

# **BUILDING UP CAPACITY AT THE CENTRAL STATISTICAL OFFICE**

## **Improving the statistical system in Afghanistan**

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## **Rebuilding the Central Statistics Office (CSO)**

### **Introduction:**

A great deal of efforts has been made to revive or rebuild vital institutions in the country. However, the degree of focus on individual institution, as well as aligning priorities of rebuilding a large number of governmental organizations, in view of the resource constraints, amounts to making hard choices among competing alternatives, leading often to an unintentional postponement. The CSO's case is not an exception from this rule.

It is a remarkable accomplishment that the Statistical Master Plan has been laid out to strengthen the statistical capacity in the country and the CSO has been granted an independent status. However, this accomplishment can never solely function, as an end in itself. But, there is an urgent need for a strong and proactive dynamism to turn this achievement into a means in order to achieve the superior objective- building up human and institutional capacity at CSO and thereby improving the national statistical system.

In this short exposition, I will explain the importance and urgency to rebuild the CSO and will also move on to give a brief scenario of how the capacity building process may proceed. But, first a little introductory and general digression on capacity building and some normative inputs will take precedence. It is important to state that this paper serves the purpose of advocacy to rebuild the CSO and improve the country's statistical system.

The concept of capacity building sounds appealing, but it can soon take a direction into some pitfalls and bring undesirable outcomes unless it is collaborated diligently both with concerning donor agency and a subsequent contracting firm, as well as to ensure that the CSO is well prepared to undergo the capacity building endeavour. Therefore, it is crucial to overhaul the CSO's management and consequently restructure the organisation before launching any project of capacity building or implementing the statistical master plan. As a result, the CSO management will at least have the capacity to set up a framework for mobilising and harnessing resources (both national and international).

This approach will help both the CSO and capacity building international organisation establish sound counterpart-advisor relationship. Consequently, the Government takes ownership of the process, which is critically important to build statistical capacity in the country. Most capacity builders assume that similar approach to capacity building will be applicable across all less developed countries, emphasizing too much on their commonalities and thus embrace a common approach. However, it would be appropriate to take cognisance of the fact that the operational guidelines for capacity building are tailored to local particularities, conditions and needs; yet the process preserves standard international norms and practice intact. By doing so, the capacity building process becomes a demand oriented and country-specific one.

In the development circles, the concept of capacity building has been used to the extent that it has become a cliché. However, it has different relevance and importance to various actors involved, depending on the weight they attached to it. For instance, the international development agency and the recipient less developed country may have converging interests to see a high return on each dollar invested in the capacity building, observing an outcome in terms of a functional and productive governmental organisation with skilled human resources equipped with an aptitude to work and a good deal of technology to produce.

However, the real challenge facing the CSO will depict itself into a problem as how to attract and absorb, as well as manage and optimally utilize the expected assistance. When the CSO doesn't demonstrate this capability through implementing a strategic plan to handle a project of capacity building, the end result will turn out to be solely some installed IT infrastructure with a number of newly educated and English speaking Afghans. And, the organisation will considerably lose its production ability as soon as foreign advisor or consultant's term comes to an end, meaning that an effective and parallel bureaucratic arm disappears from the organisation's body.

This brand of capacity building is not effective and therefore has no vigour to sustain itself. In this way, the recipient country incurs not only the actual cost of spending the aid money, but it brings upon herself opportunity costs too, namely that the country or its organisation has lost an available opportunity to rebuild itself, and the Government might be left with a dysfunctional organisation, spilling over all negative consequences of her work into the work production of the remaining governmental or other organisations, be it domestic, private and regional or international.

**Importance and urgency of building the CSO:** We know that each policy formation and decision making process requires reliable and timely information flow; no policy, whether it is economic, social and political, can be made in a vacuum with theoretical or academic guesses. Official statistics in a country constitutes information base for this purpose. The rebuilding process of Afghanistan covers three major dimensions of the society, namely the political, social and economics ones. So, reliable, adequate and timely statistics production is indispensable to the whole rebuilding enterprise; the CSO's data production will enable both the Afghan Government and international community to monitor and review their projects and programs.

As a result, the stakeholders will be able to set in motion necessary measures to ensure that expected progress is made in the projects and programs they have embarked on. The data availability is not luxury as some might believe otherwise, but it is an absolute necessity. Following few instances illustrate the fact that Afghanistan critically lacks official statistics to accommodate policy formation and implementation in rather important areas:

*Economic Growth:* Economic agents in the market and decision making process in business life strongly require adequate statistics to underpin their economic and financial decisions, allocating resources efficiently and channelling them in time to a right project or venture for boosting investment. This implies that a functional CSO helps promote private sector development by providing flow of good and reliable statistics, as it will create confidence in the economy. In addition, all financial and economic institutions in the government and private sector need quality statistics to monitor and evaluate their activities.

*Foreign Direct Investment (FDI) and Integration into wider world economy:* In order for foreign investors to make their initial evaluation for investment in Afghanistan, they have to know the key economic indicators in the country. Unavailability of the data increases the risk factors to invest.

*Macro-economic Management and Policy:* In order for each country to achieve her economic objectives, it makes a coherent policy framework, which is composed of operating targets, intermediate targets and goals and finally ultimate objectives. These objectives can be set for any macroeconomic variable. Constant flow of data is needed to make a sound economic

analysis and describe the baseline economic situation at any point of time as the Government's need arises.

Having known the baseline situation, it becomes the task of economic analysis institutions to adjust values of different macroeconomic variables and parameters through simulating the operating and intermediate targets, anchored in the policy framework, to forecast whether the economy can consistently achieve the ultimate objective without any disturbances in other macroeconomic magnitudes. The macroeconomic management is a rather important practice for all countries, but specifically at the moment for Afghanistan. However, this practice prerequisites the availability of economic data that can hardly be found in the country at the time of need.

*Ad hoc Production of statistics:* Lack of official statistics forces international donors and economic policy institutions to produce data of their needs. It has led to two undesirable consequences, (i) first the Afghan Government has also become user of their data. As a result, the Government feels no compelling need to improve the country's statistical system, enabling it to produce reliable and timely available official statistics. Second, the data produced and collected does not often meet the standard of GDDS (General Data Dissemination System) to which the Afghan Government has voluntarily subscribed membership.

*Social policies- Health and Education:* Socio-demographic data is needed to implement and evaluate health and educational programs and projects, though the line ministries themselves can compile this data. However, in the context of overall statistical system, the CSO functions as clearing house for the entire data collection and dissemination so as to guarantee the data integrity and quality. The statistical cells at the line ministries are dysfunctional or non-existent. A functional CSO can also help build up statistical cells at the line ministries.

*Poverty Reduction:* To combat poverty in the country, the Government must know poverty patterns in order to form and implement a pro-poor policy. Therefore, relevant policy makers need good statistics on income distribution and changes in people's living conditions. In partnership with the IMF, Afghanistan has started a program called the Poverty Reduction and Growth Facility (PRGF). This program requires of both monetary and fiscal institutions in the country to remain vigilant and monitor course of macroeconomic aggregates. This monitoring exercise here strongly demands reliable and timely statistics.

*Good Governance:* To enhance the integrity of governmental measures and undertakings and boost the public's confidence, it is crucial to offer information about the public resource allocation and fact based policy management.

*Democracy Building:* Good and reliable statistics leads to provide not only a factual basis for decision making within the government, but it informs debate and discussion both in media and in a wider community on economic and social issues.

**How the capacity building Process may proceed:** Almost all governmental organisations collapsed during the decadent period of war and conflicts. There have thus been created huge gaps ranging from human resource skills and technology to work methodologies and processes. As a result, these gaps have crippled the organisations' ability to perform. The whole purpose of the capacity building practice is to remove these gaps and enable these organizations to produce work in line with standard international practices.

A good starting point for capacity building will be to establish a proactive and professional leadership at CSO. And then it should come up with a vision and a strategic plan to lead the program of statistical building, based on the recommendations of the Master Plan. It would also be appropriate to review the Master plan to update with it the current weakness, gaps and capabilities. Hence, this will provide the CSO's management with an opportunity to capitalize on the existing capabilities in order to avoid reinventing the wheels. Finally, efforts should be directed towards building up human (raising skilled workers and professional cadres) and institutional capacities. These two areas complement and necessitate each other and constitute fundamental pillars of the whole capacity building's undertaking.

Following is a schematic presentation of the envisaged scenario to capacity building:

