing CD programs to a lesser extent than countries on other continents.[21]

**Figure 3. Percentage of D4D-Eligible Countries Receiving ESS Technical CD**
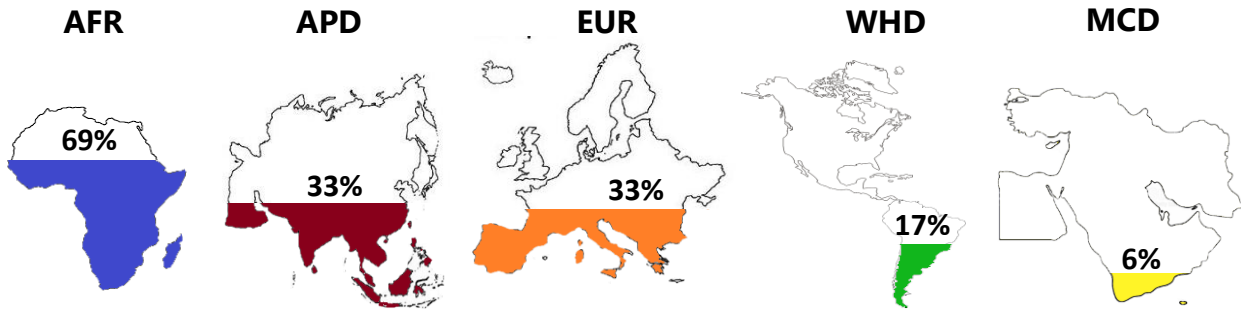


**43.     To improve the coverage and reliability of goods and services statistics, as well as remittances and financial account flows, this submodule would tackle source data development.** This will include examining the prospects for harnessing big data and administrative data. The submodule would leverage, where possible, complementary CD initiatives to strengthen cross-border positions (stocks) data, with a view to enhancing the quality of recorded financial account flows.[22]

**44.     The submodule will be delivered through a mix of regional workshops and country TA missions.** Country-specific missions would target countries with incomplete current and/or financial accounts, and/or with balance of payments with large or volatile net errors and omissions. Countries will be

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[21] There are only six LLMICs in WHD, of which four are covered by CAPTAC (which benefited from an ESS long-term advisor during its previous funding phase) and one by CARTAC (where there is a long-term advisor on ESS). As a result, little demand for ESS CD is expected from WHD countries.

[22] The FSSF's Financial Sector Statistics module targets the development of international investment position statistics under the balance sheet approach work streams.

selected based on internal needs assessments, derived in consultation with IMF area departments, as well as unmet TA and training requests.

**45.     For the first 18 months of the D4D Fund period, the ESS submodule aims to deliver one regional workshop[23] and ten country TA missions, as detailed below.** The first workshop will target primarily MCD countries, with a view to scoping source data and compilation issues on the current account as a basis for future CD engagement under the D4D.

**Table 6. CD Activities on External Sector Statistics**

| Country / Region | Scope |
|---|---|
| **FY 2019** | |
| MCD and selected countries workshop | Regional workshop on current account issues aimed at (i) scoping country-specific baselines; and (ii) providing multi-country training on key compilation issues. |
| The Gambia | Improving data sources for compiling current and financial account. |
| Kenya | Improving the financial account by addressing source data gaps. |
| Uzbekistan | Establishing the balance of payments compilation system, focusing on current account components. |
| Vanuatu | Implementing new surveys to capture cross-border transactions, and building direct investment statistics. |
| **FY 2020** | |
| Madagascar | Improving the current account by addressing data gaps for unrecorded trade in goods and services. |
| Uzbekistan | Improving the financial account by engaging new data sources. |
| APD country | |
| MCD workshop country | |
| MCD workshop country | |
| MCD workshop country | |

## Submodule: Fiscal and Debt Reporting (GFS/PSDS)

| | M1 | **Addressing Data Needs and Quality Concerns** | Submodule Real Sector Statistics (RSS) |
|---|---|---|---|
| | | | Submodule External Sector Statistics (ESS) |
| | | | Submodule: Fiscal and Debt Reporting (GFS/PSDS) |

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[23] Targeted countries are: Afghanistan, The Gambia, Egypt, Jordan, Kiribati, Kenya, Madagascar, Morocco, The Philippines, Solomon Islands, Tunisia, Uzbekistan, Vanuatu, and West Bank and Gaza.

*Baseline and strategic objectives in line with the program log frame*

**46.      This submodule aims to provide policy-makers with improved high-frequency government finance statistics (GFS) and public sector debt statistics (PSDS) to address data gaps and weaknesses in these areas.** This will result in improved quality, frequency, and timeliness of GFS used by policy-makers and the IMF in its country surveillance to assess the role of the public sector in the economy and detect risks and vulnerabilities early on. Comprehensive, timely, and cross-country comparable PSDS will enhance debt sustainability analyses. In addition, dissemination of GFS and PSDS to the public will improve transparency and accountability.

**47.      Currently, GFS and PSDS compiled and disseminated by most LLMICs are insufficient for sound fiscal and macroeconomic policy-making.** A recent survey among IMF country teams of 45 Sub-Saharan African countries revealed that data coverage beyond budgetary central government is very limited (see Figure 1 above). Fiscal data of more than 30 of those countries do not cover activities beyond budgetary central government, thus not capturing well the role of the government in the economy. Furthermore, comprehensive stock data to measure the extent of indebtedness are unavailable in some 40 countries.

**48.      Against this background, and given the international community's emphasis on improved fiscal and debt reporting, the D4D Fund will front-load work on GFS and PSDS to engage with as many LLMICs as possible on these two work streams.** It is envisaged that over the five-year span of the D4D Fund, about two-thirds of the CD will be devoted to the work stream for improving PSDS (stocks) and one-third for the work stream to improving GFS (flows). The strategic objectives will be as follows:

- For **PSDS**, it is expected to achieve improvements in institutional coverage, instrument coverage, timelines, periodicity, and/or data on contingent liabilities in roughly three-quarters of eligible LLMICs. D4D Fund resources will be used to organize a series of regional workshops that will allow engagement with as many LLMICs as possible to establish country-owned work plans, in close consultation with IMF area departments. The follow-up TA missions to individual countries will also be largely funded by D4D Fund resources, but could, in some cases, also benefit from funding and/or blending of resources with RTACs, bilateral CD projects, and the FSSF work stream on balance sheet analysis. PSDS CD work will take account of the fact that the "starting points" in the recipient countries differ and that the pace of progress would depend, among other factors, on country capacity to implement improvements on a sustained basis.[24]

- For **GFS**, it is aimed to address the main risks facing macroeconomic stability with targeted CD to close fiscal data gaps (e.g., high-frequency fiscal data, data on state-owned enterprises, improvement timeliness, and expanded scope of flows and stock positions) and improving transparency and accountability through data dissemination in about a third of eligible LLMICs.[25]

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[24] More than one TA mission may be needed in such cases.

[25] These countries may overlap with those countries which benefit form PSDS TA.

*CD approach to be taken, including modes of CD delivery*

**49.     The selection of participating countries will be based on demand from countries, with considerable input from IMF area departments.** Naturally, the priority will be on countries with sharp increases in debt-to-GDP ratios and with large PSDS risks, as evidenced in deteriorating risk categories in the debt sustainability analyses conducted as part of IMF surveillance. Where appropriate, PSDS CD missions will be fielded alongside, or adjacent to, area departments' surveillance missions to maximize synergies and results. In addition, where GFS CD has already been conducted, PSDS CD will exploit synergies and build on this work to produce fast results. PSDS CD will also be coordinated with activities under the Debt Management Fund (DMF) that assists countries to enhance the recording and management of their debt.

**50.     Over a period of 18 months, CD activities will consist of five regional PSDS workshops, and about 20 TA missions in PSDS and GFS. The work would be split roughly into two-thirds PSDS and one-third GFS**:

**PSDS workshops**:

- The main objective of the regional workshops is two-fold: (i) to develop country-owned work plans based on PSDS data gaps identified by area departments and baseline analysis during the workshops; and (ii) to establish or strengthen a reporting channel of PSDS that would ensure the delivery of timely PSDS primarily to area departments, but also to other stakeholders. In addition to transferring knowledge to country officials, the workshops will provide a venue for peer-to-peer learning.

- For FY2019, two regional PSDS workshops are planned—one for Anglophone African and one for Lusophone LLMICs. For FY2020, three regional PSDS workshops would cover Asia and Pacific Islands LLMICs, Francophone LLMICs, and Middle Eastern/Central Asian LLMICs.[26]

**PSDS technical assistance**:

- Following the workshops, draft work plans will be prepared jointly with country authorities and IMF area department teams, after which TA needs would be addressed through one or more TA missions to participating countries.

- About 15 one-week TA missions are planned for the 18-month period. For FY2019, following the workshops, TA in PSDS will be conducted to at least three countries that participated in the workshops and where cooperation with the relevant area department can be established such that the TA mission can be organized alongside, or adjacent to, Article IV missions to produce fast results and inform work on debt sustainability analyses. Based on the lessons of this intertwined approach,

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[26] As most of the WHD LLMICs are CAPTAC beneficiary countries, a PSDS workshop for those countries would be organized through CAPTAC in FY2019.
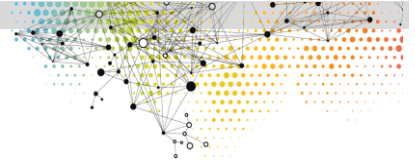
this form of TA delivery is expected to pick up significantly to cover about twelve countries in the first nine months of FY2020.

**GFS technical assistance**:

- About 5 two-week TA missions are planned for the 18-month period. In FY2019, two-week TA missions in GFS will be conducted to Comoros and Ghana. For Comoros, the main focus will be on TA that would enable the regular, timely compilation of a statement of government operations (TOFE in French), with expanded coverage extending to the local islands, to foster sound policy-making and IMF surveillance. For Ghana, the focus will be on eliminating internal data inconsistencies that have been hampering fiscal policy-making and IMF surveillance, as well as on compiling data on nonfinancial public corporations to capture potential fiscal risks. For the first nine months of FY2020, an additional three TA missions in GFS are planned, based on country demand with guidance on prioritization from area departments.

## Table 7. CD Activities on GFS and PSDS

| Country / Region | Scope |
|---|---|
| **FY 2019** | |
| Anglophone AFR PSDS Workshop | Training, baselines and work plans |
| Lusophone AFR PSDS Workshop | Training, baselines and work plans |
| Zambia | PSDS TA |
| Zimbabwe | PSDS TA |
| Sierra Leone | PSDS TA |
| Comoros | GFS TA |
| Ghana | GFS TA |
| **FY 2020** | |
| APD PSDS Workshop | Training, baselines and work plans |
| Francophone AFR PSDS Workshop | Training, baselines and work plans |
| MCD PSDS Workshop | Training, baselines and work plans |
| APD Workshop Country | PSDS TA |
| APD Workshop Country | PSDS TA |
| APD Workshop Country | PSDS TA |
| Lusophone AFR Workshop Country | PSDS TA |
| Lusophone AFR Workshop Country | PSDS TA |
| Lusophone AFR Workshop Country | PSDS TA |
| MCD Workshop Country | PSDS TA |
| MCD Workshop Country | PSDS TA |
| MCD Workshop: Country | PSDS TA |
| Francophone AFR Workshop Country | PSDS TA |
| Francophone AFR Workshop Country | PSDS TA |
| Francophone AFR Workshop Country | PSDS TA |
| Country 1 | GFS TA |
| Country 2 | GFS TA |
| Country 3 | GFS TA |

## B.   Module II: Financial Access Survey

| M2 | Financial Access Survey (FAS) | Sustain and expand the FAS |
|----|-------------------------------|----------------------------|

**51.      This module aims to ensure the continued annual production and dissemination of the FAS, providing policy-makers and other stakeholders with access to long time series on financial access and inclusion.** As highlighted in Box 3 above, the availability of high-quality supply-side financial inclusion indicators will be conducive to supporting policy analysis and formulation in LLMICs in particular, considering their need for development strategies and macro-prudential policies to foster inclusive economic growth and safeguard financial sector stability. Access to key statistics on financial intermediation and services in an economy, including on innovative information, such as on mobile money and gender-disaggregated data, will also allow an assessment on the oftentimes dramatic transformations taking place to extend the reach of financial services to underserved lower-income groups. At the same time, close monitoring of these developments is important, as vulnerabilities may arise with the emergence of new players, products, and infrastructures.

**52.      Given its global coverage and cross-country comparability, the FAS will continue providing the monitoring basis for the SDG financial inclusion indicator**. FAS data are used to monitor progress in meeting SDG Target 8.10 to strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance, and financial services for all. The FAS contributes two indicators to the global monitoring framework: (i) the number of commercial bank branches and (ii) the number of automated teller machines per 100,000 adults. The strategic objective is to continue providing indicators that cover at least 90 percent of the world adult population, with data regularly published on the UN SDG Indicators Global Database.

**53.      In the same vein, this D4D Fund module aims to enhance reporting relative to the status quo.** Specifically:

- As a representative indicator to measure the pick-up in coverage in reporting, the strategic objective is to raise the number of economies reporting the most quoted FAS series—the number of commercial bank institutions from 86 percent in 2017 to 95 percent of the IMF membership by the end of the D4D Fund cycle.

- This module will also work closely with participating economies to increase the provision of information on the gender breakdown of FAS. The specific objective is to increase the reporting of gender-disaggregated data by two-fold compared to the 2017 benchmark of 28 reporting jurisdictions.

- This module will also aim to increase by 50 percent the number of economies reporting indicators of innovative channels of financial access—mainly mobile money-related indicators—compared to the 2017 benchmark, when there were 45 reporting jurisdictions.

**54.      The FAS Module will contribute to the research and policy agenda on financial inclusion**. The FAS data will be used to create a global financial inclusion index, providing a user-friendly and cross-country comparable indicator of progress achieved by countries in that area. In addition, STA will further promote featuring FAS data in IMF reports on financial inclusion, including country and policy documents, as deemed appropriate.

**55.      Against this background, Module 2 will undertake to ensure the following:** (i) The FAS will be conducted on an annual basis; (ii) country reporting on financial inclusion indicators will benefit from close follow-up by IMF staff and thorough validation of the data; and (iii) data dissemination will take place on a rolling basis on the IMF's external website (http://data.imf.org/fas).

**56.      Over the next 18 months, the project outcomes will be delivered through a mix of HQ-based work, outreach activities, and a regional workshop**. The bulk of the available resources will be devoted to HQ-based FAS-related activities, including securing high response rates, performing data validation, following up with countries, disseminating the data, producing the SDG indicators, preparing analytical and research outputs, and ensuring continuous enhancements to the survey methodology and instrument to capture innovations in the provision of financial services. In addition to the annual production of the FAS data, the project will conduct outreach activities in order to sensitize central banks (which usually provide the data) regarding the relevance of the FAS and its benefits for policy analysis and formulation. These activities will be undertaken in collaboration with other financial inclusion partners, such as the Alliance for Financial Inclusion (AFI), to promote the FAS products and its benefits for policy-makers. Close cooperation with those partners is essential to reap the full benefits of the financial inclusion agenda that could inform future FAS reporting and analytical priorities.[27]

**57.      The planned regional workshop in Africa will raise awareness of the importance of the FAS and set the stage for improved data reporting.** It will review the reporting status of participating countries, identify key data gaps for the efficient monitoring of financial inclusion policy measures, and assist participants in identifying data sources for a data collection system from the supply-side that would address these gaps. The workshop will be organized for African countries in March 2019 and target the following countries: Angola, Botswana, Cabo Verde, The Gambia, Ghana, Kenya, Mozambique, Namibia, Nigeria, Rwanda, Swaziland, Uganda, Zambia, and Zimbabwe.[28] Country selection has been made based on the current status of FAS reporting and the need to meet the above strategic reporting objectives. A possible

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[27] A key forthcoming event is the AFI's Global Policy Forum. This September 5–7, 2018 event will take place in Sochi, Russia and provide a platform to showcase the latest progress made in financial inclusion and its impact for greater financial access for the unbanked population. The IMF participation, which will benefit from funding form a bilateral donor, will support actively promoting the FAS benefits for the active monitoring of financial access and reaping synergies of the AFI event to improve FAS reporting.

[28] A predecessor workshop will be organized in Asia in September 2018, targeting Afghanistan, Bangladesh, Bhutan, Brunei Darussalam, Cambodia, India, Lao P.D.R., Mongolia, Myanmar, Nepal, Timor-Leste, and Sri Lanka. This workshop will benefit from funding from a bilateral donor and is not reported under the D4D activities.

workshop to the MCD region may be added later in FY2020 once the lessons from the first two workshops will have been assessed and the circle of benefitting countries will have been determined.

**Table 8. CD Activities on Financial Access Survey**

| Country / Region | Scope |
|---|---|
| **FY 2019** | |
| AFR Countries | Workshop to enhance FAS reporting |
| **FY 2020** | |
| MCD Countries | Workshop to enhance FAS reporting |

## C. Module III: Online Learning

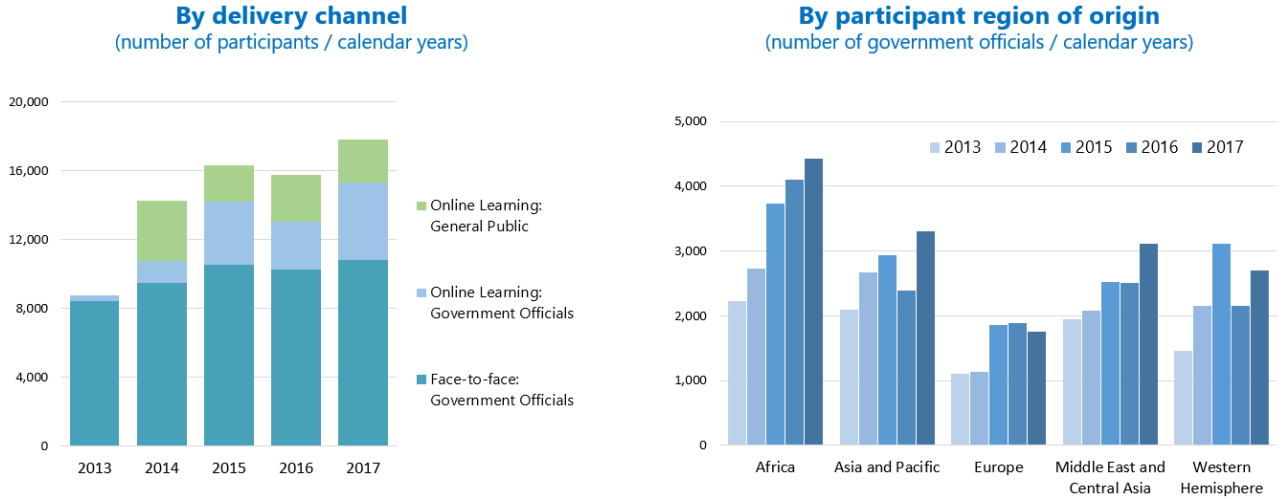| M3 | Online Learning | Develop and launch eight fundamental statistics courses (English and up to five other languages) |
|---|---|---|

**58.** **Online learning will substantially enhance the reach of IMF statistics training, providing free access to high-quality training anytime and anywhere and raising the specter of an increased global reach.** STA is the second-largest training provider behind the Institute for Capacity Development (ICD) at the IMF, reaching close to 2500 government officials every year. STA's current face-to-face training courses are offered through the ICD training program, as well as training and workshops organized through RTACs, bilateral CD programs, and with regional training providers on several continents. As STA training courses are popular and, therefore, over-subscribed, applications from many government officials, especially also from LLMICs, need to be rationed out, impairing the knowledge transfer necessary to sustain improvements in the compilation of statistics.

**59.** **Demand for IMF training has ratcheted upwards on all continents (Figure 4).** In response, over the last four years, ICD has begun to expand its online training courses, which has resulted in a broadening of participants, including outside of the official government sector. However, available resources have made it impossible to develop and roll out an online training curriculum that covers the full spectrum of topical statistical areas.
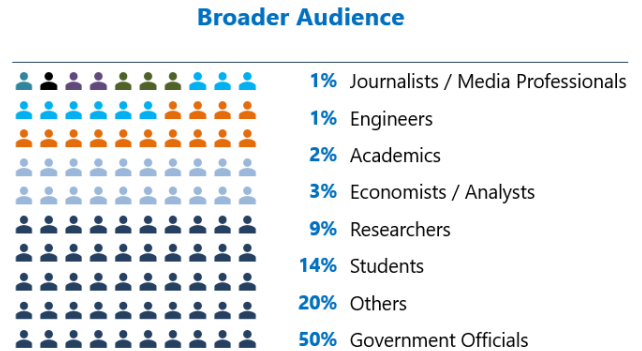
## Figure 4. Uptake in IMF Online Training Broadens Participation

*IMF Training has been growing rapidly, thanks to online learning, especially in Africa, ...*

**By delivery channel**
(number of participants / calendar years)

**By participant region of origin**
(number of government officials / calendar years)

*.... reaching a wider audience than traditional IMF training, but also allowing participants to get certified.*

**Total OL training**

|  | (as of 2016) | (as of 2017) |
|---|---|---|
| Active participants | **29,000** | **41,578** |
| Successful participants | **16,500** | **23,451** |
| Countries | **184** | **192** |

**Broader Audience**

| | |
|---|---|
| **1%** | Journalists / Media Professionals |
| **1%** | Engineers |
| **2%** | Academics |
| **3%** | Economists / Analysts |
| **9%** | Researchers |
| **14%** | Students |
| **20%** | Others |
| **50%** | Government Officials |

**60.     Under Module M3, the D4D Fund aims to accelerate the development and roll-out of a comprehensive online learning curriculum that could help sustain the success of traditional CD interventions.** The curriculum will build on a basic online training course that is close to being rolled out,[29] cover all statistical topical areas, and reflect experience from decades of face-to-face training in statistics. It will leverage technology to achieve maximum reach which should allow the number of participants in STA training to increase by at least 50 percent by the end of the D4D Fund period.

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[29] The basic online training course will teach concepts applying to all statistical areas and is thus the entry level training course participants have to graduate from before proceeding to the next level.

**ICD's experience with online training has been highly successful.** Of note, participation and graduation is particularly high in LLMICs, which bodes well for the roll-out of the statistics online training courses under this module.[30]

61.     **Passing the fundamental online courses will become a precondition to participate in the face-to-face intermediate and advanced courses.** The efficiency and effectiveness of those courses will improve when participants have already gained the knowledge from the fundamental courses. Topical intermediate and advanced courses will be recalibrated once the online training courses are up-and-running, and focus on practical application and peer-to-peer learning on specific topics.

62.     **Converting one face-to-face fundamental statistics course, which usually lasts two weeks, into state-of-the-art online courses will require around a year.** Based on the learning objectives, a development plan will be prepared to structure the course into sub-sections devoted to the different learning objectives. For successful online learning, it is important to visualize learning content, including graphic design solutions that capture the eye of the learner and facilitate comprehension. Separate learning activities with questions for the learner are designed and aimed at applying the learning objectives. Once these elements and the video scripts are completed, the course is filmed in the studio. Extensive editing is required after the filming stage to integrate all elements into the video, including the necessary technical solutions for the interactive elements/parts. Once the course is online, it will be available 24/7. Based on experiences from ICD's online learning tools, participants are expected to take around 6-8 weeks to complete a fundamental online course. At certain times, STA will offer to participants a period of interactive sessions with a statistics expert who will be available to answer questions and facilitate discussions among participants through online forums.
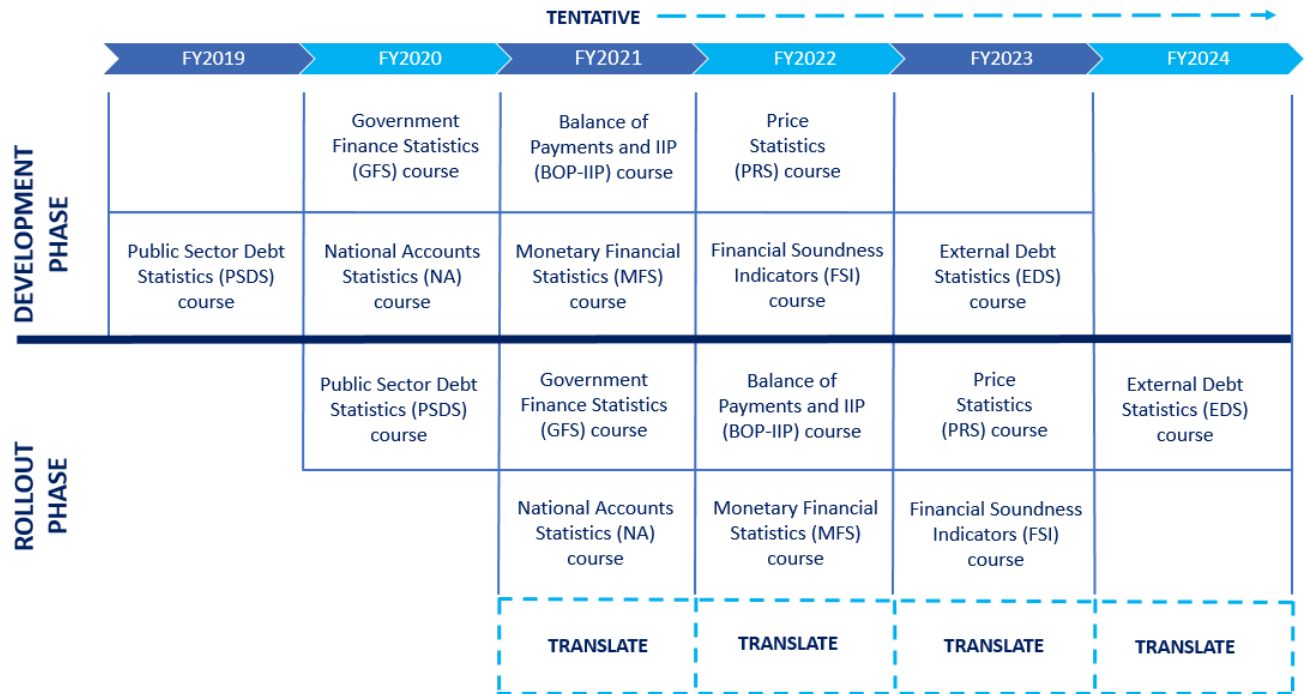
63.     **Preparing an online course entails significant staffing needs.** Under the D4D Fund, it is planned to hire two contractual staff to support the economists in topical divisions in preparing the development plans, designing visuals and learning content, writing scripts, and facilitating discussions online. Some services will be outsourced to specialized companies, for example, for filming and editing. Costs associated with an online course are estimated at around USD 0.75 million, excluding translation. Based on experience from other IMF online courses, translation should start after the courses have been online for a year to incorporate feedback from participants and, if necessary, make changes to the course material before translation starts.

64.     **With rising fiscal imbalances being a concern in many LLMICs, priority will be given to the fundamental training courses for government finance and debt statistics (Figure 5).** The sequence of preparing the other courses is based on the degree of oversubscription for the face-to-face courses. Translation in up to five languages will depend on the availability of funding.

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[30] http://www.imf.org/external/np/ins/english/learning.htm.

**Figure 5. Proposed Sequencing of Online Learning Course Development and Rollout**

TENTATIVE ➡

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 |
|---|---|---|---|---|---|---|
| **DEVELOPMENT PHASE** | | Government Finance Statistics (GFS) course | Balance of Payments and IIP (BOP-IIP) course | Price Statistics (PRS) course | | |
| | Public Sector Debt Statistics (PSDS) course | National Accounts Statistics (NA) course | Monetary Financial Statistics (MFS) course | Financial Soundness Indicators (FSI) course | External Debt Statistics (EDS) course | |
| **ROLLOUT PHASE** | | Public Sector Debt Statistics (PSDS) course | Government Finance Statistics (GFS) course | Balance of Payments and IIP (BOP-IIP) course | Price Statistics (PRS) course | External Debt Statistics (EDS) course |
| | | | National Accounts Statistics (NA) course | Monetary Financial Statistics (MFS) course | Financial Soundness Indicators (FSI) course | |
| | | | TRANSLATE | TRANSLATE | TRANSLATE | TRANSLATE |

## D.   Module IV: Statistical Information Management

| M4 | Statistical Information Management | Provide advice on statistical information management practices and related technical environments |
|---|---|---|

**65.     This module responds to rising demand from member countries to address challenges in statistical data management.** Lack of a clearly defined framework for data management, combined with poor technological systems, has hampered data compilation and dissemination. For example, stand-alone systems often have different data formats, and time is wasted by reconciling and manipulating data, which also increases the risk of errors. Modern data management systems allow easy access and an improved flow of data and, consequently, minimize repetitions and errors. This optimized data sharing is also a precondition to operate business intelligence tools for analysis, and dissemination.

**66.     CD in this module will be focused on explaining best practices in statistical data and metadata 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. This will also facilitate joining the IMF's data dissemination

standards and reduce countries' reporting burdens. Technology options available to meet specific needs will be discussed, without, however, offering recommendations for specific tools or technology.

**67.     As this is a relatively new CD area for STA, limited information is available on the status of statistical data management in LLMICs, but several countries already expressed interest in STA CD in this area.** A pilot workshop with the Central Bank of Kenya in 2017 provided valuable insights on CD needs (Box 5). Similar workshops in Lebanon, as well as Egypt or Tunisia,[31] planned for FY 2019, will be the basis to assess the resource intensity and guide the selection of indictors to measure progress in this module. Based on these experiences, the D4D Fund work plan will be further refined over time. With a medium-term perspective, it is intended to 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 to facilitate peer-to-peer learning.

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**Box 4. Experiences from the Statistical Data Management Workshop in Kenya**

The objectives of this three-day workshop, which was organized at the request of the Central Bank of Kenya (CBK), were to identify the main challenges of statistics data management, get a common understanding of the management framework and standards used, and to discuss best practices in the area of data collection, management, and dissemination.

The main findings were that the CBK has limited experience with data management and related tools, especially at the enterprise level. The initiative to establish an Economic Data Warehouse (EDW), sponsored by the CBK Governor, is the first undertaking of this kind at the CBK. Currently, each business unit processes, maintains, and uses its own data analysis which limits the effective use of existing data, with negative implications for timely data availability to policy-makers.

The workshop offered participants the opportunity to learn about data management as well as the challenges and approaches to implementing an EDW in iterative steps. During the course of the workshop, the CBK participants took ownership of the initiative and, by the end, all departments were ready to formally launch the implementation project.

The CBK appreciated the recommendations for the way forward and indicated that they would benefit from STA's support during the project implementation phase, for example, by a review of project plans, solution architecture, and governance structure.

As part of STA's efforts to foster peer-to-peer learning, the workshop also included presentations by the Central Bank of Tanzania (BOT) on their experiences with the development of a EDW, including the design of the supporting IT components. BOT participants considered the dialogue during the workshop extremely helpful for their own thinking on how to further improve data management and expressed interest in a similar workshop at the BOT.

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[31] Requests were received from the three countries. While agreement exists with Lebanon on the fielding of the mission, discussions are ongoing with the other two countries.

**Table 9. CD Activities on Statistical Information Management**

| Country / Region | Scope |
|---|---|
| **FY 2019** | |
| Lebanon | Structures and standards for establishing an automated data exchange within the national statistical system and with international organizations |
| Egypt or Tunisia | Governance and data structures for internal data management and data dissemination |

## V.  INDICATIVE PROGRAM BUDGET FOR THE NEXT 18 MONTHS

**68.     The work program budget <u>for the next 18 months</u> for the different modules is estimated at USD 6.85 million (including the 7 percent trust fund management fee).** It is based on the following assumptions:

- **Module M1 (USD 3.13 million)**: For most submodules and work streams, a mix of regional workshops and country TA missions is envisaged to sustain the impact of the CD provided. In particular, the workshops are considered essential for identifying the baselines and reaching country ownership for the follow-up TA; in the process, STA envisages a close engagement with IMF area department teams in order to leverage their role as a trusted advisor to country authorities in order to achieve the targeted results. While the work streams on RSS and ESS do not require additional HQ staffing at this stage, the fast track launch of the GFS/PSDS work streams necessitates the hiring of one HQ-based economist staff to coordinate the work (including with area departments), organize the workshops and line up the TA missions. As a result, the work program budgets for the three M1 submodules are as follows:

  - Real Sector Statistics: USD 0.75 million

  - External Sector Statistics: USD 0.63 million

  - Fiscal and Debt Reporting: USD 1.75 million

- **Module M2 (USD 1.12 million):** During the initial phase, the number of staff working on the FAS will remain unchanged, with one economist and two information management contractuals. Should the conceptual, analytical and outreach work, such as for expanding the scope of the FAS into new domains, require a ramping up of resources, this would be presented to future D4D Fund Steering Committees.

- **Module M3 (USD 1.64 million):** The work plan envisages the rolling completion of eight fundamental online learning courses during the next five years. The assumed costs for developing and rolling out one such course is estimated at about USD 0.75 million, but hinges on the contracting costs of video and other services. It is planned to hire two contractuals in the STA

Resource Management Division to support economists in the topical divisions in preparing the curriculum plans, designing visuals and learning content, writing scripts, and facilitating online engagement with participants.

- **Module M4 (USD 0.17 million):** Given the pilot character of the work under this module, the projected costs are very limited at this stage. Once the experiences of the envisaged two additional pilots are available, an expansion of this module could be considered, based on country demand.

- **Project Manager (USD 0.35 million):** In light of the significant work under four modules, with three submodules and seven work streams, a project manager is needed to coordinate the work program and provide the regular reporting to funding partners. The project manager will be located in STA's Resource Management Division.

**Table 10. FY19-20 Proposed Indicative Budget by Module**

| Data for Decisions (D4D) Budget (for 18 months) | In US dollars | | |
|---|---|---|---|
| Modules/Submodules | FY19 | FY20 | Total |
| **Module 1 - Addressing Data Needs and Quality Concerns** | **1,089,995** | **2,033,636** | **3,123,631** |
| Module M1: Submodule Real Sector Statistics | 216,366 | 529,200 | 745,566 |
| Module M1: Submodule External Sector Statistics | 358,864 | 269,524 | 628,388 |
| Module M1: Submodule Fiscal and Debt Reporting | 514,765 | 1,234,912 | 1,749,677 |
| **Module M2: Financial Access Survey** | **586,746** | **537,404** | **1,124,150** |
| **Module M3: Online Learning** | **598,680** | **1,036,693** | **1,635,373** |
| **Module M4: Statistical Information Management** | **83,460** | **85,878** | **169,338** |
| **RM Project Manager** | **169,672** | **180,865** | **350,537** |
| **Sub total** | **2,528,553** | **3,874,476** | **6,403,029** |
| TF Management Fee (7%) | 176,999 | 271,213 | 448,212 |
| **Total** | **2,705,552** | **4,145,689** | **6,851,241** |
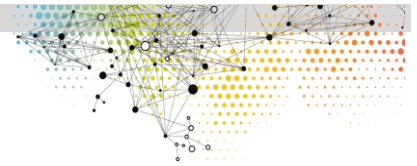
**Table 11. FY19-20 Proposed Indicative Budget by Activity**

| Data for Decisions (D4D) Budget (for 18 months) | In US dollars | | |
|---|---|---|---|
| Activity | FY19 | FY20 | Total |
| **Project Manager** | **169,672** | **180,865** | **350,537** |
| **HQ Staff** | **1,061,448** | **1,555,337** | **2,616,785** |
| **TA missions** | **298,462** | **600,783** | **899,245** |
| HQ Delivery | 96,845 | 140,810 | 237,655 |
| STX | 201,617 | 459,973 | 661,590 |
| **Workshops** | **479,867** | **703,577** | **1,183,444** |
| HQ Delivery | 144,701 | 146,573 | 291,274 |
| STX | 45,166 | 114,534 | 159,700 |
| Participants | 290,000 | 442,470 | 732,470 |
| **Language Services** | **70,000** | **261,375** | **331,375** |
| **Security (officials traveling to a third location)** | **40,000** | **36,015** | **76,015** |
| **Exceptional** | **105,000** | **117,675** | **222,675** |
| **STA Project Management** | **274,368** | **348,909** | **623,277** |
| **STA Backstopping** | **29,736** | **69,940** | **99,676** |
| **Sub total** | **2,528,553** | **3,874,476** | **6,403,029** |
| TF Management Fee (7%) | 176,999 | 271,213 | 448,212 |
| **Total** | **2,705,552** | **4,145,689** | **6,851,241** |

# VI.   ISSUES FOR INFORMATION AND ENDORSEMENT

**69.    This section contains information for the SC to endorse, if necessary.** The issues are summarized in the table below.
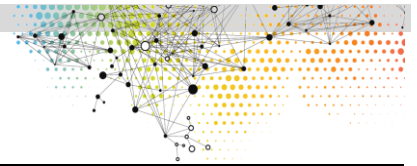
**Table 12. Issues for Information and Endorsement**

| No. | Description | Budget Implication | Reference |
|---|---|---|---|
| 1. | Module 1, Sub Module Real Sector Statistics | USD 0.75 million | Table 3, 4, 5 & 10 |
| 2. | Module 1, Sub Module External Sector Statistics | USD 0.63 million | Table 6 & 10 |
| 3. | Module 1, Sub Module Fiscal and Debt Reporting | USD 1.75 million | Table 7 & 10 |
| 4. | Module 2: Financial Access Survey | USD 1.12 million | Table 8 & 10 |
| 5. | Module 3: Online Learning | USD 1.64 million | Figure 5 & Table 10 |
| 6. | Module 4: Statistical Information Management | USD 0.17 million | Table 9 & 10 |
| 7. | Program Manager | USD 0.35 million | Table 10 |
| 8. | Endorsement of D4D Fund Operational Guidance Note | n/a | Annex II |

**Annex I. D4D Fund Strategic Logframe**

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**D4D's Strategic Objective**

Assist LLMICs[32] in strengthening national statistical systems to cope with a challenging national and international policy environment, promote transparency and accountability, and offer efficient solutions to capacity development.

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<tr>
<td>**Impact outcome**</td>
<td>**Indicators**</td>
<td>**Data Source**</td>
</tr>
<tr>
<td>More and better data are available for decision-makers and analysts, with the ultimate objective of better informing economic policies and supporting monitoring of the SDGs.</td>
<td>Improvements in indicators across all macroeconomic and financial statistical domains.</td>
<td>Dissemination on National Summary Data Pages (NSDPs), IMF and/or World Bank databases, and/or country web sites; IMF's Article IV and program reports; follow-up assessments through IMF CD activities.</td>
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**Objective Module 1:** Policy-makers and the public have access to more and better data in three main statistical domains (real, external, and fiscal and debt statistics) to support policy analysis and formulation, detect economic risks and vulnerabilities, and enhance transparency and accountability.

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**Real Sector Statistics:**

**Objective 1:** *The residential property price index (RPPI)* **provides information about price trends in real estate which are important to assess risks in banks' balance sheets, as evidenced in numerous cases of banking sectors crises after real estate bubbles burst.**

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<tr>
<td>**Outcome**</td>
<td>**Indicators**</td>
<td>**Data Source**</td>
</tr>
<tr>
<td>Strengthened compilation and dissemination of RPPIs, including by developing/improving the wider statistical infrastructure, source data, serviceability and metadata.</td>
<td>

At the end of the five-year D4D period:
- for the around one-tenth of eligible countries that already have a basic RPPI:  Compilation and dissemination will be brought in line with guidelines and best practices outlined in the *Handbook on Residential Property Price Indices; and s*taff capacity will be increased through CD on further improving source data, compilation methods, and dissemination;

- for the around one-eighth of eligible countries that are currently working on the compilation of a RPPI:

</td>
<td>

Follow-up assessments through IMF CD activities. These may include assessments of capacity undertaken during bilateral TA missions or through the uses of workshop "before and after" quizzes/exams.

Dissemination on NSDPs, IMF databases, and/or country web sites.

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[32] Capacity development could also be extended to upper-middle income countries that have policy-relevant data deficiencies in the modules included in the D4D.

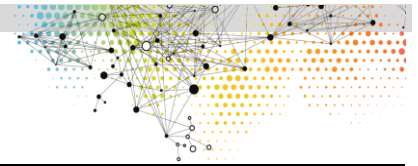|  | Staff capacity will be increased through CD on further improving source data, compilation methods, and dissemination;<br><br>• for the around four-fifths of eligible countries where no RPPI is available but economic analysis requires better real estate price data: Regional workshops will provide training on data needs and methodology, complemented by follow-up TA missions if there is sufficient progress in basic data collection. |  |

**Real Sector Statistics:**
**Objective 2:** *High frequency indicators of economic activity* **(HFIs) provide policy-makers with information about the cyclical position of the economy to be able to adjust the policy mix in a way that eases economic volatility.**

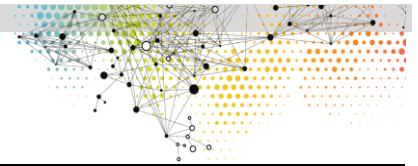| Outcome | Indicators | Data Source |
|---|---|---|
| Strengthened compilation and dissemination of well-defined, high-frequency indicators of economic activity. | Currently about two-thirds of LLMICs compile some type of a monthly or quarterly economic activity indicator.<br><br>At the end of the five-year D4D period, this work stream will have:<br>• supported at least 10 countries currently not producing HFIs to compile and disseminate an indicator for a significant activity/sector in the economy; and<br><br>• assisted at least 15 additional countries to strengthen the compilation and dissemination of well-defined HFIs of economic activity. | Follow-up assessments through IMF CD activities.<br><br>Dissemination on NSDPs, IMF databases, and/or country web sites. |

**Real Sector Statistics:**
**Objective 3:** *Improved source data and intermediate statistics* **allow better monitoring of key economic variables, as they help enhance the coverage, accuracy and cross-country comparability of national accounts and price statistics, thereby supporting monitoring progress towards the SDGs.**
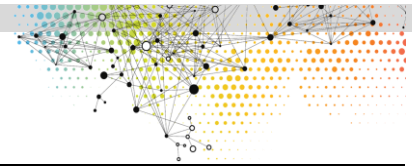
| Outcome | Indicators | Data Source |
|---|---|---|
| Development and use of source data (administrative data, business and household surveys, price indices for services and fast-changing goods in | Among LLMICs, many do not consistently and coherently use relevant source data and intermediate statistics | Follow-up assessments through IMF CD activities. |

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| the digital economy, and big data) will contribute to:<br><br>• improved national accounts data, including estimates of the informal economy as well as of the digital economy;<br><br>• diminishing the current large revisions as part of periodic national accounts re-basing exercises;<br><br>• improved sectoral decompositions and cross-sectoral linkages in the national accounts; and<br><br>• a new Services Producer Price Index (SPPI) series that will help better differentiate between productivity-driven price changes (that reflect technological advances) versus general inflationary price changes. | in national accounts and price compilation. In particular, only:<br><br>• about a quarter of LLMICs use tax data for national accounts compilation, but often not to their full potential;<br><br>• some LLMICs are developing sectoral decompositions of national accounts;<br><br>• about one-fifth of the eligible countries collects regular business survey information;<br><br>• about half of LLMICs include estimates for the informal economy in the national accounts, with only about one-fifth of them being able to substantiate them through an informal sector survey;<br><br>• a few LLMICs estimate the impact of technological change on national accounts; and<br><br>• a few LLMICs have explored non-traditional sources of data (e.g., big data from mobile banking) or compile SPPIs.;<br><br>Indictors will be defined to:<br>• assess improvements in the availability, quality and use of source data;<br><br>• monitor discrepancies between different elements of the national accounts (production versus expenditure-based compilation);<br><br>• monitor the size of necessary revisions in the rebasing of national accounts;<br><br>• determine the availability of sectoral decomposition and cross-sectoral linkages; and | |

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| | • assess the availability of measures to estimate the technological change in GDP or of an SPPI. | |

**External Sector Statistics:**
**Objective:** *High-quality balance of payments statistics* are compiled and disseminated to allow policy-makers to monitor and assess cross-border risks and vulnerabilities; and to facilitate more informed analyses of global trade, digitalization and financial integration.

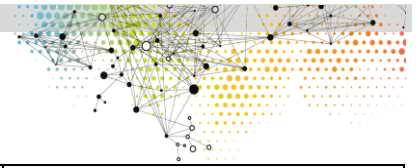| Outcome | Indicators | Data Source |
|---|---|---|
| More accurate and comprehensive data on **international trade in goods and services** is available to inform analysis of the impact of global trends, including global value chains and the digital economy. | At the end of the five-year D4D Fund cycle, the submodule aims to provide more accurate and comprehensive data on international trade in goods and services for at least 15 eligible countries.<br><br>Indicators to monitor progress will include:<br>• targeted countries develop and utilize new data sources to improve data quality;<br><br>• new and/or improved data are compiled and disseminated to facilitate analysis of global value chains and the digital economy;<br><br>• improved coverage of goods, including by measuring informal cross-border transactions; | Follow-up assessments through IMF CD activities<br><br>Dissemination on NSDPs, IMF databases, and/or country web sites.<br><br>IMF Article IV and program staff reports. |
| Strengthened analysis of cross-border risks and vulnerabilities through: (i) improved scope of key components of the **financial account,** including direct investment and external debt; and (ii) improved coverage of remittances. | At the end of the five-year D4D Fund cycle, the project aims to provide more accurate and comprehensive coverage of the financial account and remittances in at least 15 eligible countries.<br><br>Indicators to monitor progress will include:<br>• targeted countries develop and utilize new data sources to improve the scope of the financial account, and the coverage of remittances;<br><br>• coverage of private sector external debt transactions will be widened;<br><br>• financial account data are improved, as evidenced in greater consistency between stocks and flows data. | Follow-up assessments through IMF CD activities<br><br>Dissemination on NSDPs, IMF databases, and/or country web sites<br><br>IMF Article IV and program staff reports |

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| | By addressing these data gaps and compilation weaknesses, the accuracy of the balance of payments should improve when measured by the errors and omissions metric. However, this indicator might not show a linear trend, as many factors affect the errors and omissions. | |

**Fiscal and Debt Reporting**
**Objective: Improved *government finance statistics (GFS)* and *public sector debt statistics (PSDS)* are compiled and disseminated to support sound fiscal policy-making, the assessment and monitoring of fiscal risks and debt sustainability, and transparency and accountability.**

| Outcome | Indicators | Data Source |
|---|---|---|
| High-frequency GFS with improved data quality, frequency, and timeliness are compiled and disseminated to:<br>• fiscal policy-makers to formulate, monitor, and assess fiscal policy and fiscal risks;<br><br>• the IMF for surveillance purposes; and<br><br>• the public to improve fiscal transparency and accountability. | For around one-third of LLMICs, one or more of the following improvements will be achieved, depending on a risk-based assessment of needs:<br>• the frequency of the compilation and dissemination of GFS data sets has improved from annual to quarterly or from quarterly to monthly;<br><br>• the high-frequency GFS follow the latest GFS manual, including classifications and presentation of summary fiscal data;<br><br>• the institutional coverage of high-frequency GFS is expanded to help resolve policy-relevant fiscal risks and other fiscal problems;<br><br>• the internal consistency of GFS is improved (e.g., the reduction of the statistical discrepancy);<br><br>• the scope of transactions and/or stock positions is improved, such as by capturing policy-relevant transactions and/or stock positions relevant for identification of fiscal risks;<br><br>• regular and sustained compilation and dissemination of high- | Follow-up assessments through IMF CD activities.<br><br>Dissemination on NSDPs, IMF databases, and/or country web sites.<br><br>IMF Art. IV and program staff reports. |

| | | |
|---|---|---|
| | frequency GFS to the public occurs with improved timeliness; and/or<br><br>• dissemination of adequate metadata and documentation of business processes takes place to enhance fiscal transparency and accountability. | |
| High-frequency PSDS, including data on contingent liabilities and arrears (as relevant), are compiled and disseminated to:<br><br>• fiscal policymakers to assess and monitor fiscal policy, debt sustainability, and fiscal risks;<br><br>• the IMF for surveillance purposes, including for the preparation of debt sustainability analyses and re-dissemination in IMF and IMF/World Bank PSDS databases; and<br><br>• the public to improve fiscal transparency and accountability. | For around half of LLMICs, one or more of the following improvements will be achieved, depending on a risk-based needs assessment:<br>• the frequency of PSDS data set compilation and dissemination has improved from annual to quarterly or from quarterly to monthly;<br><br>• the high-frequency PSDS follow the guidelines of the PSDS Guide, including classifications (by instrument, by sector of the counterparty, by currency, by maturity, and by residence) and presentation of summary debt data;<br><br>• the institutional coverage of high-frequency PSDS is expanded to identify fiscal risks (e.g., by including debt of state-owned enterprises);<br><br>• the scope of stock positions has improved, such as by capturing stock positions relevant to identify fiscal risks such as contingent liabilities and arrears;<br><br>• regular and sustained compilation and dissemination of high-frequency PSDS to the public occurs, with improved timeliness; and<br><br>• dissemination of adequate metadata and documentation of business processes takes place to enhance fiscal transparency and accountability. | Follow-up assessments through IMF CD activities.<br><br>Dissemination on NSDPs, IMF databases, and/or country web sites.<br><br>IMF Art. IV and program staff reports, including debt sustainability analyses. |

**Objective Module 2:** Provide policy-makers and analysts with high-quality statistics on financial inclusion through the FAS database.

| Outcomes | Indicators | Data Source |
|---|---|---|
| Continued production of the FAS, providing access to long time series on financial access. | • The FAS survey is sent annually to all IMF members; <br><br> • Data are validated by IMF staff according to the reporting guidelines, with close follow-up with respondents; and <br><br> • Data are disseminated on a rolling basis (immediately following validation). | IMF FAS website. |
| Production of new data series to address quickly changing data needs in this dynamic sector, with increasingly broad coverage and scope. | By the end of the five-year D4D period: <br> • The annual response rate to the FAS is increased to 95 percent of the IMF membership; <br><br> • The number of participating jurisdictions providing information on the gender breakdown of FAS is increased by two-fold compared to the 2017 benchmark; and <br><br> • The number of participating jurisdictions providing indicators of innovative channels of financial access is increased by 50 percent compared to the 2017 benchmark. | IMF FAS website. |
| Provide the monitoring basis for the SDGs financial inclusion indicator (8.10.1) | Provide the data on the number of commercial bank branches and automated teller machines (ATMs) per 100,000 adults on an annual basis, covering at least 90 percent of the world population. | Data published on the UN SDG Indicators Global Database. |
| Contribute to the research and policy agenda on financial inclusion | • FAS data are used to create a global financial inclusion index; and <br><br> • FAS data are featured in IMF reports on financial inclusion, including country and policy documents, as deemed appropriate. | IMF FAS website. <br><br> Published IMF reports and analytical publications on financial inclusion. |
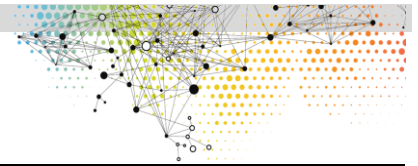
**Objective Module 3:** **Expand global reach of statistics training by developing and rolling out a new structured online learning curriculum.**

| Outcomes | Indicators | Data Source |
|---|---|---|
| Development and implementation of a new online training curriculum covering eight fundamental statistical topical courses.<br><br>Translation in up to 5 languages, depending on availability of resources.<br><br>Certification from online training established as entry requirement to improve efficiency of face-to-face intermediate and advanced training. | Phasing in of online courses: One coming on-stream during Year 1, two in Year 2-4, and one in Year 5. Priority to be given to most oversubscribed face-to-face courses.<br><br>Increasing reach of STA training by at least 50 percent by the end of the D4D Fund period. | IMF tracking system for online learning. |

**Objective Module 4:** **Streamline, standardize and automate statistical information management to enhance countries' ability to compile and disseminate macroeconomic and financial statistics.**

| Outcomes | Indicators | Data Source |
|---|---|---|
| Disseminate and facilitate implementation of best practices in statistical data and metadata management and related frameworks established by the international community. This includes:<br>• transferring knowledge on governance structures;<br><br>• information on suitable technical standards and statistical information models; and<br><br>• advice on project design.<br><br>This will enable recipient agencies to design and implement state-of-the-art statistical information management structures and tools, which will also facilitate joining the IMF's data dissemination standards and reduce countries' reporting burdens. | Pilots in Kenya (2017), Lebanon, Egypt and/or Tunisia (planned for FY 2019) will provide a basis to guide the selection of indictors to measure progress in this module. | Follow-up assessments through IMF CD activities. |

**Annex II. Proposed Operational Guidance Note**

## *Data for Decisions (D4D) Fund Operational Guidelines*

The D4D Fund is an IMF multi-partner initiative to put more and better data in the hands of decision-makers to enhance evidence-based macroeconomic policies and support achievement of the sustainable development goals. This thematic fund will start operations in June 2018.

### Steering Committee

### *Role*

**1.**      A Steering Committee (SC) will be established to provide strategic guidance and assist in setting the priorities, endorsing the work plan (and its updating) of the D4D Fund.

### *Composition*

**2.**      The SC shall be composed of representatives from each Contributor of the D4D subaccount and the IMF.

### *Chair and Vice-Chair*

**3.**      The SC will be chaired by a donor with a strong interest in contributing to the operations of the D4D Fund. The IMF, as the secretariat of the SC, will propose to the SC a Chair and a Vice Chair. The Chair and Vice Chair will be elected by consensus. The term of the Chair and Vice Chair will be one year, at the end of which the Vice Chair seated at that time becomes the Chair.

**4.**      The principal role of the Chair of the SC is to preside over the SC and, if desired, to host the SC meeting. The Chair will be consulted on the preparation of the agenda for SC, and any potential contentious issues, or issues of urgency in the D4D Fund operations before they are brought to the SC as a whole. When decisions are required of the SC outside of the meetings, the Chair will be responsible for convening the decision of the SC, done by circulation of an email to SC members with information and the notification of a period of non-objection if applicable. The Vice Chair assumes the role of Chair when the Chair is absent.

### *Decisions*

**5.**      SC's decisions (including the endorsement of the work plan) are made by consensus. In determining a consensus, each party entitled to have a representative on the SC shall have one voice, regardless of the number of its representatives in attendance. If consensus is not possible, then the proposed decision will be postponed or withdrawn. The SC reserves the right to further define the decision-making process during the SC meetings. The SC also approves the minutes of SC meetings, prepared by the IMF.

**6.** When decisions are required of the SC outside of the meetings, such decisions shall be made by circulation of an e-mail to SC members with relevant information and the notification of a period of non-objection, if applicable.

*Meetings*

**7.** The SC will meet in person annually. The Chair may also convene meetings on an ad hoc basis.

**8.** Observers may be invited to participate in the SC meetings on a case-by-case basis, at the invitation of the SC. The SC will decide which observers may be invited, and which part of the SC meeting the observer(s) will attend.

**Work Plan**

*Preparation*

**9.** In the early stages of preparing the annual work plan, IMF staff will consult with SC members informally. A work plan will be distributed three weeks before the relevant SC meeting.

*Changes*

**10.** Changes to the work plan that are strategic in nature will be sent to SC by email for endorsement on a non-objection/lapse of time basis. Strategic changes include changes in the objectives that leave the budget unchanged. Budget adjustments of less than +/- 10 percent of the originally endorsed modules and sub-modules' budget can be made without recourse to the SC.

**11.** For urgent cases, amendments to CD activities established in the SC-endorsed work plan, and new CD activities, may be proposed between SC meetings with the circulation of summaries on a non-objection/lapse of time basis.

**12.** The standard lapse-of-time (LOT) approval period is fifteen working days, but may be adjusted under special circumstances.

**Reporting**

**13.** The SC will be asked to endorse the annual report.

**14.** In addition to the annual reports in connection with SC meetings, the IMF will:

**a.** Provide on the *Partners Connect* platform, to which all donors to the D4D are authorized to access, detailed modules and sub-modules descriptions no later than three months after the modules and sub-modules summaries are endorsed;

**b.**      Provide on the *Partners Connect* annual modules and sub-modules assessments, any adjustments made to the   work plan, and updates of the utilization of resources;

**c.**      Provide on the *Partners Connect* the end of modules and sub-modules assessments as projects are completed.

**Evaluation**

**15.**      As per the Terms and Conditions of the D4D Fund Subaccount, the activities financed under the D4D Fund will be subject to an external, independent evaluation. The SC shall endorse the terms of reference and methodology to be used in the independent evaluation.