DRAFT

AFGHANISTAN: A STATISTICAL MASTER PLAN

REPORT PREPARED BY
JOINT INTER-AGENCY MISSION

November 2003

Table of Contents

Table of Contents i
List of Acronyms iv
Acknowledgments vi
Executive Summary vii
Introduction 1
Background and Process 1
Using the SMP 2
Current Status and Assessment of the Statistical System 4
Evolution of the Current Statistical System 4
Administrative and Civil Service Structure in Afghanistan 4
Current State of the Statistical System 6
Central Statistical Office (CSO) 6
Department of Census and Surveys 7
Department of National Accounts 8
Department of Economic Statistics 8
Department of Demography & Social Statistics 10
Other Support Departments 10
Other Component Parts of the Statistical System 12
Balance of Payments 14
Government finance statistics 14
Strategic Plan for Statistical Capacity Building 16
Proposals for Institutional Restructuring and Strengthening 16
Large Head Office Model 18
Dispersed Head Office Model 18
Regional Office Model 18
The Case for a Reallocation of Responsibilities 18
Statistical Infrastructure 22
Methodology and Design 22
Field Operations 23
IT Function 23
Data Dissemination and Client Support 24
Management Services 24
Proposed sequencing of activities 27
Organizational Development 28
a. Study Tours for Senior Managers 29
b. Statistical Policy Seminars 29
c. Review of Statistical Legislation 30
d. Directory of Statistical Outputs 30
e. User Need Assessment 30
f. Financial & Budget Management 31
g. Human Resource Management 31
h. Statistics in a Market Economy 31
i. Statistical Organization 31
j. Preparations for PRR Status 31
Benefits and outcomes 32
A Program for Data Development 33
Introduction 33
Data Development 36

A. Household Sample Surveys 39
A.1 - Household Income Expenditure Survey 39
A.2 - Upgrade analytical capacity of staff 39
A.3 - Survey Skills Program 39
A.4 - Training in Sampling 40
B. Enterprise Statistics 40
B.1 - Enterprise versus Establishment Statistics 40
B.2 - Integrated Business Enterprise Survey 40
B.3 - Analytical use of enterprise data in National Accounts, Balance of Payments, and External Debt 41
B.4 - Sampling in Enterprise Surveys 41
B.5 - Development of Manuals 41
C. Surveys of Economic Activity 41
C.1 - Monthly and Quarterly Surveys of Large Enterprises in (i) Agriculture; (ii) Manufacturing, (iii) Retail-Wholesale, and (iv) Transport 41
Agricultural Statistics 42
Other Surveys 42
Production Surveys 42
D. Price Statistics 42
D.1 - General Introduction to Price Statistics 43
D.2 - Consumer Price Indices 43
D.3 - Producer Price Indices 43
D.4 - Import and Export Price Indices: 44
E. Financial & Monetary Statistics 44
E.1 - Banking & Monetary Statistics 44
E.2 - Survey of Financial Institutions: 44
E.3 - Government Finance Statistics 44
E.4 - Public and Private External Debt Statistics 44
F. External Trade and Balance of Payments 44
F.1 - Balance of Payments 45
F.2 - Special Problems in Trade Data Compilation 45
G. National Accounts 45
G.1 - Overview of SNA 1993 45
G.2 - Supply and Use Accounts 45
G.3 - Institutional Sector Accounts 45
G.4 - Deflators 45
G.5 - Use of National Accounts 46
H. Population Census 47
I. Demographic Analysis 48
I.1 - Improvement of Current Population Estimates 48
I.2 - Use of Census Data in Small Area Database 48
I.3 - General Demographic Analysis 48
J. Social Statistics 49
J.1 - Overview of Social Statistics 49
J.2 - Use of Administrative Data 49
J.3 - Social Statistics for Small Areas 49
J.4 - Social Indicators for Poverty Analysis 49
Administrative Data 49
Proposed outputs with targets 50
Other Policy Relevant Statistics and Indicators 50
Investing in Statistical Infrastructure 52

A.1 - Development of Household Sample Frame 52
A.2 - Enterprise Register 53
A.3 - International Standards and Classifications 53
A.4 - Support for User Interactions 53
Benefits and outcomes 53
Investment in Physical Infrastructure 55
Actions and timeframe 56
A.1 - Development of a Detailed Design of the IT Improvements 56
A.2 - Source Data Collection, Processing and Storage Systems 57
A.3 - Storage and Dissemination of Statistical Output 57
A.4 - Ensuring Data Confidentiality and Security 57
A.5 - Technical Infrastructure 57
A.6 - Computerization and Human Resources 58
Benefits and outcomes 58
Investment and Financing Plan 59
Recurrent expenditures 60
Technical assistance 60
Detailed budget 62
Cost-effectiveness analysis 64
Implementation Plan 66
Mechanisms for implementing the master plan 66
Executing agencies 66
Management and Coordination 67
Time Line for Implementation 68
Sustainability Issues 73
Monitoring and Evaluation 74
User Satisfaction 74
Statistical Quality 74
Timeliness 74
Summary of targets and indicators 75
ANNEXES 80
Annex 1 - Draft Terms of Reference for Consultants to assist Afghanistan Central Statistical Office (CSO) in preparing a Strategic Plan for the Statistical System of Afghanistan 81
Annex 2 – List of Persons Met 83
Annex 3 - Decree of the President of the Transitional Islamic State of Afghanistan 85
Annex 5 -Millennium Development Goals, targets and indicators 93
Annex 6 - Aspects of the Legal Framework for Statistics in Afghanistan 97

List of Acronyms

AACA	-	Afghan Assistance Coordination Authority
ADB	-	Asian Development Bank
AIA	-	Afghanistan Interim Authority
AIMS	-	Afghanistan Information Management System
AREU	-	Afghanistan Research and Evaluation Unit
BOP	-	Balance of Payment
CPI	-	Consumer price index
CSO	-	Central Statistical Office
CTC	-	chief technical coordinator
DAB	-	Da Afghanistan Bank
DAC	-	Development action committee
DFID	-	Department for International Cooperation (United Kingdom)
DOTS	-	Directly observed treatment short course
ECE	-	Economic Commission for Europe
ESCAP	-	United Nations Economic and Social Commission for Asia and the Pacific
FAO	-	Food and Agriculture Organization
GDDS	-	General Data Dissemination System
GDP	-	Gross domestic product
GFS	-	Government Finance Statistics
HIES	-	household income and expenditure survey
HIPC	-	Highly indebted poor country
HQ	-	Headquarters
IAA	-	Interim Additional Allowance
IARCSC	-	Independent Administrative Reform and Civil Service Commission
IBES	-	Integrated business enterprise survey
ILO	-	International Labor Organization
IMF	-	International Monetary Fund
IT	-	Information technology
ITU	-	International Telecommunication Union
LAN	-	Local area network
LSMS	-	Living standards measurement study (or survey)
MAC	-	Ministerial Advisory Committee
MDG	-	Millennium Development Goals
MICS	-	Multiple indicators clusters survey
MOF	-	Ministry of Finance
MPS	-	Material Product System
NA	-	National Accounts
NGO	-	Non-governmental organization
NMP	-	Net material product
ODA	-	Official Development Assistance

OECD	-	Organization for Economic Cooperation and Development
PARIS21	-	Partnership in Statistics for the 21st Century
PC	-	Personal computer
PPP	-	Purchasing power parity
PRR	-	Priority restructuring and reform
RSD	-	Research and Studies Department (Da Afghanistan Bank)
SDDS	-	Standard data dissemination system
SIAP	-	Statistical Institute for Asia and the Pacific
SITC	-	Standard international trade classification
SMP	-	Statistics Master Plan
SNA	-	System of National Accounts
TISA	-	Transitional Islamic State of Afghanistan
TQM	-	Total quality management
UN	-	United Nations
UNCTAD	-	United Nations Conference on Trade and Development
UNDP	-	United Nations Development Program
UNEP	-	United Nations Environment Program
UNESCO	-	United Nations Educational, Scientific and Cultural Organization
UNFPA	-	United Nations Fund for Population Activities
UNICEF	-	United Nations Children Fund
UNIFEM	-	United Nations Development Fund for Women
UNSD	-	United Nations Statistics Division
USAID	-	United States Agency for International Development
WFP	-	World Food Program
WHO	-	World Health Organization
WTO	-	World Trade Organization

Acknowledgments

The draft Statistical Master Plan for Afghanistan presented in this document was prepared at the request of the Government of the Transitional Islamic State of Afghanistan by a Joint Mission made up of representatives from the World Bank, the Asian Development Bank, the International Monetary Fund, and the United Kingdom Department for International Development.

The Mission comprising Messrs/Mmdes Datuk R. Chander (the World Bank – Mission Leader); Olivier Dupriez, Manabu Fujimori and S.D. Jamal (ADB) Vilay Soulatha (IMF) and V.T. Palan (DFID, UK) visited Kabul from Sept 8 through Sept 23. The Joint Inter-Agency Mission also benefited from interactions with an ESCAP team comprising Ms Patricia Alexander (Regional Advisor on Poverty) and Mr. Pietro Gennari (Regional Advisor on Economic Statistics) that was in Kabul at the time of the Mission.

The Joint Mission held extensive consultations with key stakeholders that included the Central Statistical Office, the central agencies of TISA (the Vice President, the Independent Civil Service Reform Commission, the Ministry of Finance, and the Da Afghanistan Bank), line Ministries and agencies, and representatives of the specialized agencies and NGOs active in the statistical area in Afghanistan. In addition, the Mission met with a small number of bilateral donors that are supporting statistical initiatives in Afghanistan. A full list of those the Mission met is reproduced in Annex II. The SMP presented in this document has had the benefit of inputs from a wide range of stakeholders. However, the conclusions arrived at and the recommendations put forward of those of the Joint Mission should not be attributed to those who were consulted. It is envisaged that the draft SMP, after presentation to the TISA, will be extensively discussed and finalized to survey as a strategy for building statistical capacity in Afghanistan. The Mission wishes to acknowledge its thanks to all who interacted with the Mission.

Executive Summary

Background

After almost two decades of war and conflict and the ensuing devastation, the Government of the Transitional Islamic State of Afghanistan (TISA) together with its development partners is attempting to rebuild and rehabilitate the nation and its institutions. To pursue an evidence based approach to making far reaching decisions covering the entire span of economic and social dimensions, the Government and its partners are in need of reliable, comprehensive and timely data. Two decades of war and conflict have left Afghanistan's institutional systems devastated. The Central Statistical Office (CSO), as with most government agencies and institutions in Afghanistan, has suffered destruction. The CSO is confronted by serious human resource, material and physical constraints. Much the same situation is faced by other Ministries and agencies responsible for the compilation of administrative and other data at the sector level.

The international response has been two fold. A number of Non-Governmental Organizations and International Specialized Agencies have mounted Ad Hoc data collection efforts. In addition, the International Monetary Fund and the World Bank mounted missions to make preliminary assessments of the current statistical capacities in Afghanistan. These reviews pointed to a need for a long-term strategy for the development of a viable and sustainable statistical capacity. This document responds to that need by presenting a strategic road map based on a Statistical Master Plan.

Purposes of the SMP

The SMP serves a number of purposes which include:

- ?? A planning tool to identify work program priorities;
- ?? The scope of institutional reforms to develop a sustainable statistical capacity based on organizational changes and management processes.
- ?? The adoption of a statistical law that emphasizes accountability and transparency;
- ?? Quantifying budgetary and other resource needs, including technical assistance from external sources.
- ?? Defining the role and responsibility of different stake holders in the statistical system for data collection;
- ?? Promoting more effective coordination among agencies

For external agencies and donors that are engaged in assisting the Government in the development of a functioning statistical system, the SMP will provide greater clarity about the aspirations of the Government and its priorities between competing statistical requirements. The SMP provides a framework for technical assistance and a basis for better coordination among donors within the context of the priorities established by the Government.

Evaluation of Current Situation

The review conducted by the Joint Mission pointed to the fact that present orientation of CSO is linked in part to historical factors which emphasized central planning. CSO continues to use many statistical methods and procedures inherited from the previous era. Thus, the patterns and frequency of collecting data by particular sectors are explained by tradition, rather than by the particular importance of these activities for the Afghanistan economy. Most statistical collections are on a system of complete reporting with limited use of sampling.

The organizational structure is insufficiently developed, and the facilities are too rudimentary. The CSO will require major restructuring and infusion of technical assistance inputs before it can become a fully functioning statistical office. The weaknesses of the CSO have contributed to various line ministries and NGOs to proceed with independent data collection initiatives. Many of these initiatives, with little or no concern for standards and adherence to established statistical norms, are contributing to a proliferation of uncoordinated data collection efforts.

Data related work undertaken in the line Ministries and other agencies of the Government are based on administrative records e.g. customs, budget data, and reporting by particular line Ministry staff at the provincial level. However, in the 23 years of instability and conflicts, no agency has been spared and the entire statistical system has broken down and the administrative reporting systems have largely ceased to function. The statistical cells in many of the line ministries are under-funded, understaffed and lack essential equipment and face great challenges. In the absence of oversight and guidance from the CSO, these units do not have the professional know-how to introduce much needed changes.

UN specialized agencies, such as FAO, WHO, ILO, UNICEF etc. or other bilateral donors and in some cases NGOs have launched data collections without the assistance of the CSO, given its known current lack of capacity. These data gathering efforts are often driven by their own information needs. These data collection efforts do not adhere to accepted norms. Capacity building has not featured as a goal. It is also noteworthy that there is little coordination of data gathering efforts mounted by the international agencies, with the inevitable overlaps and duplication of efforts. Ad hoc collection efforts are distracting from the required focus on building sustainable capacities that would permit increased flows of needed data to service current and near term needs of an economy in the process of reconstruction and rehabilitation.

In brief, the statistical system in Afghanistan at the present point in time does not have the capacity to respond effectively to the demands from policy makers and international organizations such as the IMF and World Bank. Data needed for monitoring the developments in the economy, or for design of social investment programs are simply not available.

Building Sustainable Capacity

Moving towards the development of a sustainable statistical capacity over a five year period will require the development and adaptation of a strategic plan with clearly identified outputs and goals. Achieving the desired outputs will require a well defined core work plan, supported by investments in infrastructure, human resources and

adequate budgets. The goals of achieving a degree of efficiency and effectiveness will require institutional reforms, including the establishment of a legal framework, adoption of new management processes demanding accountability and transparency. Training and skill development will play vital roles in the creation of a new statistical system for a nation facing unmatched challenges.

The plan set out in this document identifies the needed investments, the necessary institutional and managerial reforms to support a core work program that has been identified as meeting the minimum needs of the nation implemented over a span of five years. It must be stressed that fulfillment of the plan will not meet all of the needs of all of the users. It is designed to generate a sufficient quantum of data to meet priority needs and at the same time lay the foundations for creation of a sustainable statistical system over the medium term

In preparing a strategic plan for the development of the statistical system of Afghanistan, special attention needs to be focused on institutional strengthening, the identification of a core work program, and the estimation of the investments required, the technical assistance requirements to implement a coherent work plan and the elaboration of modalities for implementing the plan. It must be stressed that institutional reforms and organizational development are central to achieving the key goals contained in the plan.

Role of CSO

Although the CSO will have to play a pivotal role, other agencies that generate data must be seen as a part of the overall statistical system. A clear division of labor between the CSO and other agencies is needed. A broad division would assign primary responsibility for household and enterprises surveys to the CSO along with the compilation of the national accounts and price statistics; other agencies would need to assume responsibility for statistical series linked to administrative records. Thus for instance, the Ministry of Finance would need to assume responsibility for government finance data; the Central Bank for banking and financial statistics; the Customs for trade data; and line ministries for data on agriculture, health and education.

The CSO should have responsibility to coordinate statistical activities, set standards, and act as a clearing house for data collected by other agencies. It should not attempt to assume a role as the sole collector of data, an approach that was adopted in the past when central planning was the norm. The CSO should also avoid seeking to play a role as a monopolistic provider of official data. In a modern statistical system, the national statistical agency cannot be the sole agency for data collection and dissemination. These responsibilities are shared responsibilities. To this end, the statistical law should clearly spell out the range of functions it needs to carry out. In its coordinating role, the CSO should be guided by a National Statistical Council.

Dissemination must be seen as more than the publication of statistical reports. Effective dissemination can only be achieved through data sharing by way of providing access to data bases. Such access should however take account of the need to ensure that statistical confidentiality of unit records is maintained as provided for under the law. Failure to guarantee confidentiality of individual records can bring about a loss of confidence in the integrity of the statistical system leading to increased non-response and the consequent deterioration in data quality. Information hoarding, a characteristic of

central planning, should be replaced by greater transparency and data sharing. The establishment of clear rules concerning data sharing and dissemination based on the IMF's the GDDS will make a contribution.

Legal Framework

The present statistical law falls short of international norms as it inadequately addresses a number of key issues pertaining to the duties and responsibilities of the CSO and its head. The statistical law should emphasize accountability. While the law must provide sanctions for non-reporting, it will need to provide for penalties on statistical officials who engage in improper disclosure of information. The statistical law should also define the mechanisms for ensuring coordination between different agencies of the government that are engaged in data gathering. If Afghanistan is to embark upon developing a credible statistical system, it needs to first put in place the legal framework that meets international standards.

Institutional Strengthening

Successful implementation of the core statistical work program resulting in sustainable improvements in data will demand prior actions to strengthen organizational effectiveness through institutional strengthening. The introduction of new management approaches and practices to underpin the capacity of CSO to take on the statistical tasks in an efficient manner is critically important. Proposals for a restructuring of the organizational structure of the statistical system and the introduction of new methods of management need to be considered against the above background. Institutional reforms will need to be pursued in connection with actions taken under the Governments program for Priority Restructuring and Reform (PRR) of agencies under the terms of the recent Presidential Decree empowering the Independent Civil Service and Reform Commission. There is considerable room for streamlining the present structure of CSO to contribute in a positive manner to overall institutional strengthening. A realignment of functions is therefore recommended. An optimal arrangement would lead to an organizational structure that demarcates the following grouping of functions into a number of clusters.

- **Statistical infrastructure**: Sampling frames, business registers and classifications.
- **Methodology and Design**: Sample design, experimentation and questionnaire design.
- **Field Operations**: Data collection
- **IT Function**: Development and management of institutional databases and metadata bases; technical support to operating divisions.
- **Operating Departments**: Household surveys, enterprise surveys; price statistics national accounts; external trade and financial statistics; social statistics; demography.
- **Data dissemination and client support.**
- **Management Services**: Strategic planning; Finance and Budgeting; Human resource management including training; External Relations.

The implementation of the SMP presented in this document will require careful sequencing of activities. The program design calls for a broad range of activities that are

carefully integrated. The appropriate implementation strategy will need to ensure simultaneous movement in each of the cluster of activities. Within this general framework, the activities envisaged under organizational development will need to proceed as a launching and lead activity. Certain of the key activities are highlighted below, along with the broad sequencing of activities within each cluster.

(i) Creation of an environment within which Organizational Development involving reform and strengthening can be best advanced through exposing stakeholders to the nature of a statistical system in a market economy, the SNA as an organizing framework, the importance of managing resources and priority setting. This activity should be completed before proceeding with the core program. The four elements of the core program will need to be implemented concurrently and in tandem to ensure balanced development.

(ii) Creating and enhancing the Statistical Infrastructure to support statistical activities, including the development of business registers, sampling frames, database development, adoption of classifications and development of physical infrastructure including IT capacities.

(iii) Based on the institutional sectoring arrangements embodied in the 1993 SNA, the MDG goals, several data gathering activities will need to be launched. These encompass Household Sample Surveys, Enterprise Statistics, Surveys of Economic Activity, Price Statistics, Financial & Monetary Statistics, External Trade & BoP, and National Accounts. For social statistics data gathering will essentially be based on administrative records augmented by data from household surveys. Statistical Training should be identified as a separate element in the project to help develop a facility to permit sustainable long-term capacity to meet the long term needs of the statistical system.

(iv) Given the relative weaknesses in the IT area, separate activities, beyond the procurement of hardware and software, involving data base development and dissemination will need to be pursued.

Data Development

Implementation of the core work dealing with data development program will demand the initial creation of a deeper appreciation of the orientation of a modern statistical system, putting in place the necessary statistical and physical infrastructure to permit the execution of the core work program. The core data development program is built upon a consolidation of existing surveys centered round an integrated multi-topic household income- expenditure survey patterned on the LSMS and an integrated business enterprise survey designed to collect the full accounts of corporate entities. The rationale for consolidating survey activities is provided by the need to maximize the use of resources, preclude over-stretching capacities, and to permit better management. In addition, it is designed in a manner that would reduce respondent burden. The core program incorporates key statistical series that are commonly compiled in most market economies to meet the data needs of all stakeholders.

Training and skill development are key variables for building a sustainable capacity. For reasons of efficiency and maximum impact, skill development should be

woven in with the substantive data related activities. External consultants should be required to offer hands on training in the context of providing technical inputs. The emphasis should be on learning by doing. The project cycle should be: initial training ✍ identification of tasks✍ local execution ✍ review of progress and finalization

Data development represents the single most important and challenging activity to be taken up in the context of the SMP. The activities to be pursued represent the consolidated work programs for all components of the statistical system. The work program embraces both modifications to existing data collection and the launch of new programs.

The integrated statistical work program builds upon two essential frameworks. These are the 1993 System of National Accounts (SNA) which offers a broad framework for organizing the range of economic statistics and the MDG framework for organizing the compilation of social statistics. The Census of Population, mandated under the terms of the Bonn Agreement setting up TISA, constitutes a very important and priority statistical activity. The importance of the Census cannot be minimized. It will provide a baseline for the key demographic and social variables and will fill large gaps in information that seriously impede decision making. In addition, the Census will make a large and significant contribution to capacity building. Foremost amongst these contributions is the large investment being made to develop the physical infrastructure of CSO. A direct output from the first phase listing of households and the related mapping of localities will lead to the creation of a household sampling frame, critically needed for the design and execution of household surveys.

The work on economic statistics uses the 1993 SNA as an organizing framework. The SNA categorization of institutional sectors permits statistical collections to be appropriately organized. For estimating the **Government sector's contribution** to GDP, the revenue/expenditure and development budgets of the government represent the primary data source. For the **Non- Financial Corporate sector** made up of all incorporated business, irrespective of size and type of sector activity, most countries obtain the data either from tax returns or by canvassing special surveys of enterprises. The data for the **Corporate Financial Sector** are generally obtained from statutory returns filed with the Central Bank. For estimating the contribution or share of **Household**s to GDP, most countries rely upon a combination of tax records and household surveys of income expenditure. The **Rest of the World Accounts** are based on the balance of payments compiled from a combination of data from administrative records and special surveys

In order to reduce the data collection burden on both the CSO and respondents, and based on the strategy outlined earlier, it is desirable to develop a compact program of surveys and arrangements for tapping administrative records to satisfy the major data needs of the nation. The consolidation of the survey program can be achieved through the launch of the following surveys:

- An **Integrated Business Enterprise Survey (IBES)** to collect information from enterprises.
- A **Household Income and Expenditure Survey.**
- A quarterly **Production Survey**
- Monthly **Survey of Prices**

Another key element of the work will relate to the compilation of the indicators encompassed by the MDG. The HIES and other household surveys will be the primary sources of data for poverty analysis using well tested analytical frameworks as recommended by the World Bank. As poverty alleviation will undoubtedly be an over arching policy goal, the development of a capacity to undertake poverty assessments will be essential. CSO will need to work with other agencies, domestic and external, in estimating poverty lines and the preparation of poverty profiles. However, such analytical work will have to await the availability of data from the planned HIES.

The successful implementation of the program outlined will result in the flow of comprehensive statistics that are essential to support evidence based decision making. These information flows should meet the needs of all major stakeholders made up of government entities, the private sector, international investors and agencies and civil society in general.

Special mention must be made of the role of line Ministries. Many of these are involved in data collection and data management functions. Much of the data are generated by administrative processes. These agencies have small statistical cells that are understaffed, who in most cases are not trained, under funded, poorly equipped, and insufficiently integrated into the statistical system. In the scheme of things linked to data development, it will be vitally important to correct present limitations. An initial first step should be to review their current processes, methods and scales of operation. Based on the findings, new systems will need to be put in place. Staff will have to be trained and augmented where necessary; new equipment installed; new classifications introduced.

Investing in Infrastructure

A national statistical system needs to be supported by an adequate technical infrastructure represented by sampling frames, business registers, classification schemes etc. As a consequence of past under-investment, sampling frames and business registers are either outdated or non-existent; classifications and methods in use, based on Soviet systems less than relevant to current needs and circumstances. As it embarks on a program for revitalization of the system, it will need to make substantial investments also in the physical infrastructure through the procurement and installation of ICT equipment to upgrade:

- Desktop hardware and software;
- Internal computer network;
- Database management and data processing systems;
- Security, archiving and confidentiality protection systems; and
- Data dissemination and exchange systems.

The creation of a database will ensure that CSO data holdings are more visible, accessible and readily integrated. In the first instance the database will be accessible only within CSO. In the second phase selected data will be available to users. The development of a Meta database will add greater transparency to the data and permit users to understand more fully the nature of the data.

Financing the SMP

The estimated total cost of implementing the SMP amounts to US$6.74 million, excluding local salary and related cost[1]. The cost estimates have been calculated using parameters from other similar projects and prevailing rates for consultancy services. Equipment costs have been based on current prices.

Donor support is critical to the execution of the strategic plan outlined in this document. A number of options exist as to how the plan could be financed. These will need to be explored and determined at an appropriate time but are offered for consideration.

Option I: A Trust Fund could be established into which donors contribute funds. A Consultative Council made up of all donors could determine disbursement from the Fund. Exercise of this option would avoid duplicative efforts by donors and provide for maximum coordination.

Option II: A single donor agrees to finance the implementation of the plan. Finance could be either under a grant program from an existing facility or a new source.

Option III: Different donors undertake to finance components of the plan. It will be necessary to establish a Coordinating Committee made up of the different donors to ensure that there is effective coordination.

Option IV: The Government of Afghanistan finances the project from special receipts or general resources under its command.

	External Consultants	Local Consultants	Travel & Expenses	Training	Equipment	Total
A. Organizational Development	403000	7200	203600		40000	653800
B. Statistical Infrastructure	227500	35200	78500		40000	381200
C. Data Development	1917500	164800	744500	231000	118000	3175800
D: Investment In Infrastructure	507000	59200	200800	30000	800000	1597000
Unallocated						350000
Contingency						580000
Total	**3055000**	**266400**	**1227400**	**261000**	**998000**	**6737800**

[1] It should be noted that UNFPA is providing US$7 million for the first phase of the Census. An additional amount estimated at $14 million is under consideration for Phase Two of the Census. The ADB for its part has committed a sum of $1.75, to be spent over the next three years, for TA support for improving the CPI, the carrying out of a HIES, an Integrated Business Enterprise Survey and for training of staff. Some modest amounts have been set aside for some line ministries.

Implementation Options

There are broadly three possible modalities that could be applied. The first option would be to invite well-reputed national Statistical Offices to bid for the consulting inputs being sought. The main advantage would be that this would lead to a kind of twinning arrangement resulting in a total system approach. There are, however downside risks associated with such arrangements. The risks include the fact that national offices in the donor countries are generally stretched and may not be able to make the commitment to deliver in a sustained manner the required inputs. Secondly, donors may not have a deep understanding of the prevailing circumstances in Afghanistan. Transplantation of systems and approaches from a developed country environment to the circumstances prevailing in Afghanistan carries considerable risks.

A second approach could be to hire individual consultants for specified tasks and activities. The main attraction of such an approach is that CSO would be able to hire the "best and the brightest" to design appropriate approaches. However, the gains would be far outweighed by the disadvantages of such arrangements. For a start, such arrangements would place an enormous hiring burden on the CSO, but more importantly they would virtually eliminate the possibility of coordinating the activities of different consultants.

A third option would entail contracting with a specialist firm of consultants specializing in the implementation of similar statistical capacity building projects. The number of firms with such attributes is limited. In the final analysis, it may prove necessary to use a combination of the three options outlined above. It would, under these circumstances, be necessary to package components of the Project in a manner that leads to optimal arrangements that are also cost effective.

The proposals call for the SMP to be implemented over a five year period. The implementation design has been structured so as to achieve speedy results. As a consequence, a number of the scheduled activities in each of the components have been front-loaded. In terms of sequencing, activities pertaining to Organizational development and investments in infrastructure should be seen as launching activities. Creating the right environment is critical to successful pursuit of data development and the launch of new data collection efforts. Data development too has to be properly sequenced.

Sustainability and Risks

Sustainability of the project benefits depends critically on the government's commitment to provide budgetary support beyond the implementation phase, particularly for activities not directly connected with data collection but indispensable for maintaining the improved statistical process: staff training, statistical research, maintenance of newly installed statistical and physical infrastructures.

The project carries some risks. Among the typical risks, common to projects of this nature, are such as an insufficient absorption capacity; departure of newly recruited and re-trained staff from the statistical system; delays in the implementation of experience gained through pilot surveys; delays in availability and disbursement of funds. A special set of circumstances prevail in Afghanistan at the present point in time that have implications for data collection, more especially through household surveys.

The security situation in parts of the country remains tense and in these conditions it may not be entirely feasible to conduct nation wide surveys. Thus, there are substantial risks that the data collection programs proposed may need to be deferred.

Introduction

Background and Process

After almost two decades of war and conflict and the ensuing devastation, the Government of the Transitional Islamic State of Afghanistan (TISA) together with its development partners is attempting to rebuild and rehabilitation the nation and its institutions. To pursue an evidence based approach to making far reaching decisions covering the entire span of economic and social dimensions, the Government and its partners are in need of reliable, comprehensive and timely data. A particular aspect of the data gaps, concerning the demographic dimension, was identified in the Bonn Agreement which went on to identify the need for a Census of Population as an urgent task. In pursuit of the carrying out of the Census, UNFPA has taken steps to finance a Census and assist with the enumeration. Although the Bonn Agreement did not go into the issues pertaining to economic data, both the TISA and its development partnerships have come to recognize the urgent need for actions to fill the yawning data gaps.

The international response has been two fold. A number of Non-Governmental Organizations and International Specialized Agencies (WFP, UNICEF, FAO, ILO etc) have in the context of delivery of humanitarian aid mounted Ad Hoc data collection efforts. In addition, the International Monetary Fund and the World Bank mounted missions to make preliminary assessments of the current statistical capacities in Afghanistan. These reviews[2] concluded that there was a need for a long-term strategy for the development of a viable and sustainable statistical capacity that met the nation's needs. These reviews further concluded that the Central Statistical Office (CSO), the central agency responsible for the collection and dissemination of official statistics in Afghanistan, as with most government agencies and institutions in the country, had suffered destruction and lacked capacity. The CSO was confronted by serious human resource, material and physical constraints. Much the same situation was faced by other Ministries and agencies responsible for the compilation of administrative and other data at the sector level.

A first effort by the Government to define its statistical development strategy was contained in a Presidential Decree issued in 2002. The Decree is reproduced in Box 1 below to highlight the broad vision adopted by TISA.

2 See the IMF's *Multisector Statistics Mission* (May 2002) and the World Bank's Afghanistan: *Towards Statistical Capacity Building (May 2003)*

Other steps taken by the Government included the convening of an Inter-Ministry Workshop at which the issue of developing a strategic plan for statistics was taken up. Although inconclusive, the Workshop endorsed the need for a plan of action. The Government's took the further step of extending an invitation extended to the World Bank and the Asian Development Bank (which had in principle agreed to provide a Technical Assistance grant to TISA for the development of statistical capacity) to develop a Statistical Master Plan (SMP). The World Bank, in consultation with the ADB, extended invitations to the IMF and DFID to participate in a Joint Inter-Agency Mission for the preparation of a SMP for Afghanistan. The terms of reference for the Mission are reproduced are reproduced in Annex I of this document. The Mission was further asked to develop the SMP using the Guidelines developed by the World Bank, and endorsed by PARIS 21, in the context of the Bank's STATCAP Initiative. It was clearly understood that the Mission would apply the Guidelines flexibly, considering the special circumstance prevailing in Afghanistan.

Using the SMP

Box 1 – Presidential Decree on Statistics

To Central Statistics Office (Headquarters)

On creating regularity and data reporting system and statistical Information President of the Interim Government of Afghanistan to create better regularity improvement of Statistical reporting system, presenting data on document and timely data, we approve the following:

Interim ministries and administrations are responsible to collect Statistical data or information from their subdivision regularly and report to Central Statistics Office at predetermined times.

Designing, Implementing and Performing of Statistical surveys are the responsibility of the Central Statistics Office ministries. Government administration and non- government organizations are obliged to get official agreement of Central statistics in this connection.

Central Statistics Office has to arrange sending missions to provinces and rehabilitate its related offices in the provinces.

Customs Statistics including its organization and budget should be annexed to Central Statistics Office.

Controlling of the performing of this decree is the responsibility of Central Statistics Office.

This Office is also responsible to report about the implementation of this decree to the Interim Government of Afghanistan at the end of each quarter.

Hamid Karzai
President of the Interim Government of Afghanistan

Using the SMP

The SMP is designed to serve a number of purposes. For CSO and other national data producers it will serve as a planning tool to identify work program priorities. The SMP also lays out the scope of institutional reforms that need to be pursued if Afghanistan is to develop a sustainable statistical capacity that meets the requirements of the nation. Institutional reforms that need to be embarked upon will need to cover organizational changes and management processes. A key step will be the adoption of a statistical law that emphasizes accountability and transparency. Amongst other uses, it will enable managers of the statistical system in quantifying budgetary and other resource needs, including technical assistance from external sources. Last but not least the, SMP defines the role and responsibility of different stake holders in the statistical system for data collection; it will thus permit more effective coordination among agencies

For external agencies and donors that are engaged in assisting the Government in the development of a functioning statistical system, the SMP will provide greater clarity about the aspirations of the Government and its priorities between competing statistical requirements. The SMP provides a framework for technical assistance and a basis for better coordination among donors within the context of the work program priorities established by the Government.

Current Status and Assessment of the Statistical System

Evolution of the Current Statistical System

Administrative and Civil Service Structure in Afghanistan[3]

The Transitional Islamic State of Afghanistan, established following the collapse of the Taliban regime, under the terms of the Bonn Agreement in 2002, adopted the provisions of the 1964 constitution. The present structure of the government is unitary and all political authority is vested in the central government. The central government is made up of 29 Ministries, 12 independent bodies and other central government entities; the unitary structure permits decentralization with certain administrative and fiscal powers granted to sub-national entities.

Administratively, the legally recognized local units of government are: the 32 Provinces (Wilayat); the 326 districts (Woleswali); Provincial municipalities (Sharwali Wilayat) and rural municipalities (Sharwali Uluswali). Some doubts have been expressed as to the exact number of Provinces and Districts, but for now the above numbers seem to be quoted as the accepted figures. Each Province has some 5 to 20 districts within its borders. In theory, TISA is a unitary state. But in practice, given the years of turmoil, there has been a de facto decentralization of power, with certain provinces having considerable authority and decision-making powers.

Following two decades of war and conflict, Afghanistan's institutional systems are devastated. The Central Statistical Office (CSO), the central agency responsible for the collection and dissemination of official statistics, as with most government agencies and institutions in Afghanistan, has suffered destruction and is attempting to rebuild itself. The CSO is confronted by serious human resource, material and physical constraints. Much the same situation is faced by other Ministries and agencies responsible for the compilation of administrative and other data at the sector level.

Whilst the CSO staff is back at work and has tentatively restarted activities, largely in the form of collecting of information from other agencies at the central and provincial levels, the CSO is severely constrained by budgets, equipment and even the most basic office materials. Staff salaries are being paid via the UNDP Trust Fund. It is quite clear that, at this time, it has little, if any, capacity to undertake the range of data collection and processing activities that are normally carried out by a national statistical office.

A brief historical overview of the CSO is in order as it provides a backdrop to the current situation. The CSO was established in 1973; prior to that point in time there was a small Statistics Department in the Ministry of Interior. The CSO is governed by the current Statistics Act, enacted in 2000 under the Islamic Emirate of Afghanistan. That Act superceded earlier legislation drawn up in 1975 and revised versions enacted in 1981 and 1989. On the Census of Population, a separate document covering the Population Census regulations was drawn up – the Population Census Act - in 1979. Both Acts are in need revision.

At the point of its establishment in 1973, the CSO was assigned the responsibility for the collection, analysis and publication of secondary data – largely administrative

[3] For an extended review of the system of government, see *A guide to government functioning outside Kabul: Early observations based on missions to Heart and Faryab*- Nick Manning et al (Working Draft March 13, 2003).

data provided by the main sectoral Ministries. At a later stage it took on the task of compiling key statistical series such as National Accounts, Consumer Price Indices and Population and demographic data. It took on the role of coordinating statistical activities across all agencies of the Government. The CSO benefited from donor support by way of advice and training. The CSO also undertook some limited surveys on health and education as well as some sample surveys within Kabul; and was also involved in the preparation of various National Plans drawn up by the Ministry of Planning – the 1st. 7 Year Plan was drawn up in 1976 but was stopped in 1979 and from that time on until 1992, Annual Plans were adopted. The CSO collected and analyzed data based on the implementation of the Plans both at the central and provincial level.

Following the Soviet take over in 1979, the emphasis shifted to the collection of data on agricultural, transport & communications and statistics on the internal movements of food and non-food items throughout the country. National accounting aggregates were compiled on the basis of the Net Material Product System. Central planning impacted on data quality because of Central Government Ministries seeking to influence statistical output. They would provide inaccurate data suggesting that targets for such as agricultural production were being met. Certain "sensitive" data were suppressed in order to cover up the worsening rural and urban situations. Two key aspects of statistical work merit special mention. The organizational structure of CSO was largely patterned on Soviet statistical structures, emphasizing a compartmentalized and a top-down approach. Second, concepts and methods emphasized complete reporting utilizing Marxist economic concepts. These features continue to exist to this day and are in a sense the legacy from a previous era. Afghanistan therefore faces certain challenges that are not dissimilar from those faced by the Transition Countries of East and Central Europe.

Provincial statistical offices were also established in 1973 in each Province. The work of the CSO staff in these offices was to collect data from the various Ministry provincial offices as well as the Provincial Government. These collections covered all economic and social data, particularly in areas such as customs data, agriculture, transport and industry. Communications with Head Office and vice versa were through the telephone or by radio at the offices of the Ministry of Communications.

With the outbreak of hostilities in the 1980's, all communications between different areas of the country ceased and it became impossible for statistical work in the Provinces to continue. The CSO in Kabul found it impossible to maintain any communication links with its Provincial Offices and, therefore, the work in those offices largely collapsed. The mid 1980s signaled the end of the Provincial Statistical Offices. These offices were closed or purely abandoned as the situation in the rural areas worsened as the war was expanded by the Mujahideen. The level and importance of the work of the CSO gradually declined. In 1992, the CSO was for all intents and purposes closed. With the take over by the Taliban, given no interest in the functioning of the Government sector, no efforts were made to rebuild the CSO.

Current State of the Statistical System

Central Statistical Office (CSO)

The CSO represents the central statistical agency of Afghanistan. A number of central agencies such as the Ministry of Finance and DAB also have key data generating responsibilities. Line Ministries engage in some data gathering, largely based on administrative reporting. These together constitute the overall statistical system of Afghanistan. Given the pivotal role of the CSO, a closer examination of the CSO in terms of its structure, work orientation, strengths and weaknesses is in order and is attempted in Chapter.

The structure of the CSO differs from that of most statistical offices. Given the current level of statistical activity, the overall number of staff of more than 900 is large. The distribution of staff between the two tiers i.e. the national and provincial, is less than optimal. The HQ Central Office is large relative to the Provinces. In a restructuring of the CSO, the role and functions of the provincial offices, the organizational structure of the HQ, will require close scrutiny.

The system has contributed to some duplication of functions and increased overhead costs by reproducing the Central Statistical Office structure in the Computer Center – the so-called “mirror” structure.

Unlike other countries where one can list particular areas of skill shortage, in the case of CSO, there is an all round shortage of skills. While the numbers may be adequate or more than adequate, it the need for specialized skills is such area as sampling, IT, survey specialists, management skills in running surveys, and persons with analytical abilities that are is short supply. The skill shortages can in part be attributed to the issue of salary levels especially in relation to private sector salary levels for IT professionals and those with specific English language abilities and technical skills. Tables 1 and 2 provide summary statements on staff availability, its distribution and some key attributes of the staff.

Of the 166 staff in the provinces, one has a master's degree and one has a bachelor’s degree. The situation in each of these provincial offices is not known in any detail, but based on the situation at the CSO HQ, it can be assumed that they are minimally equipped and functioning, with problematic communications with the central office. The number of staff in the provincial offices varies from an average of five in the larger provinces to three in the smaller ones.

Table1: Number of Staff employed-male / female & by age group

1 (Year of reference unspecified)

Sector of Statistics	Number of Staff		Age Group	
	Male	Female	Less than 39 years	More than 40 years
Total for CSO	319	72	214	177
Census & Surveys	19	8	15	12
Economic Statistics	32	8	30	10
National Accounts	22	8	18	12
Demography	18	4	19	3
Provincial Affairs	79	5	35	49
Computer Center	14	19	19	14
Coordination	16	3	13	6
Administration	27	1	16	12
Documents & External relations	16	2	9	9
Support Staff	76	14	40	50

2

Table2: Number of staff at CSO Training Received, Knowledge of English Language, and Educational Level

(Year of reference unspecified)

Sector of Statistics	Trained Overseas/ Local / None	English Language Good/Fair/ None	Educational Levels		
			Degree	Secondary Education	Primary and No Education
Central Statistics Office	15/104/272	45/161/18	36	262	93
Census and Surveys	0/22/5	2/8/17	2	25	0
Economic Statistics	1/24/15	5/14/21	7	33	0
National Accounts	2/0/28	7/5/18	6	24	0
Demography	0/12/10	6/16/0	5	17	0
Provincial Affairs	1/1/82	2/54/28	2	80	2
Computer Center	7/26/0	3/29/1	8	25	0
Rest of the Departments and Support Staff	4/19/127	20/35/100	6	58	91

3 Note: *It is not clear to what year the numbers refers. The total number of staff working for CSO in 2003 mentioned during discussions was around 900, which is way above the totals shown in the table above. The numbers reported above may refer only to permanent staff and exclude temporary hires.*

The current status and functions of some of the key departments can be described as follows.

Department of Census and Surveys

The Department of Census and Surveys is charged with responsibility for the Census of Population. It is receiving a large amount of support from UNFPA to carry out the first census since 1979. This is the largest operation involving CSO currently. The Department of Census & Surveys has seen its staff size increase from 31 during the Taliban period to 381. Two high-level commissions have been created to advance the

exercise: a technical committee and the National Commission for the Census, involving 11 ministries and Chaired by Vice President Arsala.

Phase one of the Census, with a funding level of $7 million involves household pre-listing, village mapping and a 1 in 200 interview of households. It is expected to be completed by March 2004. Pre-listing commenced in January 2003 and so far has completed for 13 provinces. Coding, editing and data entry is also proceeding with the help of CSO staff, province by province. Phase two of the Census is expected to be carried out in June/July 2005.

Department of National Accounts

The Department of National Accounts consists of five divisions: (i) national production, (ii) Directorate of prices, (iii) financial Statistics and banking, (iv) Directorate of enterprises, and (v) Directorate of income/expenditure of population. Until 1995, the CSO compiled national accounts following the Material Product System (MPS), estimating Net Material Product (NMP) by six branches at constant prices of 1978. After 1995, compilation of NMP was discontinued as data collection virtually ceased. Currently, the National Accounts Department has a staff of 26, but only a few of whom have sufficient educational background.

The CSO is committed to initiating the process for the compilation of national accounts in accordance with the *System of National Accounts 1993* (*1993 SNA*). However, it lacks knowledge of national accounts. Furthermore, basic statistics on economic activities are deficit and there are large gaps. The old system for collecting data on economic activities has all but collapsed and a new system has yet to be developed. Therefore, the scope and speed of the compilation of national accounts will depend on the development of basic statistics.

Subsistence farming is the predominant activity in the economy. The enterprise data are only collected from state owned enterprises; a rapidly expanding private sector has no obligation to report its activities to the authorities under the present system. There is no mechanism in place to collect information from this new and dynamic sector of the economy and data obtained from traditional sources are generally not of acceptable quality. Also due to the price level in Afghanistan which is generally higher than in neighboring countries, there are substantial smuggling (inflow) activities currently taking place in Afghanistan.

The National Accounts Department has commenced the calculation of a *Kabul CPI* and *exchange rates* that are now officially recorded on a monthly basis. Price data collection has expanded from 50 to 202 items surveyed in 4 markets in Kabul. Plans are in place to extend the CPI to 5 other cities. However, the problem weights for the CPI are unlikely to be overcome until a household expenditure survey is completed.

Department of Economic Statistics

The department consists of 7 divisions: (i) Commerce: internal and external trade; (ii) private industries; (iii) public industries; (iv) agriculture; (v) telecommunications and transport; (vi) investment and (vii) construction. Total staff numbers 49. The department sends out various forms (total 51 forms) to government authorities and private entities in 32 provinces to collect data. Out of the 51 forms, 6 forms are sent to line ministries for monthly reports, 29 quarterly, 11 bi-annually, and 5 annually, respectively. Publication of the reports is done by the department of compilation and coordination.

The Internal and External Trade Division sends questionnaires directly to central and provincial customs offices every month to obtain reports on external trade data (exports and imports values and quantities). The data are reported to the Ministry of Commerce and DAB. For internal trade data, questionnaires are sent to provincial CSO offices quarterly to collect sales and revenue data for government offices and public enterprises.

The trade data excludes the extensive barter trade. The reporting capacity of the customs houses was severely diminished during the Taliban period and has not been fully restored. The last available published data pertain to 1995. In 2002, CSO received forms from only 3 of 10 customs and only for the months of January and June 2002. There is a serious limitation to the coverage of the data that are provided by the customs. Imports by donors, which are usually tax-exempt and that are facilitated through the Ministry of Planning are not captured in the customs data. Similarly, imports by the Ministry of Defense and various other government ministries are not recorded by customs. To a lesser extent, there is also under-recording of exports since they attract limited Customs duties. The CSO does not make any adjustments to the reported customs data. Traders who intend to import or export are required to register with the Chamber of Commerce where they receive export or import licenses on the payment of a fee based on the stated value of the merchandise. Customs conducts two checks of imported goods: first at the ports of entry in Pakistan or Iran, and later when the goods arrive over land into Afghanistan. Rudimentary valuation checks are conducted at the port of entry and suspect valuations are cross-checked against a list of values maintained by the Chamber of Commerce. Forms giving details of values, units, country of origin/destination, and unit of currency are prepared manually at the 10 custom houses around Afghanistan and forwarded to the CSO, where they are coded by hand. In the future, forms and codes will be changed to reflect the current the Standard International Trade Classification (SITC).

The Private Industries Division sends forms to provincial CSO offices, which in turn send them to identified private firms to collect data on production volume, production cost including labor, personnel employed by profession, etc. The Public Industries Division also sends forms to provincial CSO offices to collect similar data on public enterprises, but specifically covers mines, energy and manufacturing, in coordination with Ministry of Mines and Industries, Water and Power, and Mines and Industries, respectively. Compared with the enterprise division of the national accounting department, this division collects more detailed information.

The Agricultural Statistics Division also sends forms (16 in total) to the 32 provincial CSO offices to collect data on land area, cultivated land, production of cereal, livestock, fruit, etc. in coordination with the Ministry of Agriculture. Similarly, the Telecommunications and Transport Division collect data on the number of vehicles, identify publicly or privately owned, and the number of passengers and freight, etc. in coordination with the Ministry of Commerce, and the data on the number of mobile and digital phones and revenues, etc. in coordination with the Ministry of Communications.

The Investments Statistics Division collects data on development budget by line ministry, cost of individual investment projects and their disbursements, and records whether they are new or ongoing projects in coordination with the Ministry of Finance. The division also collects information on damages on infrastructures. The Construction Statistics Division collects data on the number of buildings completed by province and by type of material, and records whether they are public or private construction.

Department of Demography & Social Statistics

The Department has a staff of 26 deployed in 4 divisions: (i) Social statistics and Demographic research, which draws on the data collected from the census, (ii), Education and Culture mainly composed of education and cultural indicators, which draws on education related data, etc, (iii) health statistics, which draws on data from the Health ministry and related facilities, and (iv) Human Resources, mainly concerned with labor force.

Two significant recent activities undertaken by the Department include: compilation of the 2003 Statistical Yearbook which includes social and demographic statistics; estimates of the current population based on the one and only census done in 1979; and collaboration with UNICEF on the Multiple Indicators Cluster Survey (MICS), covering about 20,000 households in 342 districts nationwide. The Department assumed responsibility for quality control of the survey, coding, and data entry with the help of relevant line ministries. The fieldwork for the MICS has been completed and results are to be published soon. A noteworthy development has been the preparation of a sample frame based on the boundaries used in the 1979 Census. The frame, used in the MIC Survey, is the best available frame. Until listings from the current Census become available, the frame could be used with a degree of confidence.

The Census and Surveys department is also responsible for the processing of the births and death statistics. However, the completeness of the registration of births and deaths is severely suspect.

Other Support Departments

The other 5 Departments are essentially service departments dealing with the management of the Provincial offices, Compilation and Coordination, Administration, Publication and the Computer Center.

Compilation and Coordination has responsibility for analysis and planning, foreign relations, printing, publications and the training of CSO staff.

The Administration Department does what a personnel office does, namely perform personnel functions, keep staff records, purchase of supplies, transport, safety and security, salary issues, documentation and the preparation of the budget. The Publication Department is responsible for: archives, invitations and dissemination, publication, computerization, and analysis and research.

The Computer Center has 50 or so staff that is engaged in software development, and also maintains hardware. The Center has its own finance and administration units; other units deal with documentation, planning, archives and accounts control.

The above descriptions provide an overview of CSO as presently constituted. A number of observations are in order.

The organizational structure of CSO is linked in part to historical factors. The system reflects the Soviet system of statistical organization. CSO also continues to use many statistical methods and procedures inherited from the previous era. Thus, the patterns and frequency of collecting data by particular sectors are explained by tradition, rather than by the particular importance of these activities for the Afghanistan economy. Data collection was geared to the needs of central planning. Most statistical collections are on a system of complete reporting with limited use of sampling. The focus of data

collection is state entities and enterprises, even though many of these have since collapsed altogether. Much of the limited data currently being collected are not wholly relevant to decision making processes in the current environment but are collected for reasons of tradition.

The CSO management is fully aware of the weaknesses and deficiencies of the current structure and existing data collection systems. It recognizes that the adoption of international standards and approaches is critical to the development of a functioning statistical system. It further recognizes that the statistical infrastructure inherited from the past is inadequate. In brief, CSO faces many challenges as it seeks to embark upon reforms. It is unlikely to meet these challenges without external assistance.

The CSO is emerging from period of prolonged civil disorder, with virtually every thing destroyed or non-functional. This is further compounded by shortages of virtually everything from finances, to continued security concerns in parts of the country, to a pressing need to upgrade human resources, materials and equipment and improvement of the physical working environment. The current structure of CSO does not reflect any serious effort at functional specialization nor clear delineation of activities. It is believed that there are no clear job descriptions for any of the staff levels; there is some evidence to indicate that there are significant over laps of duties between the Departments. This is reflective of the rather compartmentalized structure of CSO with little data sharing, and interaction between the different Departments. Even the job titles within CSO reflect an environment reflective of a political structure rather than that of a professional statistical organization.

CSO management is largely untrained in modern-day management techniques of finance and human resource planning, technical and IT capacities. The organizational structure is insufficiently developed, and the facilities are too rudimentary to make this staff fully efficient and productive. The CSO, it is important to recognize, will require major restructuring and infusion of technical assistance inputs before it can become a fully functioning statistical office.

The CSO has suffered from years of under-investment in its infrastructure. However, the UNFPA funded Census of Population project is providing the CSO with IT equipment and a fleet of vehicles. As of the time of the Mission, within the CSO, division heads have been provided with new PCs, wiring for a local area network has been completed, and a satellite-based Internet connection will be installed as soon as the equipment is available.

Under the Census project, the UNFPA has provided the services of a Chief Technical Adviser. He is assisting the CSO in the planning of Census operations, and providing some training. The IMF's Resident Statistical Advisor is assisting the CSO in the compilation of GDP estimates. However, these efforts are seriously affected by the availability of basic economic statistics.

The weaknesses of the CSO have contributed to various line ministries and NGOs to proceed with independent data collection initiatives. Many of these initiatives, with little or no concern for standards and adherence to established statistical norms, are likely to contribute to a proliferation of uncoordinated data collection efforts.

Against this somewhat bleak scene, it is important to note that some of the key staff does have potential and are willing to learn new statistical and management techniques which will help in improving the work of their respective areas of work. Indeed in some Departments there are several outstanding individuals trying to do their best under trying circumstances.

The review of the CSO presented above deals only with one part of the statistical system. In addition to the CSO, there are also other major data collection efforts taking place within the country. These are highlighted below.

Other Components of the Statistical System

A limited amount of data related work is being undertaken in the line Ministries and other agencies of the Government. Much of the data generated are based on administrative records e.g. customs, budget data, and reporting by particular line Ministry staff at the provincial level. The broadest level the 23 years of instability and conflicts, no agency has been spared and the entire statistical system has broken down and the administrative reporting systems have largely ceased to function. There has been a complete loss of the statistical base, institutional memories, documents and files in key lines ministries and CSO have been destroyed. Today, the statistical services in these agencies are just barely beginning to recover. Most of the competent and skilled staff have either left the service, or moved abroad or were casualties of the prolonged conflict. The current staff is inadequately trained and lacking in necessary skills.

Some line ministries have however started collecting data of their own to meet their specific needs with the help of UN specialized agencies, such as FAO, WHO, ILO, UNICEF etc. or other bilateral donors and in some cases NGOs. In most instances these are done without the assistance of the CSO, given its known current lack of capacity. The data gathering efforts by line ministries are often driven by their information needs. These data collection efforts do not adhere to accepted norms, concepts and methods. They are collections not cast within established frameworks such as the SNA. Nor is the data collected freely shared with other agencies. Thus, the Ministry of Agriculture has resumed the collection of crop output data undertaken by its extension workers. The Ministry of Labor, with ILO assistance, has begun to collect ad hoc data linked to ongoing ILO financed projects. UNICEF collaborated with CSO to complete a large scale (sample size of some 20,000 households) Multi-Indicator Cluster Survey at an estimated cost of $900,000. The World Food Program has conducted surveys to assess vulnerability and issues linked with food security in collaboration with the Ministry of Rural Reconstruction and Development.

It has not been possible within the limited time available to look at the systems in place at all of ministries that are collecting information, its adequacy and if are duplicative or otherwise. The NGO efforts have been of varying quality. The International Rescue Committee carried out a labor market and economic survey in 13 of the Northern provinces. NGO involvement has been a response to pressures to get some data on specific issues, but there has been no evaluation done to judge their quality or indeed the professionalism of those involved. There have been cases were the data was never used or published because of the methodology used was questionable or there were issues of validity and reliability of the information.

A number of further observations are in order. The various data collection efforts referred to above have been designed for the sole purpose of meeting urgent data needs. Capacity building has not featured as a goal. It is also noteworthy that there is little coordination of data gathering efforts mounted by the international agencies, with the inevitable overlaps and duplication of efforts. In almost all cases, the exception being the UNICEF survey, the CSO has been bypassed.

The statistical cells in many of the line ministries are under-funded, understaffed and lack essential equipment and face great challenges. In the absence of oversight and guidance from the CSO, these units do not have the professional know-how to introduce much needed changes.

The Central bank and the Ministry of Finance merit special mention. Afghanistan's monetary sector comprises (1) Da Afghanistan Bank (DAB), which is the central bank; (2) three state-owned special purpose development banks; and (3) three state-owned commercial banks. At the same time, there are 400 registered money traders reportedly operating in Kabul. The size of the money market in the rest of the country is unknown. The money traders operate almost like banks; they are permitted to take short terms deposits with interest and extend short-term loans (up to three months).

The DAB is a large institution with a head office in Kabul and 73 branches, of which 14 are located in Kabul. It combines central banking responsibilities—such as the issuance of the national currency (Afghani)—with commercial banking responsibilities—such as the acceptance of current and savings accounts from the public. However, until recently the DAB has not performed some of the typical central banking functions, like supervising the banking system or acting as a lender of last resort. However, with the enactment of a new Banking Law, it will assume these functions.

All licensed banks lack a deposit base, owing to the public's lack of confidence in the banking system, and have virtually ceased lending activities. Since the banks have withdrawn themselves from financial intermediation, their liabilities mostly consist of capital accounts and assets, mostly of fixed assets. In the circumstances, the registered money traders and the informal credit market—the unregulated players—provide an alternative and meet the economy's exchange and credit needs.

Compilation of monetary statistics is a responsibility of the DAB's Research and Studies Department (RSD). Of the 12 divisions of the RSD, four are of direct relevance to monetary data compilation. These are: (1) the Central Bank Division which is responsible for collecting accounting data from the DAB branches located within the Kabul province; (2) the Branches Division which is responsible for collecting accounting data from the DAB branches located elsewhere in the country; (3) the Commercial Banks Division which is responsible for collecting accounting data from the banks; and (4) the International Division which is responsible for compiling the Depository Corporations Survey (monetary survey data). Each of these divisions has a chief and two employees; none has a computer. Although the number of personnel working on statistical compilation is adequate, a substantial upgrading of their skills through training is necessary. USAID/Bearing Point has sent two advisors to RSD among about 20 advisors to different departments of DAB (under an umbrella assistance project called Economic Governance Project).

The latest available DAB balance sheet refers to 1996, although working balances are available on a daily basis, and the latest available Depository Corporations Survey refers to March 1991. Some effort is being made to resume compilation, with the result that, for recent months, the Branches Division and the Commercial Banks Division have collected balance sheet data, respectively, from some of the DAB branches and some of the commercial banks. Such an effort, however, has remained piecemeal with little prospects for success. Moreover, at least a part of the effort appears to be misdirected in the sense that, instead of working on the compilation of balance sheet data for recent dates, the DAB's Accounting Department is working on the compilation of balance sheet data for 1997, in an attempt to fill the five-year gap in the data series. Commercial banks use outdated accounting systems (National Cash Registry and manual/Cartotek System). This seriously hinders balance sheet preparation. In the

absence of appropriate legislation, commercial banks have no reporting obligation to the DAB.

Balance of Payments

DAB is responsible for compiling BOP statistics and has set up a BOP unit within the Research and Studies Department. The unit has four staff, none of whom have had formal training in the methodology of the fifth edition of the *BOP Manual (BPM5).* Several other departments within DAB including the Foreign Trade, Foreign Loans and Foreign Relations Departments have been identified as collecting data that can be used in the process of compiling the statistics.

During the Taliban rule (1995-2001), no BOP statistics were prepared and rudimentary estimates compiled according to the fourth edition of the manual date back to 1995. Presently, the collection system is not organized, and there is no systematic recording of the approach adopted in deriving estimates. Processing of available data is done manually as there are no computer resources available to the unit.

The ability of DAB to produce quality BOP statistics or even rudimentary estimates is further hindered by the unavailability of data from the existing commercial banks and exchange bureaus, the absence of key sources of data in areas such as travel, communication and other services, and the income and the financial accounts components of the BOP. In addition, staff lacks the necessary training in validating data and checking the consistency and quality of the estimates.

Regarding foreign trade statistics, to date, the compilers have identified only the Foreign Relations Department of DAB as a source of data for the services component of the BOP. However, this source is extremely limited since only official and semi-official transactions transit through the DAB system, while, for those transactions that do go through the DAB system, the current reporting system does not provide enough details neither for proper identification of different categories of transactions nor for the identification of the resident status of the transactions. For instance, the records are not able to provide data on communication and travel services, both of which show signs of gaining in importance in Afghanistan. Some data are currently being collected on the flows by embassies since they generally keep accounts with the DAB.

With regard to foreign remittances, which are significant in Afghanistan, most of the flows enter through the registered foreign exchange traders, while some are accessed locally through the three commercial banks and others through the DAB. In addition, remittances intended for families in Afghanistan are accessed in Pakistan and later transferred locally. Since there is no formal reporting by the bureaus or the commercial banks to the DAB, no reliable estimates can be derived. Further, it is difficult to gauge the extent of remittances drawn through Pakistani banks. A reasonable estimate of these flows would have to involve receiving data from the commercial banks and the foreign exchange traders.

Government finance statistics

Government finance statistics are based on the data compiled by the Ministry of Finance (MOF). USAID/Bearing Point have positioned some 30 advisors in various departments of the Ministry of Finance (MOF) to support its functions and capacity building (under the Economic Governance Project). In addition, there are 3 Advisors provided by the ADB. With the help of these advisors, MOF is currently undergoing a transition from Soviet style government finance statistics (mainly classified by ministry or government office) to an IMF standard, based on the Government Financial Statistics

(GFS). Much of the information that is necessary for GFS compilation exists, albeit in a fragmentary form. However, no GFS are being compiled. This primarily reflects the breakdown of the manual financial reporting framework, with respect especially to the provincial reporting and the production of Final Accounts, which have not been prepared since 1990. While the reporting chain is adequate, the manual procedures are complex and time consuming.

The Classification Structure (embodied in the Accounting Regulations) and the Chart of General Ledger Accounts together provide a broadly adequate accounting of budget transactions. While the structure is not consistent with the revised GFS, it can be adapted to GFS methodology with some effort. At the same time, the structure can be adjusted to include the functional classification, which is currently lacking. At present, a total of 12 employees work on the compilation of government financial statistics. They interface four departments of the Ministry of Finance that are relevant for GFS, namely, the Departments of Revenue, Expenditure, Budget Management, and Treasury. Although the number of staff working on statistical compilation is adequate, a substantial upgrading of their skills through training is necessary.

In brief, the statistical system in Afghanistan at the present point in time does not have the capacity to respond effectively to the demands from policy makers and international organizations such as the IMF and World Bank. Data needed for monitoring the developments in the economy, or for design of social investment programs are simply not available. Ad hoc collection efforts are distracting from the required focus on building sustainable capacities that would permit increased flows of needed data to service current and near term needs of an economy in the process of reconstruction and rehabilitation.

Moving towards the development of a sustainable capacity over a five year period will require the adaptation of a strategic plan with clearly identified outputs and goals. Achieving the desired outputs will require a well defined core work plan, supported by investments in infrastructure, human resources and adequate budgets. The goals of achieving a degree of efficiency and effectiveness will require institutional reforms, including the establishment of a legal framework, adoption of new management processes demanding accountability and transparency. Training and skill development will play vital roles in the creation of a new statistical system for a nation facing unmatched challenges.

Part II of this document lays out a strategic road map. The road map that is drawn takes special account of the circumstances confronting Afghanistan. However, the road map draws on experience of other countries that have emerged from conflict and disruption of previously functioning institutions. The plan identifies the needed investments, the necessary institutional and managerial reforms to support a core work program that has been identified as meeting the minimum needs of the nation implemented over a span of five years. It must be stressed that fulfillment of the plan will not meet all of the needs of all of the users. It is designed to generate a sufficient quantum of data to meet priority needs and at the same time lay the foundations for creation of a sustainable statistical system over the medium term.

Strategic Plan for Statistical Capacity Building

Proposals for Institutional Restructuring and Strengthening

In preparing a strategic plan for the development of the statistical system of Afghanistan, several areas require particular focus. These include the need for institutional strengthening, the identification of a core work program, and the estimation of the investments required, the technical assistance requirements to implement a coherent work plan and the elaboration of modalities for implementing the plan. Institutional reforms and organizational development are central to achieving the key goals contained in the plan. For these reasons, it is appropriate to begin with an assessment of the kind of reforms that are fundamental to achieving the over-arching goals of the plan: the foundations for a sustainable statistical system must be based on an appropriate legal framework.

A carefully designed work program will need to be agreed to and incorporated into the SMP. Great care will have to be exercised in determining the scope and sequencing of data collection, and striking a balance between data demands and the capacity of the statistical system as it builds itself. A clear division of labor between the CSO and other agencies will have to be agreed upon. A broad division would assign primary responsibility for household and enterprises surveys to the CSO along with the compilation of the national accounts and price statistics; other agencies would need to assume responsibility for statistical series linked to administrative records. Thus for instance, the Ministry of Finance would need to assume responsibility for government finance data; the Central Bank for banking and financial statistics; the Customs for trade data; and line ministries for data on agriculture, health and education. In the near term, the CSO should aim to establish a capacity to coordinate statistical activities, set standards, and act as a clearing house for data collected by other agencies. It should not attempt to assume a role as the sole collector of data, an approach that was adopted in the past when central planning was the norm. The CSO should also avoid seeking to play a role as a monopolistic provider of official data. It must come to terms with the reality that in a modern statistical system, the national statistical agency cannot be the sole agency for data collection and dissemination. These responsibilities are shared responsibilities. That said, it is important that it carries out coordinating and standard setting functions. To this end, the statistical law should clearly spell out the range of functions it needs to carry out. In its coordinating role, the CSO should be guided by a National Statistical Council.

A related issue concerns the data dissemination function. Dissemination must be seen as more than the publication of statistical reports. Effective dissemination can only be achieved through data sharing by way of providing access to data bases. Such access should however take account of the need to ensure that statistical confidentiality of unit records is maintained as provided for under the law. Failure to guarantee confidentiality of individual records can bring about a loss of confidence in the integrity of the statistical system leading to increased non-response and the consequent deterioration in data quality. There exists a culture of information hoarding, a legacy handed down from an era of central planning. Overcoming this legacy and creating greater transparency will be challenging and will have to be achieved via an educational process and the establishment of clear rules concerning data sharing and dissemination. Gradual adoption of the GDDS will make a contribution.

The present statistical law falls short of international norms as it inadequately addresses a number of key issues. Model statistical laws spell out the duties and responsibilities of the person at its head; the constraints under which the statistical agency is supposed to operate; and the accountability that prevents it from abusing its rights or powers. The law dictates what the statistical agency is expected to do with the information respondents submit to it, and for which it is accountable. Respondents are asked to comply with the statistical agency's demands for information so long as they can be justified in the name of the objectives set by the law. In exchange for intrusion upon privacy rights, the statistical agency is required to safeguard respondents' information. If the agency breaks this commitment, its officers are subject to certain sanctions. If respondents do not comply, they too are subject to certain sanctions. Statistical laws also define the mechanisms for ensuring coordination between different agencies of the government that are engaged in data gathering. While laws differ from each other in length, style, detail, and scope, if they do not cover the fundamental points outlined above, they are incomplete. If Afghanistan is to embark upon developing a credible statistical system, it needs to first put in place the legal framework that meets international standards.

Successful implementation of the core statistical work program resulting in sustainable improvements in data will demand prior actions to strengthen organizational effectiveness through institutional strengthening. The introduction of new management approaches and practices to underpin the capacity of CSO to take on the statistical tasks in an efficient manner is critically important. Actions designed to strengthen the organizational capacity of the system would also go a long way in facilitating the development of and execution of sustainable work programs. Failure to introduce organizational change and management development could, on the other hand, have adverse implications on both the execution of the plan and its sustainability in the long run. Equally critical to success is the education of users and stakeholders in the unique role of data in a market economy environment. User appreciation and acceptance of the nature of new data sets and how they are policy relevant, is essential if CSO is to obtain support from users in its efforts to transform the statistical system. Educating users will ensure greater acceptance of the changes that must be introduced in the content and scope of the work of CSO.

Proposals for a restructuring of the organizational structure of the statistical system and the introduction of new methods of management need to be considered against the above background.

A number of generalizations concerning statistical organizations are in order[4]. Three broad aspects concerning the organizational structure of a national statistical system merit special mention. These are: first, the extent to which responsibility for statistics is assigned to a single government statistical agency or spread amongst several; second, the way in which responsibilities are divided between the lead statistical agency and other agencies; and third, concerns the division of responsibilities between the national Central Office and regional statistical offices.

There are essentially two basic models for organizing national statistical services: centralized and decentralized statistical systems. In the *centralized model*, responsibility for data collection is primarily concentrated in one statistical agency. Statistics Canada and most West European nations have adopted this model. In the *decentralized model,* the responsibility for primary data collection (based on surveys) is divided among several agencies, one agency being responsible for, say labor statistics, another for agricultural statistics, and so on, with one agency being designated the nominal leading agency.

[4] For a fuller discussion of statistical organizational issues see *UN Handbook on Statistical Organization*

The US statistical system provides an example, with the Office of Budget and Management playing a coordinating role. Afghanistan currently has, on paper, a centralized system and there do not appear to be pressing reasons for a modification of the current model.

As regards the regional dimension, staff can be concentrated in a few locations or they can be spread across the regions, substantially depending upon the overall organizational and administrative structure of the government. Three possible models exist:

Large Head Office Model

In this model, staff and functions are focused in the head office. For example, Statistics Canada is strongly centralized, having relatively small regional offices whose main focus is personal interviews and dealing with data users. The advantages of this arrangement are the operational efficiency and the scope for head office control and enforcement of standards.

Dispersed Head Office Model

In this model staff and various functions are dispersed amongst regional offices, with each regional office specializing in different functions. For example, in Australia, 50% of the staff is in regional offices, and each regional office is responsible for a specified set of surveys and infrastructure functions. The Tasmanian State Office handles all agricultural statistics; the Victoria State Office maintains the statistical business register. This arrangement preserves some of the processing efficiency of the large head office model in circumstances where staff must be located in the regions in line with government policy.

Regional Office Model

In this model, large regional offices all have identical functions, including all types of data collection within the region. This arrangement is typified by the German statistical system. The advantage of this arrangement is the close geographical contact with respondents. The disadvantages are the duplication of overhead costs and the scope for variations in applications of standards, procedures and systems across regions.

The Soviet statistical system, for reasons of both history and the administrative structure of the government essentially fitted the Regional Office Model.

The Afghan system approximates the large office model. The Provincial offices are relatively small with a staff complement of between 2 or 3 staff. There do not appear to be any overwhelming reasons for altering the broad structure now in place. In any event, changing the model would demand vastly expanding the Provincial level offices. This is neither feasible for reasons of budgetary and skill shortages nor desirable in the light of the prevailing overall structure of the government.

The Case for a Reallocation of Responsibilities

An overriding issue is that of the appropriate distribution of functions and staffing between component parts of the statistical system in order to make the system reflect the changing nature of statistical operations and the mode of data collection. Acceptance of the need to turn to sample surveys as a primary method of data collection to replace

the reliance on past practices designed to obtain complete reporting, common in centrally planned economies, demands a reorientation of the responsibilities and functions of statistical offices at the various levels of the system. The reorientation would require a clear division of responsibilities between the components to remove duplication. In a re-engineered system, the functions of the offices at the three component levels would ideally take the following broad form:

- HQ Office: Overall management and oversight of the statistical system and definition of statistical policy; establishment of standards and methods; design of all surveys; data management and dissemination; staff training;
- Provincial Offices: Responsibility for survey operations, updating of sample frames and business registers;
- Line Agencies: Responsible for all collections and compilations based on administrative data collection with the support and guidance of the CSO.

It must be stressed that the allocations of responsibilities and functions between the three tiers of the statistical system are neither appropriate nor conducive to enhancing the system's potential capacity and for it to emerge as a robust, efficient and cost effective entity. It must be further stressed that meeting the overarching objectives of establishing a strong, efficient and cost effective statistical system in a given country demands structural and institutional changes. If no actions are taken to restructure the system, there are high risks of failure. It should also be noted that effective implementation of the core work programs will demand institutional and structural changes. The new approach to data collection, relying more heavily on the use of sample surveys, can only be satisfactorily implemented with a reformed organizational structure that embodies specialized units dealing with sampling, questionnaire design etc. and an effective field unit for data gathering. Similarly, the full gains from the use of enhanced IT capacity will only be achieved if the necessary institutional and structural reforms are completed. The role of the Computer Center, in a Soviet style statistical system, is anomalous. The guiding philosophy and rationale is based on the use of mainframe computing equipment. To meet the goals of greater user orientation and enhanced dissemination of data, it is necessary that the institutional arrangements in place are supportive. In brief, the institutional and structural reforms have to be seen as a key first step leading to the implementation of the proposed changes in the work program. A realignment of functions and responsibilities along the lines outlined above is essential and imperative if the CSO is to vigorously pursue a program of reforms and begin implementing the work program utilizing data collection methods based on sample surveys. A realignment of functions will demand a restructuring of the organizational setup of the CSO HQ, and some realignment of the responsibilities of the Provincial statistical offices. Although Afghanistan's statistical system was patterned on the Soviet model, the Provincial and District level offices were not fully developed. Thus, major restructuring of the system can be limited to the HQ level.

A concurrent issue is that concerning the internal organizational structure of the statistical office. The internal structure of a statistical office can take several forms. It could either take a subject matter approach in establishing units, or a functional approach. The *subject matter approach* typically contributes to specialization by subject areas and the development of pools of subject matter expertise. Thus, at the extreme, staff deployed in say a unit dealing with agricultural statistics, would typically be made up of specialist agricultural statisticians. However, they would need to have the requisite knowledge of sampling methods, survey operations, and data management practices. Over time a unit so constituted would become a self-contained unit with few interactions with other units in the institution. There would emerge a tendency to have staff that is in a sense "Jacks of all trades but masters of none." There are clearly disadvantages that out weigh any gains from an overall institutional viewpoint. It is generally acknowledged

by most management specialists that the vibrancy and effectiveness of a modern organization are best ensured by the existence of a strong team culture that draws on the best talents available. Advocates of these views argue that efficiency is best ensured through a process of specialization and the use of specialists in a team based approach in implementing particular tasks. Thus, in the example cited in the case of producing agricultural statistics, under a *functionally based approach***,** the task would draw on specialist sampling experts, questionnaire designers, field operational units, IT personnel etc. to design, execute and analyze an agricultural survey. Staff with requisite skills would be grouped in functional groups. Each of these groups would be staffed so that there is a critical mass of specialists available in the organization. Specialization in this manner would contribute to the more efficient use of skills, better contribute towards the overall mission goals of the statistical office and at the same time reduce the tendency towards the emergence of self contained cells or units. The task of creating a cooperative and reinforcing team culture is greatly facilitated through adoption of a functional approach in the structuring of an institution.

The characterization outlined above is somewhat abstract but favors a functional approach to statistical organization. Typically many statistical organizations, particularly those operating under the centralized model, have tended to begin with an organizational structure that has a subject matter orientation but over time moved towards a structure that blends the subject and functional approaches. The current broad patterns in many countries indicate an organizational structure grouping functions in the following manner:

(i) Economic data collection, processing and analysis - often referred to as *subject matter areas* or *branches* - concerned with the collection of economic data by individual surveys and from individual administrative sources and including the business register;
(ii) Social data collection and processing - the other subject matter areas concerned with social statistics;
(iii) National accounts, balance of payments and economic analysis - areas concerned with integration and analysis of data from surveys and administrative sources;
(iv) Marketing and dissemination – assessing user requirements, segmenting users into groups, managing output;
(v) Concepts, standards and methods - developing, promoting, and monitoring use of a common conceptual framework, survey best practice, and quality management;
(vi) Information technology - developing and promoting effective use of data processing, data and metadata management, and communications technology;
(vii) Management and services - budgeting, planning, personnel, pay, training.

These functions may be combined or split in a variety of different ways. In summary, there is no right organizational structure. The important point is that all the functions are present and communicate effectively. Further guidance regarding the organizational structure is provided in reports and papers by the ECE/UN (1997) and Conference of European Statisticians (1998).

The current structure of the CSO is essentially a cross between the subject matter and functional approaches. The President –General is assisted by a Deputy. Eight departments are headed by Presidents. They in turn have oversight of a number of sectoral statistical and administrative divisions. The organizational chart below depicts the current distribution of functions across the head office. It will be observed that many of the units deal with specific subject matter fields, - agricultural statistics, national

accounts, household surveys etc., and the administrative units are essentially functionally oriented. Special arrangements are in place in respect of the IT, data dissemination and methodology functions.

The critical question that arises is: Is the present distribution of functions across CSO optimal in terms of being able to support the new work program and the modalities for data collection as envisaged under the reform program now under development? There are other secondary questions. These include: Is the structure in place effective and efficient from the perspective of resource use? Does it facilitate good communication within and between functions, in particular between data collection areas and the national accounts area? Are the current arrangements conducive to supporting task oriented matrix management?

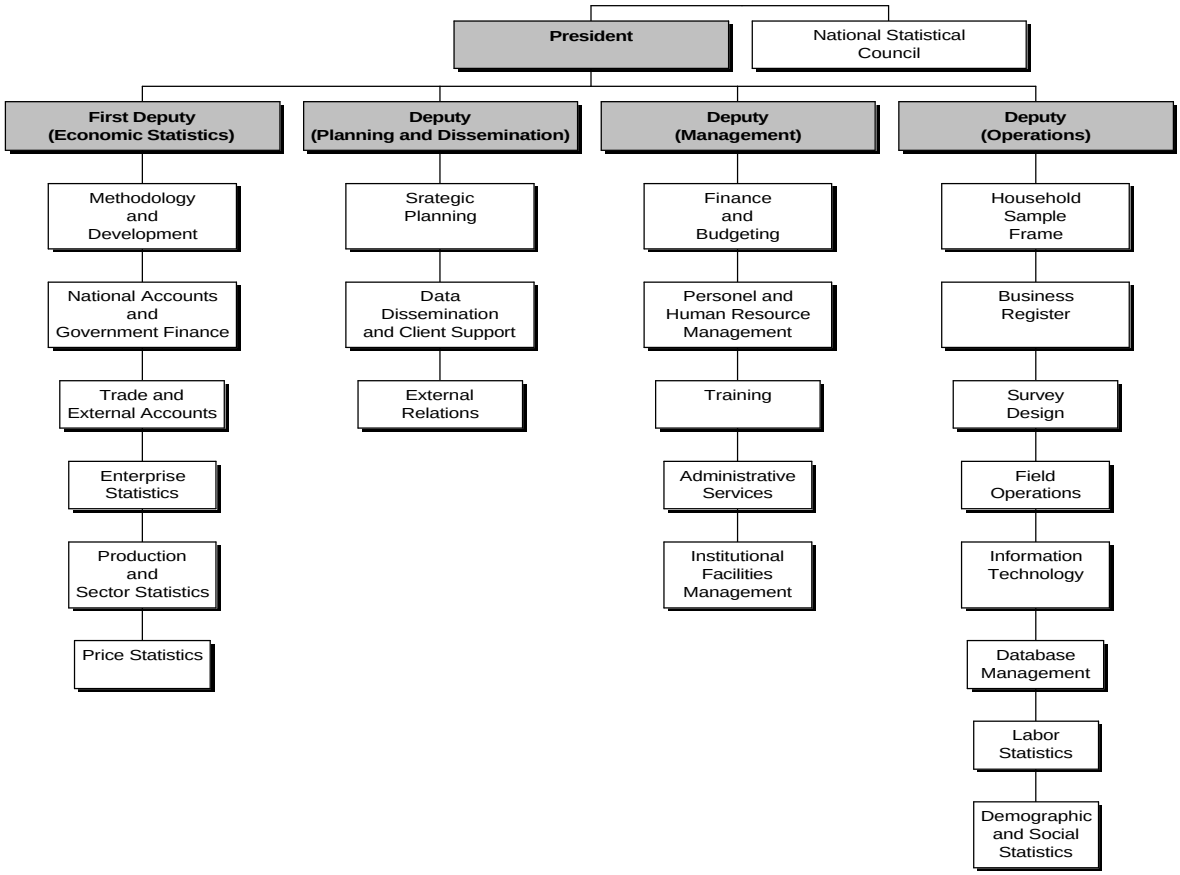
A broad response to these questions would be that there is considerable room for streamlining the present structure of CSO to contribute in a positive manner to overall institutional strengthening. A realignment of functions is therefore recommended. The starting point for the proposed realignment is the nature of the proposed work program of CSO, the new modes for data gathering with emphasis on the use of sampling procedures, and the introduction of new management approaches designed to achieve greater efficiency and cost effectiveness. The proposals also take account of the need for adoption of management practices that contribute to the development of a new corporate culture that emphasizes client orientation, enhanced data quality and maximum returns to the resource inputs.

It will be noted that the proposed work program emphasizes the consolidation of primary data gathering centered round a limited number of surveys supplemented by accessing administrative records. It will be further observed that proposals concerning data gathering emphasize the critical role of sampling as a tool. On the issue of better servicing of client needs and stress placed on data dissemination, the role that IT can and should play has also been emphasized. Based on these considerations, an optimal arrangement would lead to an organizational structure that demarcates the following grouping of functions into a number of clusters.

- **Statistical infrastructure**: Sampling frames, business registers and classifications.
- **Methodology and Design**: Sample design, experimentation and questionnaire design.
- **Field Operations**: Data collection
- **IT Function**: Development and management of institutional databases and metadata bases; technical support to operating divisions.
- **Operating Departments**: Household surveys, enterprise surveys; price statistics national accounts; external trade and financial statistics; social statistics; demography.
- **Data dissemination and client support.**
- **Management Services**: Strategic planning; Finance and Budgeting; Human resource management including training; External Relations.

These proposals are translated into the organizational structure depicted below. It is appropriate to elaborate on the proposed clustering and to provide some rationalization for the proposed structure.

Proposed Organization Chart for CSO



Statistical Infrastructure

A sample frame of household units will need to be developed based on the results of the First Phase Population Census of 2003. While the Census will provide a listing of all households in small area localities, internal migration and population shifts will result in making the listings outdated over time. It is therefore essential that steps be taken to design a master sample frame that is continuously updated. Similarly, the development and maintenance of a business register will demand strong partnership arrangements with the Ministry of Trade and other agencies that license businesses. Work on classifications is critical to the development of a functioning business register. It is also critical to almost all statistical operations both in the survey context and the realm of administrative statistics. CSO as the standard setting agency needs to ensure that all classifications it develops are used across the entire statistical system to achieve data harmonization and consistency.

Methodology and Design

At the present point in time the responsibility for methodological development is a shared one between the different Departments of CSO. This divided responsibility is in part attributable to the limited staff skills available within the CSO. The present arrangements are not optimal and CSO must develop an in-house central capacity that

can play a pivotal role through interactions with other units in developing sample designs, experimenting with alternative designs, designing questionnaires and pre-testing them. In the longer term, the work of these unit(s) will come to provide intellectual leadership and contribute to improvements in data quality.

Field Operations

As the CSO moves towards the launch of new and more complex sample surveys, it is inevitable that interviewing respondents will assume greater importance. Furthermore, making meaningful improvements in data quality will demand upgrading the capability of interviewers through systematic training and closer supervision. CSO will need to play a role in establishing guidelines, plan and manage field operations, train field operatives and to evolve new approaches on the basis of feed back obtained from the field.

IT Function

The role to be played by IT in the future will need to be different. In the past data capture was done at the local level but only summary reports in the form of standardized tables were transmitted to the Computer Center which in turn was responsible for the preparation of aggregated tables and supplying summary tables to the subject matter departments for further analysis, reporting to client agencies and the preparation of reports for general publication. The Computer Center, as noted earlier, traditionally relied upon main- frame systems and devoted most of its staff resources to designing customized systems and software. Some staff resources were deployed for hardware maintenance and engineering support. The Center also took in data processing for external clients on a fee-paying basis. Again as noted earlier, the Center enjoyed a semi-dependent status although it reported to the head of the CSO. Under the current project, the IT function will need to be drastically redefined and restructured. Data entry and validation will be performed at the HQ level. A key recommended change is that the full set of unit records in electronic form be transmitted to the HQ Operating Departments to permit them to undertake fuller validations, make appropriate imputations for missing data and analysis the data.

The above recommendation requires some elaboration. The access to unit records at the HQ level represents best practice and is the norm in almost all statistical systems. It has several benefits. It provides professional staff with the ability to review all data, identify “outliers”, make informed judgments and corrections, and take appropriate steps that contribute to data quality enhancement. More importantly, the availability of unit records permits the creation of detailed databases that have detailed time series for the purposes of both cross-sectional and time series analysis.

With the setting up of Local Area Networks in the Operating Departments, it will be feasible to engage in greater data sharing. Each of the Operating Departments would need to have IT professionals to perform specialized functions. In the proposed IT environment, the need for customized systems and software would be largely eliminated. The Operating Departments would rely on commercial software. The role of the Computer Center under the scenario painted above would change. The Center would have responsibility for equipment maintenance, and providing IT training to staff in the other units of the CSO. However, its major functions would be to develop and maintain the institutional database along with a Meta database. The proposals outlined above represent best practice in most of the advanced statistical offices in market economy countries.

There are several implications arising from the above proposals. In the first place, sizable savings can be achieved. Moving aspects of the IT function from the a central location to where data operations are actually carried out (in the Operating Departments) will ensure that IT plays an effective role in contributing to enhanced productivity and greater efficiency. The proposed arrangements would achieve several specific objectives which include:

?? Increasing staff resources available for data work in the main CSO Departments; permitting maximum exploitation of PC based technology;
?? A desirable downsizing of the of the Computer Center whose current staffing was set in a period when mainframe driven applications were the norm;
?? Enable the restructured Center to focus on the development and maintenance of the institutional database and meta database; engage in strategic planning in the IT area; develop its revenue earning activities;

It is imperative that in acquiring new hardware, account is taken of the need to provide adequate computer storage capacity. The design of the institutional database will need to factor in the need to incorporate unit records into the database.

Data Dissemination and Client Support

The existing organizational structure does not provide for these functions. The emphasis is on releasing data through periodic reports and the Yearbook of statistics. The primary audience served is made up of government agencies and ministries. In the absence of a functioning private sector, servicing the needs of that sector is largely secondary. Client support does not feature strongly in the work of the CSO.

Some rationalization of present policies and practices is needed in the light of changed circumstances. In a market economy environment, the private sector will in time emerge as an important and significant user of data. Present processes are not sufficiently geared to meeting these demands. New policies and procedures are needed along with the necessary institutional arrangements. The policy regarding imposing fees should be reviewed and brought into line with the best practices of other statistical agencies. In the longer term, CSO should have the power to make cost recovery in instances when it meets special requests from clients in both the public and private sectors. As regards meeting regular, as opposed to special requests, data needs of other agencies, there is a clear need to review the content and frequency of regular reports.

Management Services

The present somewhat rudimentary arrangements for dealing with administrative, financial, human resource and external relations functions require radical strengthening. There are several areas that require reinforcement and re-engineering. These include budgeting and planning, training of staff within the context of human resource management, strategic planning and financial management with emphasis on accountability.

As providers of essential information, national statistical offices have to take the quality of their products and services very seriously. This has been a central pre-occupation of most statistical systems. As the performance of statistical services, and indeed of government services in general, have come under closer scrutiny in many countries, quality management has lately become a focal issue. Obviously, there are many sides to the ‘quality’ of official statistics. To mention some of the most important aspects: official statistics must be

· Relevant

· Timely and
· Accurate,

But they should also be
· produced cost-effectively, and
· Without too much of a burden for data providers.

Box 2: The IMF's General Data Dissemination Standards

The objective of the GDDS is to encourage the production and dissemination of complete sets of data with widest coverage, based on international methodologies. The GDDS provides recommendations on good practice, based on current practices of agencies compiling and disseminating data in countries. Recommended good practices refer to coverage, periodicity, and timeliness. The data dimension in the GDDS is closely linked to the quality dimension, within which plans for improving data quality form an integral part. The focus for the access and integrity dimensions is on the development of policies and practices in line with the objectives of dissemination of readily accessible and reliable data. Information on access and integrity of the data and, especially, the agencies that produce and disseminate them, is essential in building confidence of the user community in official statistics. In brief, the GDDS serves a useful purpose as it:

? Encourages member countries to improve data quality;

? Provides a framework for evaluating needs for data improvement and setting priorities in this respect; and

? Guides member countries in the dissemination to the public of comprehensive, timely, accessible, and reliable economic, financial, and socio-demographic statistics.

Afghanistan would be well served by aiming to subscribe to the GDDS.

Each of these major quality aspects of official statistics requires its own quality management approach. National statistical offices appear to adopt various approaches to quality management. Some have opted for a system of Total Quality Management (TQM), others aim at certification along the lines of the ISO-9000 system. For example, in 1996, Statistics Netherlands adopted a comprehensive quality program, laid down in the form of a 'business plan' for the next decade. Two specific components of this overall quality program merit mention. First, Quality Guidelines about *need* to be established and be accompanied by a system of *'statistical auditin*g'. The focus of statistical auditing in this sense is on the quality of the *statistical production process.* This implies that it relates *primarily* to the quality elements 'timely', 'accurate', 'produced in a cost-effective manner' and 'without too much of a burden for data providers'. 'Relevance', though an important part of the quality guidelines, is usually not covered *in depth* by the statistical audits. There are other mechanisms to measure user satisfaction with the output in general and with individual sets of statistics in particular. These too are set out in the business plan. In the Netherlands, the business plan incorporates six elements:

?? A relevant work program
?? Reduced respondent burden
?? Effective statistical information
?? Comprehensive quality management systems
?? Adequately trained and motivated staff
?? An efficient, well managed, flexible organization

As in the Netherlands, similar activities have been underway at Statistics Canada for a number of years.[5]

At the present point in time CSO lacks capacity to plan. There is no attempt to prepare an annual plan or to identify priorities, strategies, methods or resource implications. CSO is unable to make informed choices between options. Neither does CSO have in place a system of costing out specific statistical programs based on an accounting system that could chart the true costs, especially of staff inputs, of undertaking a particular statistical program. Its budgeting processes appear to be dependent on rule of thumb calculations. What is required, for both purposes of the budgeting exercise and resource management, is a system that permits the measurement of staff time inputs into each program. This will demand the introduction of time recording by every staff member. With the eventual introduction of Program Budgeting by the Ministry of Finance on a government wide basis, CSO will be under pressure to introduce processes that will enable it to conform. Time reporting would represent one such element. It is recommended that CSO management launch a pilot project for time reporting for a selected statistical activity. After sufficient experience has been gained, the scheme should be extended to all staff.

An aspect of budgeting that merits special mention concerns the provision of funding for replacement of hardware. The issue is of particular relevance at the current point in time as CSO is receiving a sizable amount of hardware. Given the rapid rate at which equipment becomes obsolete, it is important to adopt arrangements that create a special Amortization Fund into which annual contributions are made. Future purchases of replacement equipment could then be met from such a Fund. Establishing such a Fund will demand the concurrence of the Ministry of Finance.

Beyond the budgeting and Annual Work Plan preparation, there is a need to establish a capacity to deal with the preparation of strategic plans for the medium term. The functions of a new Strategic Planning Department should include responsibility for the preparation of policy papers for discussion by a National Statistical Council. The National Census Committee could well be reconstituted into a National Statistical Council to address broader statistical policies, and coordinate statistical activities across all agencies of the Government. The new Department should, amongst its duties, play the role of a secretariat to that body.

An important dimension of human resource management is represented by skill upgrading and knowledge enhancement. CSO is in dire need of upgrading rapidly the skill level of its staff because of the circumstances that have prevailed over the past two decades. This will be attempted via a sustained program of training delivered by donor agencies under the technical assistance envisaged in the SMP. The training delivered will need to be internalized. It must be emphasized that the programs offered will need to be geared to the imparting of practical skills and applications directly linked to ongoing work programs.

A sizable effort will be made to deliver training as part and parcel of the work program of the project. It is imperative that such training is internalized and placed on a sustainable basis so that there is a multiplier effect. It should be further stressed that training and knowledge renewal are a continuing function in an organization that wishes to remain at the cutting edge. Investing in staff has the greatest returns. It is therefore imperative that the necessary institutional arrangements are developed to permit these goals and objectives to be achieved. To this end, CSO should establish a Training Division that would take responsibility for developing and sustaining a program of in-

[5] See Quality systems and statistical auditing. A pragmatic approach to statistical quality management; *Willem de Vries and Richard van Brakel*

service training, preparation of training materials for dissemination to the lower tiers of the statistical system, and be involved in the defining of long term institutional needs for different skills. The Division should play a direct role in organizing short training courses, with a heavy practical orientation, drawing on staff from across CSO and external consultants. Given the weak state of statistical capacities in the various line ministries and agencies of the government, CSO should include staff from these other agencies in training programs it mounts.

Proposed sequencing of activities

The program design calls for a broad range of activities that are carefully integrated. The appropriate implementation strategy will need to ensure simultaneous movement in each of the cluster of activities. Within this general framework, the activities envisaged under organizational development will need to proceed as a launching and lead activity. Certain of the key activities are highlighted below, along with the broad sequencing of activities within each cluster.

(v) Creation of an environment within which Organizational Development involving reform and strengthening can be best advanced through exposing stakeholders to the nature of a statistical system in a market economy, the SNA as an organizing framework, the importance of managing resources and priority setting. This activity should be completed before proceeding with the core program. The four elements of the core program will be implemented concurrently and in tandem to ensure balanced development.

(vi) Creating and enhancing the Statistical Infrastructure to support statistical activities, including the development of business registers, sampling frames, database development, adoption of classifications and development of physical infrastructure including IT capacities.

(vii) Based on the institutional sectoring arrangements embodied in the 1993 SNA, the MDG goals, several data gathering activities will need to be launched. These encompass Household Sample Surveys, Enterprise Statistics, Surveys of Economic Activity, Price Statistics, Financial & Monetary Statistics, External Trade & BoP, and National Accounts. For social statistics data gathering will essentially be based on administrative records augmented by data from household surveys. Statistical Training should be identified as a separate element in the project to help develop a facility to permit sustainable long-term capacity to meet the long term needs of the statistical system.

(viii) Given the relative weaknesses in the IT area, separate activities, beyond the procurement of hardware and software, involving data base development and dissemination will need to be pursued.

Implementation of the core work program will demand the initial creation of a deeper appreciation of the orientation of a modern statistical system. Secondly, the necessary statistical and physical infrastructure needs to be in place to permit the execution of the core work program. The core work program, while defined in the Master Plan, would need to be elaborated and updated annually. The core program is built upon a consolidation of existing surveys centered round an integrated multi-topic household income- expenditure survey patterned on the LSMS and an integrated business enterprise survey designed to collect the full accounts of corporate entities. The rationale for consolidating survey activities is provided by the need to maximize the

use of resources, preclude over-stretching capacities, and to permit better management. In addition, it is designed in a manner that would reduce respondent burden. The core program incorporates key statistical series that are commonly compiled in most market economies to meet the data needs of all stakeholders.

The program emphasizes training and skill development as a key variable for building a sustainable capacity. Training should be seen as a distinct component in the project. However, skill development, linked with the practical aspects of statistical operations, should be viewed as part and parcel of the mainline activities associated with data gathering and handling. For reasons of efficiency and maximum impact, skill development should be woven in with the substantive data related activities. External consultants should be required to offer hands on training in the context of providing technical inputs. The emphasis should be on learning by doing. The project cycle should be: initial training ✍ identification of tasks✍ local execution ✍ review of progress and finalization

Organizational Development

Institutional restructuring by itself will be insufficient for the creation of an effective statistical system for Afghanistan. It will demand programs that promote organizational development, apart from investments in infrastructure, development of appropriate statistical infrastructure, a capacity for training and human resource development and the establishment of clear and coherent policies for data sharing and dissemination alongside the development of functioning databases.

A first and necessary set of key actions concerns institutional reforms. These will need to be pursued in connection with actions taken under the Governments program for Priority Restructuring and Reform (PRR) of agencies under the terms of the recent Presidential Decree empowering the Independent Civil Service and Reform Commission.[6] As a first step, CSO will shortly be submitting an application. For the purposes of this report it is assumed that the application will be approved. Following the approval, actions will be required to give effect to:

- Review and revise statistical legislation by incorporating international best practice to guarantee independence of the system and respect for statistical confidentiality.
- Establish mechanisms for coordination and effective management covering both human resources and financial management
- Establish a National Statistical Council
- Restructure CSO
- Launch development of statistical and physical infrastructure investments.
- Adopt a core work program and begin its implementation with the help of technical assistance.

[6] See Annex III for Presidential Decree.

Organizational Development And Management

Organizational Development and Management	Activities	Inputs	Outcomes
a - Study Tours for Senior Managers	6 managers	3 consultants - 4 weeks	Exposure to practices
b - Statistical Policy Seminars	2 Seminars for CSO & Senior Level Users	1 consultant - 3 weeks	Understanding role of statistical systems in market economies
c - Review and Revision of Statistical Legislation	Draft	1 local consultant – 4 weeks	Revised legislation
d - Directory of Statistical Outputs	Preparation	1 consultant – 3 weeks	To better acquaint users
e - User Need Assessment	Consultations	2 consultants – 8 weeks x 2 visits	Establish needs of all stakeholders
f - Financial and Budget Management	Workshop; Project Prep; Training; Pilot; Full system implementation	1 local consultant – 10 weeks Equipment	Put in place budgeting and financial management systems geared to program budgeting
g - Human Resource Management	As above	2 Consultants- 6 weeks; 1 Local Cons. – 6 weeks Equipment	Establish comprehensive human resources system
h - Statistics in a Market Economy	2 Workshops	2 Consultants - 4 weeks	Greater understanding of use of statistics in a market economy
i - Statistical Organization	1 workshop for managers	1 consultant – 2 weeks	Refine organization structure
j - Preparations for PRR Status	Preparation of second stage application	1 consultant - 6 weeks	Finalize application

The following actions are recommended to be taken in pursuit of improving policy, the regulatory and institutional framework in which the CSO operates:

a. Study Tours for Senior Managers

The senior management team at CSO should visit the statistical offices of selected neighboring countries to obtain first hand insights into the experience of these countries in managing the process of statistical reform during the transition period. Four themes should be central to the discussions:

- ?? Educating stakeholders and obtaining their support for statistical reforms;(the participatory mechanism)
- ?? Introduction of financial and human resource management tools;
- ?? Introduction of modern IT and organizational change
- ?? Data dissemination.

b. Statistical Policy Seminars

The Seminars should have the participation of high-level Government officials, representatives of the private sector and CSO managers. The key underlying themes would be the changed role of statistics in a market economy, the role of various

stakeholders, safeguards for maintaining the integrity of the statistical system, the importance of priority setting, and adoption of international standards and best practices. The seminar would also present an opportunity to "market" the current program and raise the profile of CSO.

c. Review of Statistical Legislation

The existing statistical laws, enacted by earlier regimes, are outdated and are inconsistent with norms in use in most countries. For instance, they do not sufficiently address the need for accountability and transparency, and terms on which data are accessible to various stakeholders. Revised legislation that incorporates globally accepted principles needs to be enacted to make clear the role of the statistical system and its management. The new laws should be seen as a charter for the entire statistical system. The consultant appointed for this review should be requested to recommend amendments to the existing law, particularly regarding stipulations on equal information access, relationship between the CSO and other data providers, as well as data confidentiality. The issue of establishing a consultative and a participatory mechanism (e.g. National Statistics Council) to enable adequate consultations with users should also be addressed[7].

d. Directory of Statistical Outputs

Presently there is no comprehensive and consolidated documentation describing the various statistical series and indicators compiled in Afghanistan. The study, by a local consultant, reviewing the range of statistics presently compiled by different agencies and international organizations operating in Afghanistan would contribute to reducing duplicative efforts. The Directory would serve several purposes, inter-alia, help identify:

a) data gaps;
b) over-lapping series and duplications;
c) data collected but not used in publications.

Based on such identification, CSO should take steps to rationalize and eliminate series that no longer serve the nation's needs. The Directory would also provide the basic building blocks for the preparation of the proposed Metadata Base as well as the database. Additionally, it would enable CSO to better inform users of what data sets are available and contribute to improved dissemination.

e. User Need Assessment

If CSO is to become more client oriented and better positioned to serve them, it needs to assess client needs. Any attempt to assess client needs must begin with the acceptance of the notion that its clients transcend governmental agencies. As markets begin to play a larger role in the functioning of the economy, private sector and civil society entities will emerge as important clients. Their needs will need to be factored in determining statistical priorities and in the design of "products" and dissemination policies. To this end, CSO should take steps to move away from its present rather aloof stance and actively engage in a dialogue with its potential clients.

[7] The United Nations Statistical Division has developed a model law for use by national governments. See Annex 8 for a reproduction of the law from the *UN Handbook on Statistical Organization.*

f. Financial & Budget Management

With the proposed introduction of a system of Program Budgeting at the national level, CSO will need to introduce its own system of financial and budget management. Almost all advanced countries have effective systems in place to permit costing their activities based on time reporting and use of other resources. CSO should move towards introduction of such systems into its management processes. It is suggested that during the first year of the Project four activities be carried out: a) a workshop to expose all managers on the scope, content, operation of an effective financial management system and the benefits thereof; b) train key staff; c) with the assistance of a consultant design, test and launch a pilot exercise d) Based on the experience gained, make plans for the launch of the system to all branches of CSO in the second year of the Project.

g. Human Resource Management

Parallel to work under the above activity CSO should embark on the introduction of new practices for human resource management. Two core activities should be the introduction of staff time reporting, and a system of staff performance appraisals. A classification of tasks carried out in the various branches of CSO will be needed. Additionally, a system for assessing staff performance incorporating reporting forms, the criteria for assessments, and training of managers in the use of the system should be put in place.

h. Statistics in a Market Economy

Given that there is yet an inadequate appreciation of the nature of a market economy and the role data plays in such an economy in decision making processes in both the public and private sector, it is important to expose both data producers and users to key aspects. To this end it is proposed that workshops be conducted for staff from both CSO and the key agencies of the government. The workshops should cover the following themes a) contrast between decision making processes in a centrally planned and a market economy b) demarcation of the private and public sector roles in decision making c) a brief discussion of the analytical framework of the SNA as the center piece to data organization d) importance of dissemination and openness whilst recognizing the need for protecting individual records, and e) scope of the current project and its goals. These workshops should be viewed as educative and designed to reorient participants who would be middle level managers and professional staff.

i. Statistical Organization

The workshop for all middle level CSO managers would have a two fold goal :a) to provide participants an understanding of the goals, modalities and programs to be conducted under the Project and to gain support for institutional and organizational change and b) to seek inputs and feedback. The stress would be to create an environment for change and promote ownership of the project. The process should contribute to a deepening of the managerial team.

j. Preparations for PRR Status

The guidelines established by the Independent Civil Service and Reform Commission impose rigorous requirements on client agencies dealing with the intended reform measures. CSO management is presently insufficiently equipped to deal with these. As a first step it needs to create an in-house PRR Steering Committee or task force to review and develop proposals for submission to the ICSRC. It will need inputs

and assistance from external consultants that are familiar with institutional re-engineering processes.

Most of the activities identified above are to be undertaken in the first year of the project in order to create an appropriate environment in which the core activities associated with data development and dissemination can be executed. The planned activities will seek to involve the active participation of all major stakeholders, both producers and users of data.

Benefits and outcomes

The activities under the component will:

- provide exposure to the CSO management and staff to best practices;
- give the stakeholders better understanding role of Statistical Systems in market economies;
- establish needs of all stakeholders;
- put in place budgeting and financial management systems geared to Program Budgeting;
- establish comprehensive a Human Resource system;
- refine organizational structure of the CSO;
- create an appropriate climate for change.

A Program for Data Development

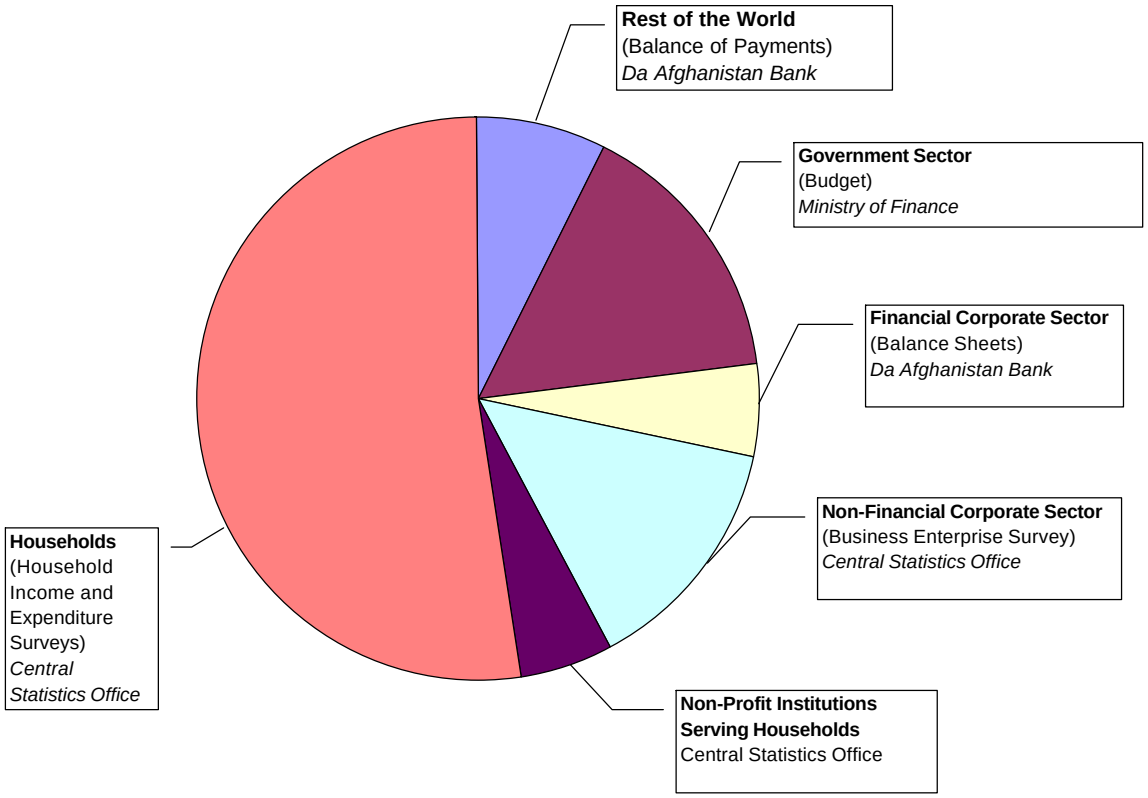
Introduction

Data development to fill existing information gaps and meet stakeholder needs represents the single most important and challenging activity to be taken up in the context of a strategic plan for statistical development. The activities in this cluster represent the core activities to be mounted in relation to data collection. The activities to be pursued represent the consolidated work programs for all components of the statistical system that includes the CSO and other agencies and entities. The work program embraces both modifications to existing data collection and the launch of new programs.

The integrated statistical work program builds upon two essential frameworks. These are the 1993 System of National Accounts (SNA) which offers a broad framework for organizing the range of economic statistics and the MDG framework for organizing the compilation of social statistics. The Census of Population, mandated under the terms of the Bonn Agreement setting up TISA, constitutes a very important and priority statistical activity. The importance of the Census cannot be minimized. It will provide a baseline for the key demographic and social variables and will fill large gaps in information that seriously impede decision making. In addition, the Census will make a large and significant contribution to capacity building. Foremost amongst these contributions is the large investment being made to develop the physical infrastructure of CSO. Under the UNFPA Census program, CSO will receive sizable amounts of equipment (vehicles and IT equipment), training of staff in census methods, cartography, and use of IT. A direct output from the first phase listing of households and the related mapping of localities will lead to the creation of a household sampling frame, critically needed for the design and execution of household surveys. Taken together, the investments in both the physical and statistical infrastructure of CSO will lay the foundations for collection and compilation of data highlighted in this document.

The work on economic statistics requires an organizing framework. The 1993 SNA provides such a framework. Based on the SNA categorization of institutional sectors, statistical collections can be appropriately organized. For estimating the **Government sector's contribution** to GDP, the revenue/expenditure and development budgets of the government represent the primary data source. For the **Non- Financial Corporate sector** made up of all incorporated business, irrespective of size and type of sector activity, most countries obtain the data either from tax returns or by canvassing special surveys of enterprises. The data for the **Corporate Financial Sector** are generally obtained from statutory returns filed with the Central Bank. For estimating the contribution or share of **Household**s to GDP, most countries rely upon a combination of tax records and household surveys of income expenditure. The **Rest of the World Accounts** are based on the balance of payments compiled from a combination of data from administrative records and special surveys. A graphical presentation of the SNA framework, along with areas of responsibility for different agencies, is depicted below.

The System of National Accounts Framework for Allocating Data Responsibilities (SNA 1993)



It must however be emphasized that the framework presented above does not take account of the social, demographic and other data sets that are needed. To meet these needs, separate collection arrangements need to be established. For most **demographic statistics**, the data can be obtained from the decennial census of population and vital registration records. **Social statistics** – health, education, welfare, and living conditions -can for the most part be derived from administrative records supplemented by survey data. The framework for these is provided by the MDG. The 48 key indicators encompassed by the MDG[8] represent the core social and poverty related indicators that have been accepted at the international level for monitoring progress. Much of the information for compiling the MDG indicators will be based on administrative records; other information, especially that pertaining to poverty will need to be collected through household inquiries. The Household Income Expenditure Survey can be the main vehicle for collecting such data. Collecting **Labor market information**, vital to measurement of trends in employment and unemployment and hours worked, requires the special surveys.

In order to reduce the data collection burden on both the CSO and respondents, and based on the strategy outlined earlier, it is desirable to develop a compact program of surveys and arrangements for tapping administrative records to satisfy the major data needs of the nation.

[8] See Annex IV for a listing of the MDG. In the context of Afghanistan in the near, not all of these indicators are likely to be compiled.

As noted earlier, the compilation of national accounts demands the availability of basic data. Based on these considerations, and a review of the current capacity of CSO, any future work program needs to be cost effective. The suggested program of work now being put forward attempts to take an integrated approach; it aims to maximize the potential role of other agencies of the Government in generating data and supporting CSO. The task of building a credible system of economic and social statistics should be as a national task requiring co-operative efforts. The overall work program that emerges, while still large, attempts to deal with resource issues and implementation capacity given the existing levels of staff.

Needed surveys and administrative data

The consolidation of the survey program can be achieved through the launch of the following surveys:

- An **Integrated Business Enterprise Survey (IBES)** to collect information from enterprises.
- A **Household Income and Expenditure Survey.**
- A quarterly **Production Survey**
- Monthly **Survey of Prices**

Presented below are the activities associated with core programs in economic and social statistics.

Data Development

	ACTIVITIES	INPUTS	OUTCOMES
A. Household Sample Surveys			
A.1 - Household Income-Expenditure Survey	Workshop; create & test new modules; improve methods of data validation, processing and imputations; upgrade sampling 3 workshops	4 consultants – 12 weeks x 4 visits; 1 local consultant - 12 weeks; Software and equipment	HIES to better meet needs of SNA; map survey outputs to NA; weights for CPI
A.2 - Upgrade analytical capacity of staff	Workshop, create & test new modules; improve methods of data validation, processing and imputations; upgrade sampling and analysis	1 Consultant – 6 weeks 2 Consultants – 8 weeks x 2 visits 1 local consultant - 8 weeks. Software and equipment	Deepen use of data in poverty analysis etc Improved data and analytical capacity
A.3 - Survey Skills Program	a) Initial Training in Canada b) Launch program c) Developing training materials	4 staff for 6 weeks 3 consultants – 8 weeks x 2 visits; 2 local consultants - 10 weeks Software and equipment	Sustained capacity at CSO to train middle level professional staff in all aspects of survey operations
A.4 - Training in sampling	Foreign Training	3 staff for 6 week programs	In-house expertise in sampling techniques
B. Enterprise Statistics			
B.1 - Enterprise versus establishment statistics	Introductory workshop	1 consultant – 2 weeks	Increased knowledge on role and use of these surveys.
B.2 - Integrated Business Enterprise Survey	Project prep; design, test and operationalize new survey	1 consultant – 18 weeks x 4 visits 1 local consultant - 18 weeks. Software and equipment. Translation of documents.	Capacity to carry out IBES; map data to NA, BOP; produce inst. Sector accounts and comprehensive enterprise stats.
B.3 - Analytical Use of Enterprise Data in National Accounts, Balance of Payment, and External Debt	2 Workshops	2 consultants - 6 weeks x 3 visits	Effective use of IBES data
B.4 - Sampling in enterprise surveys	a) Foreign training b) Workshop	a) 3 staff for 4 weeks b) 2 consultants - 3 weeks.	Capacity to develop and execute sample surveys of enterprises
B.5 - Development of manuals		1 consultant – 6 weeks 2 local consultant - 12 weeks	Manuals available to guide survey operations
C. Surveys of Economic Activity			
C.1 - Monthly/Quarterly Surveys of Large Enterprises in (i) Agriculture;	Workshops, project preparation; design, test and operationalize new survey	3 consultant –12 weeks X 1 visit 4 local consultants - 16 weeks	Comprehensive statistics on current activity in key sectors. Revised survey will track business trends and improved forecasts

(ii) Manufacturing, **(iii) Retail-Wholesale, and** **(iv) Transport**		weeks Equipment and software. Translation of documents.	forecasts New indices to aid forecasting. Improved measures of short-term economic activity.
D. Price Statistics			
D.1 - General Introduction to Price Statistics	Workshop	1 consultant –2 weeks	Increased knowledge on role of prices and methods
D.2 - Consumer Price Indices	Project Prep; workshops, specification & selection of items, weights and outlets; computation methods and documentation	1 consultant –12 weeks x 3 visits 2 local consultants –16 weeks Equipment and software	More robust CPI
D.3 - Producer Price Indices	As above	1 consultant –12 weeks x 3 Visits 2 local consultants –16 weeks. Equipment and software.	New indices in place
D.4 - Import & Export Price Indices	As above	1 consultant –6 weeks x 2 visits 1 local consultant -8 weeks	New indices in place
E. Financial & Monetary Statistics			*Note: These activities will involve the MoF & DAB)*
E.1 - Banking & Monetary Statistics	Training	2 staff for foreign training -6 weeks	Trained staff at CSO & DAB
E.2 - Survey of Financial Institutions	Project Prep; workshops, specification and design of survey, test and operationalize; documentation	1 consultant –8 weeks X 3 visits 1 local consultant –10 weeks Equipment and software	Survey to yield data for preparation of inst. Sector accounts
E.3 - Government Finance Statistics	Training	2 staff for foreign training - 6 weeks	Trained staff at MoF and CSO
E.4 - Public and Private External Debt Statistics	Project Prep; workshops, design system; documentation	1 consultant –8 weeks X 2 visits 1 local consultant –10 weeks. Equipment and software.	A debt reporting system in place
F. External Trade & BoP			
F.1 - Balance of Payments	Training	2 staff for foreign training x 6weeks	Trained staff at CSO & DAB
F.2 - Special Problems in trade data compilation	Identify issues and use expert inputs	1 consultant – 6 weeks	Improved trade data
G. National Accounts			
G.1 - Overview of SNA 1993	2 Workshops	1 consultant –3 weeks	Improved knowledge of SNA
G.2 - Supply & Use Accounts	1 Workshop; development	1 consultant – 12 weeksx3	Revised accounts using new data
G.3 - Institutional Sector Accounts	1 Workshop, development	1 consultant –12 weeks x 3 Visits	Inst. Sector accounts completed
G.4 - Deflators	1 Workshop; development	1 consultant –6	Revised deflators

		weeks x 2 Visits	
G.5 - Special areas and issues (to be defined)	Identification of issues; Consulting inputs and tests	1 consultant- 6 weeks	Complex computation issues resolved
G.6 - Use of National Accounts	Workshop application		Improved capacity in use of NA in analysis
H. Population Census *Note: The entire Census is likely to be funded by UNFPA at an estimated cost of US$ 7 million for the first phase and an additional cost of US$14 million for the second phase. The amount includes the cost of field operations, data processing and publication of results. The estimated cost covers the cost of equipment and staff training.*			
H.1 - First Phase Listing and Processing			a) Village profiles and maps b) House listings and sample frame.
H.2 - Preliminary Count			a) Count of the overall population by jurisdictions and localities b) Population data based on sample of 1 in 200 households
H.3 - Full Enumeration			Detailed population data
H.4 - Data Input and Analysis			a) Trained census and IT staff b) Establishment of computer center c) Baseline demographic indicators d) Census database
I. Demographic Analysis			
I.1 - Improvement of current population estimates	Identification of issues; Consulting inputs and tests	1 consultant – 6 weeks 2 local consultants - 6 weeks	More robust estimates of population with data on migration
I.2 - Use of Census Data in small area database	As above	As above	Database on small area population statistics
J. Social Statistics			
J.1 - Overview of social statistics	Workshop	2 Consultants – 2weeks	Enhanced know-how on international recommendations; MDGs
J.2 - Use of administrative data	Workshop, development and application	1 Consultant –12 weeks x 3 visits	Incorporate int. classifications, arrange for better data flows in line Ministries and data flows from other agencies; redesign forms
J.3 - Social Statistics for small areas	Development and application	1 Consultant – 12 weeks x 3 visits	Database for small areas in place; gender statistics
J.4 - Social Indicators for Poverty Analysis	Identify indicators, test and compile	1 Consultant- 6weeks x 2 Visits 3 Local con- 8 weeks	Analytically useful indicators for monitoring social trends New Indicators for Poverty Measurement

A. Household Sample Surveys

A.1 - Household Income Expenditure Survey

As noted earlier, a cluster of economic activities are anchored at the household level. The 1993 SNA addresses this issue in part through the institutional sectoring arrangements. It is therefore suggested that small-scale manufacturing, service and agricultural activities conducted at the household level be captured systematically through household inquiries. The Household Income and Expenditure Survey, requires a design to incorporate full accounting of both non-farm and agricultural production activities. It is further suggested that a modular structure would permit the incorporation of other information on topics of interest from a policy viewpoint. If appropriately designed, the HIES could generate a large part of the data needed for preparation of the household institutional sector national accounts, measurement of poverty and living standards, calculation of household consumption, and weights for the CPI. Information collected through the modules would provide both wage data and earnings from business, agricultural and other secondary activities. Other modules could include crop production and labor activities. Separate modules on demographic characteristics, health and nutrition, for instance, could also be considered for canvassing at less frequent intervals on a rotational basis. These and other modules, reflecting emerging priorities could generate adequate measures of social changes and permit poverty monitoring. The HIES could be integrated with a community level survey to aid analysis. There is a case for a sample size to provide better estimates for the main aggregates at the provincial level. However, in the first instance the survey should be so designed that it yields reliable national level estimates.

The HIES is a complex and costly survey undertaking. It should be planned for execution at approximately three yearly intervals. For the in between years there will be need for a more limited survey that attempts to collect a narrower range of information based on proxy indicators.

The HIES presents a high priority activity. A well executed HIES will generate data for estimating private household consumption in the context of GDP estimation; it will provide weights for the CPI and the basis for poverty analysis. Additional modules will enable the collection of information for the compilation of some key social indicators.

A.2 - Upgrade analytical capacity of staff

The first of three workshops should be organized. The workshop should deal in particular with methods for imputing values for missing data, data presentation, use of statistical methods for assessing data quality, and calculation of derived measures.

A.3 - Survey Skills Program

The practical program offered by Statistics Canada for training professional staff in all aspects of survey operations from design, execution to analysis is highly rated and valued by other statistical offices globally. Several Central European countries have taken advantage of the program offered by Statistics Canada. The approach calls for a team of three staff to participate in the six-week program in Ottawa. Following the completion of the training in Ottawa, the staff members with Canadian experts assisting, run a comparable program in their home country. The program is than institutionalized in the Training Institute or Center of the recipient country there by contributing to long term

and sustainable capacity building. SSC should negotiate a program with Statistics Canada and send three staff members to be trained in Canada in the course of the first year of the current Project. The launch of the domestic part of the program should be taken up in the second year.

A.4 - Training in Sampling

The objective is to train a core professional group in sampling applications. The core group would ultimately be responsible for the design of all sample surveys. No activity is planned in Year one.

B. Enterprise Statistics

B.1 - Enterprise versus Establishment Statistics

Current ambiguity about the establishment and enterprise statistics impacts on the work program of CSO. Given the SNA emphasis on institutional sectoring as a basis, it is imperative that there is clear understanding of the nature of the two approaches. To this end, a workshop should be held to clarify the essential differences and the implications that arise from adoption of one or the other approaches. The workshop should take up the basic concepts, the implications for data availability for small areas, the emphasis and role of commercial accounting standards in enterprise surveys, and survey as an introduction to the adoption of the IBES has a comprehensive tool for data collection. The workshop should thus be designed to provide an initial introduction towards the introduction of the IBES, serving a multiplicity of data objectives in the national accounts, BOP, financial data, and private sector area.

B.2 - Integrated Business Enterprise Survey

The IBES should be designed and launched as an annual survey to replace the existing data collection from establishments. It should be designed to collect relevant data for compilation not only of the National Accounts, but provide information for the estimation of the Balance of Payments, private capital flows and investment indicators. The introduction of commercial accounting standards should facilitate reporting by enterprises. The survey should cover all enterprises, irrespective of sector of operations, and should be modular in structure, covering the full set of financial accounts appropriately disaggregated to support the national accounts compilations. Other appropriate modules to obtain output information, employment and wage data, should accompany the main form.

The problems associated with the collection of data from a large number of small establishments (un-incorporated businesses) with poor business records would be overcome without much loss of information. These largely household based activities, conventionally covered through establishment surveys, could be covered through the new HIES, discussed below. The second point to note is that the survey would be multi-sectoral and therefore capture activities that are currently not covered by on-going sector specific surveys. Thirdly, the scope of the survey, in terms of the number of units covered, will be manageable if all large enterprises above a certain size cut-off are covered on a 100% basis while the smaller enterprises are surveyed through a sample. The IBES would lead to the elimination of a number of the current industry and business surveys that no longer provide relevant data.

The IBES should be seen as one of the key instruments for collecting data from enterprises for purposes of the national accounts, the BOP, and other data needed for monitoring economic trends in the non-financial corporate sector, consolidating a number of current surveys, and generally improving the availability of data on the private sector. In moving towards the goal of launching of the IBES, the first step entails the design of the survey involving coverage, the questionnaire, and obtaining support of major respondents. It is therefore proposed that these activities be pursued and the questionnaire tested and evaluated in the course of the first year of the Project.

B.3 - Analytical use of enterprise data in National Accounts, Balance of Payments, and External Debt

Enterprise data collected through the IBES will result in the availability of a rich body of data. The data will provide the basis for compilation of many of the components items in the national accounts and the BoP. Staff will be trained in the use of the data and to map the data into the economic accounts. No activity is planned in Year 1.

B.4 - Sampling in Enterprise Surveys

The IBES or for that matter other enterprise surveys conducted by CSO will need to consider a strategy that calls for full coverage of large enterprises and a system of sampling of medium and small sized enterprises. CSO has limited know-how in the use of sampling in the area of enterprises. A workshop that explores best practice in other countries and its applicability in Afghanistan should be conducted to expose staff to the opportunities and potential for using sampling. The workshop should also deal with basic methodological issues in the area of sampling enterprises.

B.5 - Development of Manuals

Documentation of procedures employed in statistical operations is essential for two broad purposes. Firstly, the documentation will represent a specification of the processes and approaches that will be used and thus serve as a guide and a reference source. Secondly, systematic organization of the assembled material will become a training aid**.** No activity is planned for Year 1.

C. Surveys of Economic Activity

C.1 - Monthly and Quarterly Surveys of Large Enterprises in (i) Agriculture; (ii) Manufacturing, (iii) Retail-Wholesale, and (iv) Transport

Presently a large number of sectoral surveys are conducted by CSO using Soviet era approaches. These are outdated in terms of the concepts employed, they aim at complete reporting both in terms of the units covered and the data collected, and at the same time do not contribute meaningfully to the data needed for policy formulation and monitoring trends. The use of “cumulative reporting” is less than satisfactory. To achieve the goal to consolidate the number of surveys and eliminate the collection of data less than relevant to current needs, a complete redesign and rationalization is called for. As a first step, a workshop to explore optimal arrangements for sampling, a modified questionnaire with common features, emphasis on data needed for the compilation of indices of production and providing a basis for the estimation of quarterly national accounts is imperative. Following the workshop, work should begin in designing a new

survey program to replace existing surveys. The new program would need to have linkages to the IBES.

Agricultural Statistics

Most agricultural activity in Afghanistan is subsistence orientated. The Ministry of Agriculture, through its network of extension workers collects a range of information on area cultivated, harvested and reported output. The Ministry is being assisted by FAO to upgrade the quality of data collected. The small statistical cell in the Ministry is poorly staffed and inadequately equipped. As a matter of priority, the capacity of this unit will need to be upgraded through training and the installation of IT equipment. The CSO, for its part, needs to develop stronger interactions with the Ministry. These interactions should center round specification of classifications, standards and obtaining regular access to the data generated by the Ministry.

Other Surveys

Many of the other sectoral surveys currently undertaken by CSO are based on Soviet approaches to data collection from production units based on MPS concepts, with a heavy emphasis on the measurement of volume data. Coverage is largely limited to state owned enterprises thus missing out newly emerging private sector entities. These surveys should be carefully reviewed and action taken to eliminate those that do not yield policy relevant data or those that have outlived their usefulness. These surveys should be replaced by the proposed Monthly Survey of Economic Activity.

Indices of Production: No indices are currently compiled. With improved data availability and fuller coverage of production, new indices will be developed. These would track short term trends in the level of economic activity in the key sectors of the economy.

Production Surveys: CSO currently carries out a number of sector specific surveys of manufacturing, construction, distributive trades, transport etc. These surveys lack a common content and are geared to the generation of indicators. They are insufficiently directed towards a systematic measurement of input and output elements required in the context of national accounting. These surveys are also focused towards physical measurement with less emphasis on monetary values. It is recommended that these surveys be consolidated and re-oriented. The methodologies developed for the IBES could be readily adapted and applied to the new monthly surveys. The IBES questionnaires could be simplified and used for the new consolidated survey, which could be named the Monthly Survey of Economic Activity. The survey, if appropriately designed, would generate data sets for measurement production trends, of monthly indices of production, wage trends, etc.

D. Price Statistics

The area of price statistics requires special attention. Price statistics are rudimentary. Considerable more work is needed in developing an integrated work program on price statistics that would provide a basis for the calculation of appropriate deflators, track price developments in the economy, and provide policy makers with the tools to address future inflationary pressures as they emerge.

An appropriate framework for price statistics should encompass **consumer prices**, producer prices, and import/export prices. CSO compiles a Consumer Price Index for Kabul based on outdated weights. Attempts are currently underway to extend

the CPI compilations to 5 other cities. However, fresh weights are needed. These are unlikely to be available until a household expenditure survey has been carried out.

Current work on the collection of **producer prices** is somewhat disjointed. The Ministry of Agriculture collects some prices for the major crops. No systematic collection of industrial, transport or construction products is carried. In cooperation with the Ministry of Agriculture, CSO needs to develop price collections with the goal of calculating a well-based Producer Price Index with appropriate sub-indices for the main branches of production. Such disaggregated indices should serve as deflators.

The need for **import/export price indices** is clearly evident. Indices in this area should be based on actual price collections rather than unit values. It is widely recognized that unit values are highly volatile in part because of the lack of homogeneity of items imported or exported. Therefore, a system for collecting actual import and export prices needs to be developed.

In the longer term, as experience is gained and a core capacity comes into being, CSO will need to initiate work on the compilation of special price series that are geared to the calculation of **purchasing power parities** in the context of the International Comparisons Project. However, work in this area will need to be deferred until a point in time when disaggregated GDP estimates are available.

D.1 - General Introduction to Price Statistics

Although CSO has, with some external assistance, embarked upon a development of price statistics, there is as yet no integrated framework in place to pursue the compilation of a comprehensive set of price indices at the producer, consumer and trade level. Nor is the current work linked to deflation of the major macro aggregates. Before launching activities in the price area, it is important that staff be exposed to the integrated nature of prices, best practice employed by market economies in measuring prices and compiling indices. Key methodological issues in price statistics need to be understood e.g. base weighted versus current based indices, importance of outlet selection, commodity specifications. To this end, a workshop highlighting these issues should be organized in Year 1 of the project as a prelude to work on specific indices.

D.2 - Consumer Price Indices

Presently a CPI is compiled for the city of Kabul based on outdated weights. Steps are being taken to start compilation of similar indices for other major cities. In Year 1 two main activities should be pursued: a workshop dealing with the various technical and methodological issues involving the calculation of a CPI, and the development and testing new commodity specifications, more efficient sampling of outlets, and the calculation of weights based on the HES patterns of expenditure taking account of imputations for own account consumption.

D.3 - Producer Price Indices

CSO does not currently compile such indices. Based on monthly and quarterly data collected by other agencies, it would be feasible to compute such indices. However, the underlying data are weak and unsystematically collected. With improved data availability and fuller coverage, the initial indices could be revised. The indices will measure price trends more comprehensively and contribute to improved deflation of the national accounts. No activity is planned for Year 1.

D.4 - Import and Export Price Indices:

This will be largely a new activity designed to be a better measure of price trends covering external trade.

E. Financial & Monetary Statistics

E.1 - Banking & Monetary Statistics

The primary responsibility for compiling banking and monetary statistics rests with the central bank. It has yet to begin a systematic collection of data. Its capacity will need to be developed. CSO is an important user of the data, especially in the compilation of the economic accounts of the nation. It is important that there are trained staff at both the central bank and at CSO. To this end, staff members of both institutions should receive training at the IMF in Washington DC. DAB lacks essential computing facilities and will need to be assisted.

DAB has at present a number of statistical units, in different departments of the Bank, dealing with specific statistical series. These arrangements are not conducive to effective generation of statistics pertaining to critical areas of the economy. DAB need to address the issue by creating a modest sized Statistics Department with responsibility for the collection and management of all data pertaining to money, banking, exchange rates, and the balance of payments. Given that these statistics are critically needed for the estimation of the national accounts by the CSO, there is a need to establish close working relationships between the DAB and the CSO. Conversely, DAB is dependent on the CSO for a whole host of data sets on production, prices, corporate finances etc. It is therefore important to develop mutually reinforcing relationships that permit the free flow and exchange of data.

E.2 - Survey of Financial Institutions:

No activity is planned in Year 1.

E.3 - Government Finance Statistics

As in the case of banking statistics, the CSO is an important user of government finance data, while the Ministry of Finance is the compiler of such data. To this end staff from both the Ministry and CSO should be beneficiaries of IMF courses. No other activities are scheduled for Year 1.

E.4 - Public and Private External Debt Statistics

Public debt data are compiled by the Ministry of Finance. The Ministry will be assisted in developing an improved data base. Some data are assembled by the central bank on private debt. The IBES will aid in the collection of more comprehensive data and lead to the preparation of more complete information on both the stock of private debt and flows**.** No activity is planned in Year 1.

F. External Trade and Balance of Payments

F.1 - Balance of Payments

CSO will need to share responsibility with the central bank for compilation of the Bop. A member of the CSO staff should be enrolled in the IMF BoP course.

F.2 - Special Problems in Trade Data Compilation

There are numerous problems in the area of trade statistics based on Customs returns. As a first step, an external consultant should review the current status of trade data and formulate a plan of action to be taken up in Year 2.

G. National Accounts

G.1 - Overview of SNA 1993

Although some staff in the National Accounts department of CSO have been trained in the basic methodology of the SNA, staff in other parts of CSO lack familiarity with the SNA framework. Staff in the major user agencies are even less familiar and are still grounded in the MPS system. Such unfamiliarity on the part of users' impacts on demands made for data and affects the quality of analysis. Furthermore, given the nature of the SNA as an organizing framework for data collection, it is important that staff at CSO (not directly involved in compiling the national accounts) and staff at other important agencies are exposed to the key features of the SNA. A workshop, repeated, for the widest possible group of participants should be organized at an early date.

G.2 - Supply and Use Accounts

Although CSO is attempting to adapt the methodology for compiling supply and use tables, staff face many practical issues connected with data availability. A workshop designed to identify issues, including the need for new data to improve weak areas in the accounts, appropriate estimation procedures and resolution of other outstanding issues is proposed. The outcome of the workshop would permit the establishment of a step-by-by approach to improving the existing supply and use tables.

G.3 - Institutional Sector Accounts

Although the institutional sector accounts represent a critical component of the SNA, progress in the compilation of such accounts must await the availability of new data. Since no new data are likely to be available in Year 1 of the Project, no activities can be planned for the compilation of such accounts**.**

G.4 - Deflators

For the calculation of constant price GDP estimates a set of deflators are essential. Available [9]deflators are weak and there are many unresolved practical issues. As a first step towards bring about improvements, it is proposed that a workshop with an orientation similar to that for supply and use accounts be organized with the goal of establishing a step-by-step approach to introducing improvements**.**

9 See paper by Silke Stapel, "Enlargement and Exhaustiveness: the Eurostat Pilot Project with the EU Candidate Countries", presented at the OECD Joint Workshop on Measurement of the Non-observed Economy, October 16-20, 2000 - see http://www.oecd.org/std/DNM/, meetings, Joint Workshop.

G.5 - Use of National Accounts

Staff in the key user agencies are unfamiliar with the richness of the analytical framework of the SNA. A workshop designed to introduce them to deeper analysis (e.g. total factor productivity measures) and approaches involving statistical methods such as time series and trend analysis, etc. would greatly improve the relevance of the national accounts in the context of policy formulation. Improved policies based on sound analysis would greatly advance the overall reform process in Afghanistan.

H. Population Census

Under the terms of the Bonn Agreement, a Census of Population is mandated as an urgent priority task. The Bonn Agreement of 5 December 2001 which requested, among other things, that the United Nations "conduct as soon as possible a census of the population of Afghanistan". The census has been planned as a two phase operation. For the first phase listing stage, UNFPA has provided a sum of US $7 million. UNFPA funding is providing the CSO with IT equipment and a fleet of vehicles, thereby making a valuable contribution to the infrastructure of CSO. As of the time of the Mission, within the CSO, division heads have been provided with new PCs, wiring for a local area network has been completed, and a satellite-based Internet connection will be installed as soon as the equipment is available. UNFPA has provided the services of a Chief Technical Adviser. He is assisting the CSO in the planning of Census operations, and providing some training.

Plans for the Census of Population and Housing have an important bearing on the development of a statistical system in Afghanistan for a number of reasons. The census should be seen as part of a larger and more comprehensive strategy for developing the statistical system of Afghanistan. Census related activities are likely to be the top priority for the CSO and impact on its ability to discharge its responsibilities in respect of other data gathering to meet the broader statistical needs of the government. However, the Census project will generate sizable resources, currently estimated at $21 million, from UNFPA to fund all aspects of the Census operations, including the delivery of IT equipment and software, vehicles, and training both of a generalized and specialized nature. General training in project planning, for instance will greatly upgrade CSO capabilities in financial and human resource management. The hardware and equipment made available will go a long way in enhancing the physical infrastructure at CSO. Taken together, these inputs will make a sizable contribution to the physical capacity of CSO. The census listings will enable CSO to develop a household sample frame. The frame will make a critical contribution to enhancing the statistical infrastructure and it will provide a basis for carrying out household surveys. For these reasons, it is pertinent to briefly review the planned Census operations.

As noted, the Census has been designed as a two phase program. Phase 1 operations are intended to provide a preliminary population count, delineation of enumeration area (EA) boundaries, where possible, and data that allow the CSO to delineate the remaining EAs and create enumeration and other area maps. In addition, a one-in-200 sample of households is being selected to test the collection of additional data on relationship to head, age and sex questions.

Phase 1 field operations go beyond the usual housing unit listing operation in the following respects.

- ?? Sketch maps are prepared in the CSO using the base maps from the 1979 census and these sketch maps are then taken to the field.
- ?? The number of males and females, under age 18 years and age 18 years and older are obtained for each housing unit.
- ?? Counts of housing units are updated on the sketch maps of controller areas (there are three staff levels in the field: a "controller" is the supervisor of an "enumerator", and a "supervisor" manages the controller).

- Where possible, revised enumeration areas are delineated on the sketch maps.
- The sketch maps are returnned to the CSO where delineation is completed and controller and enumeration area maps are prepared.

It is anticipated that some 20,000 Enumerator Area maps and 4,000 Controller area maps will be manually drawn.

Little preparatory work has been done for Phase 2 of the census, the enumeration being planned for 2005 and subsequent processing. The CSO staff has made little effort to make changes to the 1979 census questionnaire content. Their current thinking is that the census questionnaire content will be similar, if not identical, to that of the 1979 census. There appears to be no attempt to review society's and the various data users' current needs to incorporate advances made in questionnaire wording or design, or thought given to the needs of data capture. Logistics planning for the enumeration (e.g., for printing and distribution of questionnaires, training of enumerators, distribution and collection of questionnaires) has not yet begun. Plans for renovating space for census forms processing have been made, but renovation work has not been initiated. Detailed planning for data capture operations has not commenced.

The Census is likely to present major challenges to both the CSO and the administration as a whole. The sheer logistics and the lack of experience with an undertaking of this size are formidable. The security situation in the country may be an additional factor that may jeopardize enumeration. Planning for these eventualities will demand careful and close management. CSO capacities will be severely tested. Under these circumstances, external assistance and inputs will be crucial.

I. Demographic Analysis

I.1 - Improvement of Current Population Estimates

Estimates of current population are based on the 1979 Census of Population and assumptions about events. Information on external migration is not available. Open borders with other countries mean that movements are not recorded. As an initial step, CSO needs to interact with the agencies responsible to put in place administrative arrangements. The Census now underway will provide new baseline estimates of the population. Together with data from the recent UNICEF survey, new parameters should be calculated to permit the preparation of annual estimates of population.

I.2 - Use of Census Data in Small Area Database

The population census to be carried out in 2005, the first since 1979, will generate a wealth of information and provide a basis for creating a database for small areas. The design of such a database, taking into account user needs, should commence in early. A consultant should develop detailed proposals.

I.3 - General Demographic Analysis

Demographic statistics underpin many social indicators. Based on the Population Census and improved data flows from household surveys, CSO will be better placed to

embark upon more analysis of demographic trends covering internal migration, fertility, morbidity and other demographic variables. No activities are scheduled for Year 1.

J. Social Statistics

J.1 - Overview of Social Statistics

A workshop for both CSO and other agency staff to take stock of existing social statistics and identify gaps and weaknesses should be a launching activity. The workshop should help in raising the level of cooperation between the agencies and enable discussion of classifications in use. An external consultant would act as moderator and help in developing a framework for social statistics that incorporates the use of survey data to supplement administrative records. Special attention will need to be extended to the generation of data on the status of women and the disabled as these constitute groups that are especially vulnerable in the context of current social conditions in Afghanistan.

J.2 - Use of Administrative Data

A second workshop would be organized to follow up on the issues taken up under 11.1. A key issue taken up would be the introduction of international classifications, appropriately modified, and their harmonization and use across various agencies. The workshop should also take up the arrangements for greater data sharing between agencies and identify procedures for reconciling conflicting estimates. Another key element of the work will relate to the compilation of the indicators encompassed by the MDG.

J.3 - Social Statistics for Small Areas

Need for social statistics for small areas is unlikely to be made by the household surveys envisaged under this project. Yet there is a clear demand for such statistics. Meeting this need will demand a more orderly exploitation of administration records and registers. No activity is planned in Year 1.

J.4 - Social Indicators for Poverty Analysis

Another key element of the work will relate to the compilation of the indicators encompassed by the MDG. The HIES and other household surveys will be the primary sources of data for poverty analysis using well tested analytical frameworks as recommended by the World Bank. As poverty alleviation will undoubtedly be an over arching policy goal, the development of a capacity to undertake poverty assessments will be essential. CSO will need to work with other agencies, domestic and external, in estimating poverty lines and the preparation of poverty profiles. However, such analytical work will have to await the availability of data from the planned HIES. No activity is planned for Year 1.

Administrative Data

Statistical systems in most countries rely on administrative data sources to a considerable extent. The areas primarily relate to data on external trade, based on Customs records, public finance data, based on Government revenue/expenditure accounts, banking statistics, and a whole range of social statistics based on use of and

access to public facilities in sectors such as health, education, and welfare services. The challenges are how best to ensure that the data available conform to established international classifications and definitions. The central statistical agency in most countries faces a major challenge and needs to work in harmony and in cooperation with the various agencies responsible for maintaining these administrative records. In the Afghan context, the challenge is even greater because the agencies lack resources, adequate administrative systems and know how. Under these circumstances, the CSO needs to engage these agencies in a variety of ways: identify data needs, work towards acceptance and implementation of standard classifications; arrange for smooth flows of data on a timely basis and train the staff of the other agencies in an appropriate manner.

As a first step, CSO needs to carefully identify its requirements, engage the agencies involved, and help train staff. Under the scope of the current plan, provision is made to strengthen the existing statistical cells in key line Ministries (Health Education, Commerce etc) where they exist and the establishment of new units where none exist. These cells will need to be adequately staffed, with appropriate training and supported by the availability of equipment for data management.

Proposed outputs with targets

Three key issues merit stress:

- **Networking and data sharing:** Data needed for compilation of national accounts and other policy relevant indicators be obtained to the maximum extent possible through gaining access to data generated by administrative processes and maintained by other agencies;
- **Integrated Surveys** based on a carefully designed sample survey program that does not strain the capacity of the CSO.
- **Information Technology** will need to play an important role in overcoming the handicaps faced by the CSO.

The overall strategy should help develop networking arrangements with other key agencies such as the Ministries of Finance, and the DAB, and private sector associations through which a maximum effort to tap into existing information will need to be made. Wherever feasible, data transmission be done through electronic means, thus maximizing the use of information technology.

Other Policy Relevant Statistics and Indicators

The successful implementation of the program outlined above over the life span of the project will result in the flow of comprehensive statistics that are essential to support evidence based decision making in the context of the functioning of a market economy. These information flows should meet the needs of all major stakeholders made up of government entities, the private sector, international investors and agencies and civil society in general.

Special mention must be made of the role of line Ministries. Many of these are involved in data collection and data management functions. Much of the data are generated by administrative processes. These agencies have small statistical cells that are understaffed, who in most cases are not trained, under funded, poorly equipped, and insufficiently integrated into the statistical system. In the scheme of things linked to data development, it will be vitally important to correct present limitation. Several actions will be needed. An initial first step should be to review their current processes, methods and

scales of operation. Based on the findings, new systems will need to be put in place. Staff will have to be trained and augmented where necessary; new equipment installed; new classifications introduced. The Ministries of Agriculture, Labor, Health, Education, and Commerce will need to be given priority attention.

Certain Ministries such as Planning and Women Affairs merit special attention. They Ministries, while not engaged in data collection, are major data users with specialized responsibilities and interests. Their special needs will have to be accommodated by CSO and other data producing entities. To enable these user Ministries to become informed and more efficient data users, key staff from these agencies will need to be trained in basic data manipulations and analysis. Therefore, staff from these Ministries will need to be included in appropriate training courses organized under the Data Development component of this program.

Investing in Statistical Infrastructure

A national statistical system needs to be supported by an adequate technical infrastructure represented by sampling frames, business registers, classification schemes etc. These constitute the technical infrastructure that needs to be in place for a statistical system to conduct surveys and censuses, set standards for components of the statistical system, lay the basis for effective data dissemination and achieve efficient use of resources. Afghanistan's statistical system has suffered from an absence of investments in these areas. As a consequence of past under-investment, sampling frames and business registers are either outdated or non-existent; classifications and methods in use, based on Soviet systems less than relevant to current needs and circumstances. As it embarks on a program for revitalization of the system, it will need to invest in a number of critical areas: sampling frames, business registers, classification schemes etc. before it can embark on a program of data improvement and gap filling. The component **Statistical infrastructure** embraces improvement of the basic elements of the statistical infrastructure referred to above. Four major sub-components are suggested.

Statistical Infrastructure

	ACTIVITIES	**INPUTS**	**OUTCOMES**
A.1 - Development of Household Sample Frame	Workshop; Project Prep; Pilot; Full implementation	1 Consultant – 8weeks.x 2 Visits 1 Local Consultant 12 weeks Equipment	Use Pop. Census data to create Master Sample Frame
A.2 - Enterprise Register	Project Prep; Training Development	1Consultant – 8 weeks.x 2 Visits 1 Local Consultant – 16 weeks Equipment	Establish a register and procedures for updating
A.3 - International Standards & Classifications	3 workshops; Adaptation	2 Consultants-8weeksx 2 Visits 2 Local Cons-16weeks Translation	Introduce new standards
A.4 - Support for user Interactions	Terms of reference and modalities	1 Consultant –3 weeks	Set up National Statistics Council

The activities to be pursued under this component of the project are identified below:

A.1 - Development of Household Sample Frame

The Phase I of the UNFPA funded Population Census of 2003 will provide a basis for the development of such a frame. Arrangements for the formalization of a sampling frame should begin with a workshop that would deal with the key features of a household sample survey frame focusing on the attributes of such a frame, procedures for creating a frame based on the census of population, its updating, and cartographic requirements. Participants should include both CSO and AIMS officials. Following the workshop a detailed step-by-step work program should be developed. A pilot program

for one province should be carried to provide a basis for a nation-wide frame, to be taken up in the second year of the Project.

A.2 - Enterprise Register

CSO has an outdated register based on old records which require updating. It needs to obtain the active cooperation of other administrative agencies (licensing authorities, taxation agencies, chambers of commerce etc) and put in place effective arrangements for updating the register. Staff of other agencies involved should be given basic training on the concepts and classifications employed in the preparation of the register.

A.3 - International Standards and Classifications

CSO needs to move towards the adoption of a number of global classification systems. Based on the progress, further work should be launched to introduce other pertinent classifications. As a first step, CSO should identify immediately prior to the launch of the Project a particular classification for adoption in the near term. Once so determined, a workshop should be organized. The main thrust of the workshop should be to acquaint participants with the underlying principles governing the classification, the structure of the classification the extent to which modifications are needed to suit Afghan conditions and to develop a work plan.

A.4 - Support for User Interactions

The need for effective coordination of the statistical system is urgent. To this end a National Statistical Council needs to be established. The Council should set statistical policy and determine priorities in a consultative and a participatory manner. In order to improve user interactions and create an ongoing dialogue with users, it is highly desirable that a number of user groups be established. It is suggested that CSO consider creating groups on a) national accounts; b) poverty; c) price statistics; d) labor statistics; e) enterprise statistics and f) social indictors**.** The composition of the groups, the terms of reference for each group, the modalities of how the groups would operate including the frequency of meetings should be established. It is further suggested that the relevant parts of the draft Directory of Statistical Outputs should be submitted to the Groups for consideration.

Benefits and outcomes

In terms of direct benefits, the broad goals of the activities are to achieve the following outcomes:

The availability of an effective and efficient household sample frame will directly lead to the ability to greatly improve the sample design of household surveys. Improved sampling will not only contribute to improvements in the geographic coverage of surveys, but also result in effective coverage of all segments of the population. Once it is feasible to refine sample design, cost savings are likely through a reduction in sample sizes. These improvements will in turn lead to upgrading the quality of data, reducing the cost of data collection, and opening up new opportunities for conducting data collection. It should be noted that sample surveys will be key to measuring living standards, poverty monitoring, and tracking progress in the attainment of the MDG. Other data sets generated by sample surveys will provide users with information pertaining to labor market developments along with information on internal migration. In brief, improving the

infrastructure for the conduct of household surveys is a key investment with wider ramifications for both the statistical system and for data users.

As noted elsewhere in this report, the present system of data collection with reliance on complete reporting is becoming untenable as the number of small enterprises/establishments increases under the process of reconstruction. CSO has neither the resources nor the capacity to continue with an outmoded approach that emphasizes complete reporting. It needs to move urgently to a system of enterprise/business surveys if it is to avoid becoming overwhelmed and if it to improve the quality of information flows. Furthermore, it has to fall into step with international best practice. The conduct of effective and efficient surveys of businesses will demand the availability of an updated business register. Thus, the investment made in developing and updating a business register is critical to the emergence of a strong statistical system.

The adoption of international standards and classifications is important for three broad reasons. Firstly, they are an essential part of moving towards implementation of the 1993 SNA, compilation of the indicators incorporated in the MDG, and poverty measurement. Secondly, if the CSO is to meet its reporting obligations to international agencies, it has no real alternative to an adoption of the prescribed international classifications and standards. Thirdly, if in the medium term Afghan statistics are to become more comparable, (of importance to policy makers), the statistics compiled will need to be based on accepted global standards.

The establishment of a National Statistical Council will provide mechanisms for determining statistical policy, setting priorities and permit coordination. The proposed user groups will permit an ongoing dialogue between users and data producers.

Investment in Physical Infrastructure

It will be recalled that under the Soviet organizational structure, data processing was centralized at each level of the statistical system. These responsibilities were assigned at the central level to a Computer Center. Similar Centers existed at the level of the Republics and Oblasts. The various Computer Centers were in turn organized and structured in a manner to "mirror" the statistical departments. Thus, for each Department in the statistical office there was a counterpart Department in the corresponding Computer Centers. The Computer Centers were largely staffed with systems engineers and programmers. The Computer Centers were equipped with main frame machines. Like their counterparts in the statistical Departments, staff worked in isolation from their colleagues in the other Departments of the Computer Centers.

Afghanistan attempted to mirror these arrangements. However, because of the unrest and under-development of infrastructure this model was not fully implemented. A Computer Center was established in Kabul with a main frame system but this Center is no longer functional.

With UNFPA support linked to the Census of Population, CSO has acquired some 40 PCs and related peripheral equipment to process the Census. Data entry is to be done at the HQ. The equipment now available represents a sizable investment and will constitute the basis for a new computing environment. Additional investments in hardware and will be required at both the HQ and provincial levels to handle the vastly increased workload envisaged under the current plan. A local area network (LAN) based architecture would best serve the needs of CSO. Some data entry functions could be decentralized to the Provinces in stages.

The above recommendation requires some elaboration. The access to unit records at the HQ level represents best practice and is the norm in almost all statistical systems. It has several benefits. It provides professional staff with the ability to review all data, identify "outliers", make informed judgments and corrections, and take appropriate steps that contribute to data quality enhancement. More importantly, the availability of unit records permits the creation of detailed databases that have detailed time series for the purposes of both cross-sectional and time series analysis. CSO should adopt a policy that leads to such data being stored at the HQ level.

With the setting up of Local Area Networks in the Operating Departments, it will be feasible to engage in greater data sharing. Each of the Operating Departments would need to have IT professionals to perform specialized functions. In the proposed IT environment, the need for customized systems and software would be largely eliminated. The Operating Departments would rely on commercial software. The role of the Computer Center under the scenario painted above would change. The Center would have responsibility for equipment maintenance, and providing IT training to staff in the other units of the CSO. However, its major functions would be to develop and maintain the institutional database along with a Meta database. The proposals outlined above represent best practice in most statistical offices.

Most line Ministries and DAB lack computing equipment are thus severely handicapped. Balanced development of the entire statistical system will demand investments in hardware and software in the statistical units in these agencies. Concurrently, staff will require training.

Actions and timeframe

Six road clusters of activities and actions have been identified. They cover an initial comprehensive review of the IT requirements of CSO and development of a detailed designed leading to the acquisition of hardware and software; establishment of a data - and metadata storage systems; establishment of an effective data dissemination capacity; ensuring data confidentiality and security; procurement of IT equipment; and upgrading skills of IT staff.

Investment in Physical Infrastructure and Equipment

	ACTIVITIES	**INPUTS**	**OUTPUTS**
A.1 - Detailed design of the IT System	The review would evaluate alternative IT strategies, develop guidelines, establish hardware/software requirements, training needs and formulate an overall program. Design and implement a database	3 Consultants – 4 weeks	Completion of Master plan for IT strategy; specifications for hardware
A.2 - Source data collection, processing and storage systems	Overall design	3 Consultants – 6 weeks x 2 Visits 4 Local Con – 6 weeks	New systems and processes in place
A.3 – Storage and dissemination of statistical output	Creation of an online database and Web access	2 Consultants – 8 weeks X 2 Visits 2 Local Consultants-10 weeks	New database in place New meta database created and incorporated into database
A.4 - Ensuring data confidentiality and security	Creating new security processes	2 Consultants - 4 weeks X 1 visit 3 Local cons.15 weeks	On line access to major users, data access policies established
A.5 - Technical infrastructure	Develop specs, tender documents, evaluation of bids;Place Orders for hardware and software Transport Equipment	2 Consultants – 6 weeks US $400,000 US $ 400,000	Place orders. Hardware in place along with new software in CSO and Other Agencies CSO
A.6 - Computerization and human resources	a) Study tours b) Local training	5 staff –3 weeks Workshops – 2 Consultants – 6 weeks x 2 Visits	Trained staff in place

A.1 - Development of a Detailed Design of the IT Improvements

Decisions about procurement and development of software and hardware facilities will be made on the basis of a *detailed design of the IT improvement strategy*, harmonized with various statistical development activities indicated in this documents. This subcomponent assumes a general IT design to be developed.

A.2 - Source Data Collection, Processing and Storage Systems

This will include:

- ?? Development of unified survey management systems including appropriate subsystems for primary data input, storage and processing, which could be customized to any questionnaire according to its description in the form of metadata;
- ?? Introduction of electronic means of data collection;
- ?? Development of electronic data exchange (EDI) technology for administrative data;
- ?? Establishment of central database as well as data storage facilities for primary data upgrading of data processing software.
- ?? Establishment of a system for meta-data storage and management.

A.3 - Storage and Dissemination of Statistical Output

The activities supplement and support implementation of the statistical data dissemination and users education strategy, which will be developed under sub-component A4, by establishing the necessary IT facilities, such as Unified output data- and metadata base with an on-line access, which would become a single source of information for various types of data

A.4 - Ensuring Data Confidentiality and Security

Activities will allow for the development of a general concept of confidentiality protection and statistical data security. The implementation will ensure protection of primary data and aggregated statistical information from partial or complete corruption or unauthorized access; and increase respondents' confidence in the statistical system.

A.5 - Technical Infrastructure

The sub-component deals with procurement and installation of ICT equipment to upgrade:

- ?? Desktop hardware and software;
- ?? Internal computer network;
- ?? Database management and data processing systems;
- ?? Security, archiving and confidentiality protection systems; and
- ?? Data dissemination and exchange systems.

The equipment will include:

(i) Communication equipment to establish local area networks at the headquarters level, as well as a corporate network, which will unite the local area networks and ensure synchronous access to the centrally stored data and to applications based on client-server architecture, contained in the configuration of the distributed enterprise system.

(ii) Server equipment to enable operation of a number of subsystems at central and regional levels: internal and external communications, data storage, processing and dissemination.

(iii) Personal computers and printers.

(iv) Other office equipment.

A.6 - Computerization and Human Resources

The activities under this sub-component enable the provision of specialized training to CSO staff, covering topics such as administration of local and corporate networks, databases, data storage and protection system, Internet technology, optical character recognition technology, hardware maintenance, etc. Training in application of modern information technology will be provided to the staff involved in data collection, processing, and dissemination, e.g. application of standard office packages, desktop publishing systems, statistical data analysis packages, database management systems, communication packages. Taking into account the number of staff to be trained, it is planned to develop electronic courses on a number of widely used technologies. It will enable conducting a portion of training remotely, therefore considerably cutting down the costs.

Benefits and outcomes

Information and communications technology provides the backbone for efficiency gains and quality improvements. Upgrading the IT capacity is a major component of the strategy of the overall reform program. Procurement and development decisions should be made in accordance with a single, coherent and up-to-date *IT Strategy*. This activity refers the development of such a strategy.

Desktop access to modern software is indispensable if staff is to be expected to implement the developments proposed in this strategy whilst continuing to conduct operations efficiently. In particular, proposals for streamlining regional office operations depend upon good computer access in the regional offices. Desktop hardware and software have not been upgraded for five years and are becoming seriously out of data. This activity envisages the procurement of desktop hardware and software in accordance with the IT Strategy.

The past practice of in-house development of data processing and storage systems is unsustainable in the present climate where IT experts are in short supply. The modern approach is to make increasing use of general purpose, off the shelf software, in particular statistical data process software that can readily interface with data held in data management systems.

An aim of the project is to review and upgrade security, archiving and confidentiality protection systems to take into account the new systems and procedures and in the light of current best practice.

The introduction of a database will ensure that CSO data holdings are more visible, accessible and readily integrated. In the first instance the database will be accessible only within CSO. In the second phase selected data will be available to users. The development of a Meta database will add greater transparency to the data and permit users to understand more fully the nature of the data.

Over the next five years electronic dissemination can be expected to become increasingly important, in particular dissemination through the Internet. To this end, a website will be developed with the twin objectives of increasing the data dissemination capabilities and of providing additional information to users.

Investment and Financing Plan

The basis of the estimates takes account of a review of current capacity and resource availability. The estimates have been built up on an assessment of the technical viability of proposed investment.

Past under investment in both physical and statistical infrastructure has left the Afghan statistical system in a dilapidated state. Current resource endowments are inadequate to permit the launch of a meaningful data improvement and enhanced dissemination program that is justified for a country at this stage of the transition process. The proposals presented in this plan are technically sound and take account of experience in other countries that are rebuilding institutions.

The estimated costs of implementation have been calculated using parameters from other similar projects and prevailing rates for consultancy services. Equipment costs have been based on current prices. Travel and per diem rates are those used by international agencies. A 10 percent contingency allowance has been provided for. Consultancy fees for international consultants are based on prevailing rates used by international agencies such as the World Bank and the ADB in their respective programs. The rates shown are averages. For domestic consultants, the rates used are based on prevailing rates of remuneration in Kabul and take account of the Government's recently established caps for topping up salaries of public service employees. Travel costs, including per diem rates, are based on current rates applied by the international agencies. All equipment procurements are based on current price levels and assume that duty free importations will be permitted by the Government. No adjustments for inflation are incorporated. However, the provision for contingencies should permit coverage of any increases brought about by modest inflation. However, due caution ought to be exercised as the costs indicated are estimates based on assumptions and should not be treated as precise costs.

The proposed inputs for the implementation of the SMP incorporate a large element of consultancy services. This is inevitable given the current skill shortages in Afghanistan. Furthermore, rapid development of the statistical system and the execution of a modestly large program will demand concentrated inputs of skills. The option of first training Afghan nationals before embarking on the launch of data development is not viable. Skill development will demand on the job training, with staff working with experienced consultants.

Estimated Cost of External Support for SMP
(US$)

	External Consultants	Local Consultants	Travel & Expenses	Training	Equipment	Total
A. Organizational Development	403000	7200	203600		40000	653800
B. Statistical Infrastructure	227500	35200	78500		40000	381200
C. Data Development	1917500	164800	744500	231000	118000	3175800
D: Investment In Infrastructure	507000	59200	200800	30000	800000	1597000
Unallocated						350000
Contingency						580000
Total	**3055000**	**266400**	**1227400**	**261000**	**998000**	**6737800**

Core Data Sub-Components						
3. Household Sample Surveys	611000	32000	243400	90000		976400
4. Enterprise Statistics	286000	33600	118400	27000		465000
5. Surveys of Economic Activity	78000	38400	28200		40000	184600
6. Price Statistics	208000	6400	80200			294600
7. Financial & Monetary Statistics	104000	16000	42600		58000	220600
8. External Trade & BoP	39000		11600	14000		64600
9. National Accounts	292500		109500		20000	422000
10. Census of Population						
11. Demographic Analysis	78000	19200	23200			120400
12. Social Statistics	221000	19200	87400	100000		427600
	1917500	**164800**	**744500**	**231000**	**118000**	**3175800**

Recurrent expenditures

Recurrent expenditures to meet the costs of implementing the core work plan have not been costed. The reasons for this are linked to the current uncertainty about salary levels for civil servants. Current salaries average about US$ 50 per month and using broad rule of thumb calculations indicate a wage bill of approximately US 600,000. To this must be added overheads and direct costs. A crude approximation of total budgetary costs is likely to be in the region of $1 million per annum. With salary levels likely to be adjusted upwards, and an increase in direct costs because of a larger work program, a rough estimate of the required annual budget is likely be in the region of $ 1.5 to $ 1.7 million per annum. The tight fiscal situation faced by the government may require donor interventions by way of budgetary support.

Technical assistance

Technical assistance in the form of consultancy services and training, both in country and out of country, will constitute very sizable project inputs. This will in large measure be critical to the success of the project. To achieve maximum impact a number of steps will need to be taken. First and foremost it is important that CSO has in place the absorptive capacity to take full advantage of the resource inputs generated by the Project. It will need to ensure that counterpart resources, both in terms of staff and funding for new surveys, are available. This will call for both additional budgetary resources and a redeployment of existing resources.

There are broadly three possible modalities that could be applied. Each has its strengths and weaknesses. The first option would be to invite well-reputed national Statistical Offices to bid for the consulting inputs being sought. The main advantage would be that this would lead to a kind of twinning arrangement resulting in a total system approach. The downside risks associated with such arrangements are several. In the first place, national offices in the statistically advanced countries are generally stretched and may not be able to make the commitment to deliver in a sustained manner the required inputs. Secondly, these offices do not have a deep understanding of the prevailing circumstances in Afghanistan. Transplantation of systems and approaches from a developed country environment to the circumstances prevailing in Afghanistan carries considerable risks. Past experience in several other countries that have mounted major statistical development using this approach has been mixed.

A second approach could be to hire individual consultants for specified tasks and activities. The main attraction of such an approach is that CSO would be able to hire the "best and the brightest" to design appropriate approaches. However, the gains would be far outweighed by the disadvantages of such arrangements. For a start, such arrangements would place an enormous hiring burden on the CSO, but more importantly they would virtually eliminate the possibility of coordinating the activities of different consultants. It is vitally important that consultants interact and act as teams given the intricate inter-connections between the various activities to be taken up. For example, a specialist in the design of the household survey cannot make an effective contribution without interacting with specialists in IT or sampling. On balance, it would be prudent not to proceed with this option.

A third option would entail contracting with a specialist firm of consultants specializing in the implementation of similar statistical capacity building projects. It would be highly desirable that the firm has an established track record, a core of experts who have close familiarity with statistical conditions in transition countries and have, more importantly, deep understanding and knowledge of international methodologies and best practice. The number of firms with such attributes is limited. A careful search would be needed. It would be best to advertise the Project inviting interested parties to submit proposals in a pre-qualifying stage.

In the final analysis, it may prove necessary to use a combination of the three options outlined above. It would, under these circumstances, be necessary to package components of the Project in a manner that leads to optimal arrangements that are also cost effective. Preparation of the parcels cannot be done at this stage. However, whichever approach is ultimately taken, it is imperative that the Project incorporates provision for the services of a full-time resident Chief Technical Coordinator (CTC). The person appointed would need to be a highly experienced professional with strong managerial skills. The Chief Technical Coordinator would have the key role of providing continuity, linking the different activities and ensuring that local consultants work in tandem and in harmony with external consultants. The CTC would also have the critical role of working closely with the designated CSO Project Director in monitoring progress, identifying bottlenecks and in facilitating arrangements for placing local CSO staff in training programs outside the country. A more detailed job description will need to be developed after the Project contents and modalities are accepted. It is premature at this stage to finalize matters.

Consultancy costs are based on estimated time inputs and prevailing rates payable to high caliber consultants. An allowance been made for physical contingencies and price increases during implementation.

Turning to the identification of training institutes, a subject by subject approach has been taken. Based on the current Project outline, some institutes and agencies are listed below: However, CSO staff, because of insufficient language skills and proficiency in English is likely to find difficulty in gaining entry to many of the institutes and training centers. It is therefore suggested that the lead-time prior to the launch of the Project be utilized to develop basic English language skills of CSO staff.

General Statistical Training

Statistical Institute for Asia and the Pacific (Country Courses/ Tokyo Based)
Indian Statistical Institute

National Accounts

The IMF Institute, Washington DC
The Institute of Social Studies, The Hague (Diploma Program)

Price Statistics

US Bureau of Labor Statistics, Washington DC

Sampling Methods

US Census Bureau, Washington DC
University of Michigan, Ann Arbor

Survey Methods

Statistics Canada program in Survey Skills, Ottawa

Balance of Payments

The IMF Institute, Washington DC

Money & Banking

The IMF Institute, Washington DC

Government Finance

The IMF Institute, Washington DC

Agricultural Statistics

US Department of Agriculture, Washington DC

Information Technology

To be determined

Demographic and Social Analysis

University of North Carolina, Raleigh
University of Michigan, Ann Arbor

Detailed budget

The detailed project budget by components and subcomponents, along with the breakdown for the WB and Government financing, is presented in the table below. (Please note that the estimates do not include adjustments for inflation neither unallocated funds which are advised to be at about 10% of the total project costs).

TABLE 4: DETAILED COST ESTIMATES

	Ext. Cons	Loc Cons	Travel	Training	Equip.	Total
A. ORGANIZATIONAL DEVELOPMENT	**403000**	**7200**	**203600**		**40000**	**653800**
1.1 Study Tours for Senior Managers			50400			50400
1.2 Statistical Policy Seminars	78000		28200			106200
1.3 Review of Statistical Legislation & revisions	19500		8300			27800
1.4 Directory of Statistical outputs		2400				2400
1.5 User Need Assessment	19500		8300			27800
1.6 Financial & Budget Management	104000		37600		20000	161600
1.7 Human Resource Management	78000	4800	33200		20000	136000
1.8 Statistics in a Market Economy	52000		18800			70800
1.9 Statistical Organization	13000		7200			20200
1.10 Preparations for PRR Status	39000		11600			50600
B. STATISTICAL INFRASTRUCTURE	**227500**	**35200**	**78500**		**40000**	**381200**
2.1 Development of Household Sample Frame	52000	9600	13800		20000	95400
2.2 Enterprise Register	52000	12800	18800		20000	103600
2.3 International Standards & Classifications	104000	12800	37600			154400
2.4 Support for user Interactions	19500		8300			27800
C. DATA DEVELOPMENT						
3. Household Sample Surveys	**611000**	**32000**	**243400**	**90000**		**976400**
3.1 Household Income-Expenditure Survey	312000	9600	132800	50000		504400
3.2 Upgrade analytical capacity of staff	143000	6400	54200			203600
3.3 Survey Skills	156000	16000	56400			228400
3.3 Training in sampling				40000		40000
4. Enterprise Statistics	**286000**	**33600**	**118400**	**27000**		**465000**
4.1 Enterprise versus establishment statistics	13000		7200			20200
4.2 Integrated Business Enterprise Survey	117000	14400	39800			171200
4.3 Analytical use of enterprise data in National Accounts, BoP,	78000		43200			121200
4.4 Sampling in enterprise surveys	39000		16600	27000		82600
4.5 Development of manuals	39000	19200	11600			69800
5. Surveys of Economic Activity 5.1 Monthly/Quarterly Surveys of Large Enterprises in a)Agric. b)Manuf.,Retail-Wholesale,d)Transport	**78000**	**38400**	**28200**		**40000**	**184600**
6. Price Statistics	**208000**	**6400**	**80200**			**294600**
6.1 General Introduction to Price Statistics	13000		7200			20200
6.2 Consumer Price Indices	78000		28200			106200
6.3 Producer Price Indices	78000		28200			106200
6.4 Import & Export Price Indices	39000	6400	16600			62000
7. Financial & Monetary Statistics	**104000**	**16000**	**42600**		**58000**	**220600**
7.1 Banking & Monetary Statistics					14000	14000
7.2 Survey of Financial Institutions	52000	8000	23800		15000	98800
7.3 Government Finance Statistics					14000	14000
7.4 Public and Private External Debt Statistics	52000	8000	18800		15000	93800
8 External Trade & BoP	**39000**		**11600**	**14000**		**64600**

8.1 Balance of Payments				14000		14000
8.2 Special Problems in trade data compilation	39000		11600			50600
9 National Accounts	**292500**		**109500**		**20000**	**422000**
9.1 Overview of SNA 1993	19500		8300		20000	47800
9.2 Supply & Use Accounts	78000		28200			106200
9.3 Institutional Sector Accounts	78000		28200			106200
9.4 Deflators	39000		16600			55600
9.5 Special areas and issues (to be defined)	39000		16600			55600
9.6 Use of National Accounts	39000		11600			50600
10. Census of Population						
10.1 First Phase Listing & Processing						
10.2 Preliminary Count						
10.3 Full Enumeration						
10.4 Data Input and Analysis						
11. Demographic Analysis	**78000**	**19200**	**23200**			**120400**
11.1 Improvement of current population estimates	39000	9600	11600			60200
11.2 Use of Census Data in small area database	39000	9600	11600			60200
12. Social Statistics	**221000**	**19200**	**87400**	**100000**		**427600**
12.1 Overview of social statistics	26000		14400			40400
12.2 Use of administrative data	78000		28200	100000		206200
12.3 Social Statistics for small areas	78000		28200			106200
12.4 Social Indicators for Poverty Analysis	39000	19200	16600			74800
D: INVESTMENT IN INFRASTRUCTURE	**507000**	**59200**	**200800**	**830000**		**1597000**
1.1 Detailed design of the IT System	78000		28200			28200
1.2 Source data collection, processing and storage	117000	19200	49800			49800
1.3 Storage and dissemination of statistical output	104000	16000	37600			37600
1.4 Ensuring data confidentiality and security	52000	12000	18800			18800
1.5 Technical infrastructure	78000	12000	33200	800000		134400
1.6 Computerization and human resources	78000		33200	30000		141200

Cost-effectiveness analysis

National statistics are a public good and generally financed from tax revenue. There is only very limited potential for cost recovery, mainly through data dissemination. Therefore, only marginal financial returns are expected from this project. However, there can be a fiscal impact contributing to a better budgeting process and a potential increase in revenues due to better information and coverage, as well as a possible increase in recurrent costs to cover enhanced operations of the national statistical system. Thus a project of this nature is not amenable to a cost-benefit analysis.

On the other hand, the economic benefits from the project are considerable. First and foremost a well functioning statistical system is an essential and vital institution in a market economy. Information flows are critical to the orderly functioning of markets. Furthermore, information availability promotes greater transparency and contributes to good governance. More directly, good statistics have a direct impact. First, improvements in the efficiency of statistical operations and agencies will result in broader coverage of and higher quality data from given levels of expenditure. Second,

better data will enhance the potential for evidence-based decision making, at policy, program and project levels. Third, the project would help address the significant costs of missing or inaccurate data that impact on the ability to macro-manage the economy.

.

The project's cost-effectiveness can be broadly assessed in terms of alternative designs that achieve the same desired results. The extreme option of leaving the statistical function entirely to private initiatives is clearly untenable, as impartiality would be gravely compromised. It would also lead to lopsided development of statistics. Official needs would not be fully met. The option of developing a decentralized system, with different agencies and ministries engaging in information gathering, would lead to duplicative efforts with the attendant inefficiencies, higher costs and less than satisfactory gains from economies of scale. The present design provides the benefits from the project that are expected to outweigh its costs, that is, why the net development impact of the project is expected to be positive.

There is a likelihood of increase in recurrent costs to cover enhanced operations of the statistical system, which might be partly offset by cost reduction achieved through better management and the abolition of costly and archaic methods, processes, and duplication of effort. However, a net increase in the recurrent budget will be necessary.

In order to evaluate the impact on economic development, three types of estimates have to be performed: (i) an overall assessment of the value and costs of delivering current statistics and of generating new and upgraded information; (ii) the long-term cost effectiveness of streamlining statistical work and of the efficiency and accuracy gains in reducing labor-intensive statistical operations; and (iii) the impact of reliable data on policy making. Since the outcomes of such technical assistance projects are generally intangible and cannot be observed in the short run, evaluation methods are highly speculative and may have to rely on agreed assumptions.

The investment in information and communication technology infrastructure should produce discrete productivity benefits as well as affect the way current functions such as data entry, validation, processing, transmission, and dissemination are performed.

The technical design of the project is based on a detailed analysis of the strengths and weaknesses of the statistical system against standards and best practices, e.g. on statistical methodologies and management. The proposed improvements and developments in management of statistical agencies, statistical infrastructure, and statistical operations and the choice of technology are appropriate to the Afghan situation, as well as international good practice and standards.

Implementation Plan

Mechanisms for implementing the master plan

The project is expected to be implemented over a five year period. Although the project will incorporate assistance to a number of agencies and ministries including the DAB, the Ministry of Finance, and a number of line Ministries, the principal beneficiary will be the CSO. A key assumption made is that CSO will be granted PRR status.

Donor support is critical to the execution of the strategic plan outlined in this document. The plan quantifies the financial resources required. A number of options exist as to how the plan could be financed. These will need to be explored and determined at an appropriate time. The critical next step beyond the presentation of the SMP to the Government would be ensure that the Government assumes ownership of the SMP and then identifies the optimal approach for financing the implementation of the SMP.

Option I: A Trust Fund could be established into which donors contribute funds. A Consultative Council made up of all donors could determine disbursement from the Fund. Exercise of this option would avoid duplicative efforts by donors and provide for maximum coordination.

Option II: A single donor agrees to finance the implementation of the plan. Finance could be either under a grant program from an existing facility or a new source.

Option III: Different donors undertake to finance components of the plan. It will be necessary to establish a Coordinating Committee made up of the different donors to ensure that there is effective coordination.

Option IV: The Government of Afghanistan finances the project from special receipts or general resources under its command.

It should be noted that UNFPA is providing US$7 million for the first phase of the Census. An additional amount estimated at $14 million is under consideration for Phase Two of the Census. The ADB for its part has committed as sum of $1.75, to be spent over the next three years, for TA support for improving the CPI, the carrying out of a HIES, an Integrated Business Enterprise Survey and for training of staff. Some modest amounts have been set aside for some line ministries.

Executing agencies

Given the central role of CSO, both as the central statistical agency and the principal implementer of the project, it is best placed to take on the role of Executing Agency. Other key institutions would be the National Statistical Council to act as a coordinating body at the highest level of government with participation from line ministries, the central bank and from other civil society groups and the private sector. The National Statistical Council should be constituted at an early date and its membership should be inclusive. It is critically important that the Council include representatives of Ministries that generate data (e.g. Health, Education, Agriculture, Commerce etc), and also mainline Ministries that are major data users (e.g. Finance,

Planning and the Ministry of Women Affairs.) Such a body would usually define the national statistical strategy, policies, priorities and broad implementation arrangements, oversee national program elaboration and implementation, and bear the responsibility for results and their quality.

Implementation arrangements need to ensure the timely and reliable flow of funds to the implementing units at all levels. Slow disbursement and inadequate resources for the sectors and institutions involved are two of the biggest roadblocks to a sound functioning of national statistical systems. Procurement for all financed activities will be carried out in accordance with appropriate international guidelines for procurement.

Management and Coordination

Successful implementation will demand strong management arrangements. The Project Director at CSO will pay a key role in project implementation. However, his ability to play an effective role will demand strong support from the senior management of CSO. To this end, it is suggested that a Project Steering Committee be established, with its membership comprising the senior managers at the level of the Directors of CSO. As the Project transcends the activities of CSO and extends into several other agencies, it would be appropriate to co-opt senior level representatives from other agencies e.g. the DAB, the Ministry of Finance etc that would be receiving assistance under the Project.

Although the Project implementation plans, drawn up at the launch stage, will be fairly comprehensive, they should be viewed as indicative. Experience with similar sized projects in other countries has demonstrated that shortfalls and deviations from meticulously designed project plans are inevitable. The need for flexibility must be factored in. It is therefore suggested that beyond the overall Project plan, an **Annual Implementation Plan** should be developed prior to the commencement of the year. It should also be noted that detailed specification of the various actions/activities to be taken up in pursuit of the Project components, cannot be meaningfully done in advance. An appropriate approach would be to hold detailed discussions between SSC and the external consultants to develop a **Component Initiation Agreement** just prior to the commencement of activities under a particular component. Such an agreement would spell out in considerable detail all of the actions planned together with understandings about the timing, types and nature of inputs to be provided by the parties to the Agreement. This approach has been successfully used in China by the Chinese National Bureau of Statistics and Statistics Canada, and is now being used by NBS in its other technical cooperation projects.

The complexity, size and scope of the Project are in several ways unique. The Project covers a whole range of subject areas; it involves a number of national agencies and it seeks to create a new statistical system demanding an entirely new culture. There is only limited experience from other country situations that can be drawn upon. In most technical assistance projects in the field of statistics, the projects are designed to improve or modify particular aspects or segments of the statistical system. In the present case, the Project is all embracing, requiring a mix of skill inputs ranging from management practices, IT applications to the entire range of subject fields in different branches of economic and social statistics .It is therefore necessary to evolve arrangements that fit the unique circumstances in relation to this Project.

Time Line for Implementation

As noted earlier, the proposals call for the SMP to be implemented over a five year period. The implementation design has been structured so as to achieve speedy results. As a consequence, a number of the scheduled activities in each of the components have been front-loaded. In terms of sequencing, activities pertaining to Organizational development and investments in infrastructure should be seen as launching activities. Creating the right environment is critical to successful pursuit of data development and the launch of new data collection efforts. Data development too has to be properly sequenced. It must be preceded by the adoption of new classifications, the availability of a sampling frame and a business register. Along with these, it is important to rapidly build certain key technical skills. New surveys can only be launched once the necessary infrastructure and skills are in place. Work in the national accounts area, for the most part, will have to await the availability of new basic data. Based on these considerations, a tentative scheduling of activities has been attempted and is depicted in the Chart below.

		TIME LINE FOR IMPLEMENTATION									
			Year 1				Year 2				
	QTR 1	QTR 2	QTR3	QTR 4	QTR 1	QTR 2	QTR3	QTR 4	QTR 1	QTR 2
A. ORGANIZATIONAL DEVELOPMENT											
1.1 Study Tours for Senior Managers											
1.2 Statistical Policy Seminars											
1.3 Review of Statistical Legislation & revisions											
1.4 Directory of Statistical outputs											
1.5 User Need Assessment											
1.6 Financial & Budget Management											
1.7 Human Resource Management											
1.8 Statistics in a Market Economy											
1.9 Statistical Organization											
1.10 Preparations for PRR Status											

		TIME LINE FOR IMPLEMENTATION									
			Year 1				Year 2				Yea 3
	QTR 1	QTR 2	QTR3	QTR 4	QTR 1	QTR 2	QTR3	QTR 4	QTR 1	QTR 2	QTR
B. STATISTICAL INFRASTRUCTURE											
2.1 Development of Household Sample Frame											
2.2 Enterprise Register											
2.3 International Standards & Classifications											
2.4 Support for user Interactions											

		TIME LINE FOR IMPLEMENTATION								
			Year 1				Year 2			
	QTR 1	QTR 2	QTR3	QTR 4	QTR 1	QTR 2	QTR3	QTR 4	QTR 1	QTR 2
C. DATA DEVELOPMENT										
3. Household Sample Surveys										
3.1 Household Income-Expenditure Survey										
3.2 Upgrade analytical capacity of staff										
3.3 Survey Skills										
3.3 Training in sampling										
4. Enterprise Statistics										
4.1 Enterprise versus establishment statistics										
4.2 Integrated Business Enterprise Survey										
4.3 Analytical use of enterprise data in National Accounts, BoP,										
4.4 Sampling in enterprise surveys										
4.5 Development of manuals										
5. Surveys of Economic Activity										
5.1 Monthly/Quarterly Surveys of Large Enterprises in a)Argic.										
b)Manuf.,Retail-Wholesale,d)Transport										
6. Price Statistics										
6.1 General Introduction to Price Statistics										
6.2 Consumer Price Indices										
6.3 Producer Price Indices										
6.4 Import & Export Price Indices										
7. Financial & Monetary Statistics										
7.1 Banking & Monetary Statistics										
7.2 Survey of Financial Institutions										
7.3 Government Finance Statistics										
7.4 Public and Private External Debt Statistics										
			Year 1				Year 2			
	QTR 1	QTR 2	QTR3	QTR 4	QTR 1	QTR 2	QTR3	QTR 4	QTR 1	QTR 2
8 External Trade & BoP										
8.1 Balance of Payments										
8.2 Special Problems in trade data compilation										
9 National Accounts										
9.1 Overview of SNA 1993										
9.2 Supply & Use Accounts										
9.3 Institutional Sector Accounts										
9.4 Deflators										
9.5 Special areas and issues (to be defined)										
9.6 Use of National Accounts										
10. Census of Population										
10.1 First Phase Listing & Processing										
10.2 Preliminary Count										
10.3 Full Enumeration										
10.4 Data Input and Analysis										

11. Demographic Analysis										
11.1 Improvement of current population estimates										
11.2 Use of Census Data in small area database										
12. Social Statistics										
12.1 Overview of social statistics										
12.2 Use of administrative data										
12.3 Social Statistics for small areas										
12.4 Social Indicators for Poverty Analysis										

			Year 1				Year 2					
	QTR 1	QTR 2	QTR3	QTR 4	QTR 1	QTR 2	QTR3	QTR 4	QTR 1	QTR 2		
D: INVESTMENT IN INFRASTRUCTURE												
1.1 Detailed design of the IT System												
1.2 Source data collection, processing and storage												
1.3 Storage and dissemination of statistical output												
1.4 Ensuring data confidentiality and security												
1.5 Technical infrastructure												
1.6 Computerization and human resources												

Sustainability Issues

Sustainability of the project benefits depends critically on the government's commitment to provide budgetary support beyond the implementation phase, particularly for activities not directly connected with data collection but indispensable for maintaining the improved statistical process: staff training, statistical research, maintenance of newly installed statistical and physical infrastructures.

The project carries some risks. Among the typical risks, common to projects of this nature, are such as an insufficient absorption capacity of the data-producing agencies for project implementation; departure of newly recruited and re-trained staff from the statistical system; delays in the implementation of experience gained through pilot surveys; delays in availability and disbursement of funds. A special set of circumstances prevail in Afghanistan at the present point in time that have implications for data collection, more especially through household surveys. The security situation in parts of the country remains tense and in these conditions it may not be entirely feasible to conduct nation wide surveys. Thus, there are substantial risks that the data collections programs proposed may need to be deferred.

Risk	Risk Rating	Risk Mitigation Measure
Commitment of the Government to support statistical work in the country by providing adequate resources for statistical observations and related activities and administrative reporting.	S	Government grants PRR status to CSO
Commitment of the CSO and other major data collection agencies to sustain the reform of the statistical system after project implementation completion and the withdrawal of consultants.	M	
Absorption capacity of the CSO will be strengthened.	M	A detailed assessment of staff participation in each component implementation will need to be performed with necessary adjustments to the implementation schedule/components' activities.
The new organizational structure and management systems are not acknowledged by the CSO staff.	N	Staff participation and ownership in the development of the new organizational structure
Newly recruited and re-trained staff is not retained in the statistical system	M	Establishment of a new system of staff assessment and rewards, better work environment should partly mitigate this risk
Successful project pilot activities are introduced into regular practice with a considerable time lag.	M	Better budget programming should ensure availability of funding for the new surveys
Close cooperation over the implementation	M	Establishment of the participatory

issues between the CSO and other beneficiaries (MOF, DAB and line Ministries) is not established.		Administrative Committee to supervise the Project implementation
Overall Risk Rating	M	

Risk Rating - H (High Risk), S (Substantial Risk), M (Modest Risk), N (Negligible or Low Risk)

The process of modernization might have a direct and, in some cases, disturbing impact on the statistical staff. While improving their work environment through human resource development and the introduction of modern equipment for data processing and communication, some staff will gain from retraining, from acquiring new skills and added responsibilities. Others, however, will face job loss, retraining, perhaps relocation. Some may simply find that adapting to new ways is stressful. These factors should not be underestimated. The project design has factored these issues into the new human resource policies that will need to be adopted by CSO.

There are also potential controversial issues resulting from improved data availability and accuracy, e.g. changes in poverty measures could affect household subsidies; improved population numbers might affect election procedures as well as level of regional subsidy; consumer price index revision might affect collective bargaining and provoke salary reviews both in public and private sectors.

Monitoring and Evaluation

The monitoring and evaluation of statistical capacity building efforts is a crucial part of such programs. It will help assess existing deficiencies, determine needs and priorities, and help allocate program resources. Recent work by a task force of the PARIS21 consortium has highlighted the need for a structured approach to the measurement and monitoring of statistical capacity, requiring the examination of the impact, outcome, output and component levels. The PARIS 21 methodology will be applied.

Indicative key variables that will be monitored closely will include:

User Satisfaction

4 Rate of user satisfaction increases from x to y by end of program (include consultation, usefulness of products, etc.)

5 Targeted statistical products are easily accessible in relevant media with metadata and interpretation of findings, etc.

6

Statistical Quality

Sound data sources used; coverage of statistics improves or is more relevant

Increase in surveys response rates (e.g. from % to %)

Validation is carried out for at least % of data sources and statistical products

Timeliness

Reduction in time lag between data collection and dissemination

Statistical outputs are released within the time limits and with frequency meeting SDDS requirements

In the interim, the intermediate outcomes identified (called “outputs” in the logframe) will be used as proxies of progress towards the outcomes.

Intermediate outcomes will be assessed at the output level. These measures are different than activities completed (which are tracked at the input level) in that they measure the value added of those components. For instance, not only will training conducted to measured, but also the % of staff who have improved statistical skills set or % of staff audited who use and upkeep skill set.

Progress in implementation of the components will be measured by assessing the extent to which the Master Plan is implemented. A robust system of monitoring and evaluation will be established to assess, on a regular basis, the extent to which programs are making the expected impact, and resulting in the anticipated outputs and subsequent outcomes.

As part of the program, and in their capacity as coordinators of the statistical system, CSO will need to be assisted in conducting annual assessments of the state of the statistical system. There are a number of tools now available, all of which should be examined and used where appropriate.

Measuring the impact of better statistics on improved decision making and resource management is a more difficult and less precise task than measuring outcomes and outputs. If better statistics are to have the required impact, government, the private sector, and civil society organizations will need to use data in their management processes and their decision making systems. It is assumed that the institutional framework, including incentives and capacities for policy makers and managers to use statistical data, needed for this to happen will exist or will be addressed through other programs, such as those involved with institutional reform and change.

A schedule of reporting against progress will be established with the CSO, using the indicators and monitoring framework set out above. CSO needs to use the M&E system for management on an on-going basis. It will also need to prepare an annual report on the implementation of the project Plan, together with a work plan for the following year to include a focus on progress towards outcomes and intermediate outcomes, as well as implementation progress.

A performance evaluation ought to be conducted half way through the program. The evaluation will involve CSO, other producers of official statistics, representative from users, including government, NGOs, the private sector, and donor and international organizations. It will also include an audit of operation procedures, and a preliminary assessment of outcomes, and will be used to improve program implementation.

Summary of targets and indicators

The log frame for the Project is provided below:

Afghanistan: Modernization of the Statistical System

Hierarchy of Objectives Overall Goal:	Key Performance Indicators Sector Indicators:	Data Collection Strategy Sector/ country reports:	Critical Assumptions (from Goal to Mission)
(i) Implementation of a broad-based poverty reduction strategy and attaining job-creating, sustainable economic growth	Trends in poverty and unemployment levels, reduction; trends in GDP and investment growth rates	Household survey and other poverty survey reports Government statistics	Sustained commitment to reform, efficient management of resources leads to improvement in social outcomes and reduction of poverty.
(ii) Support of institution-building activities	Improved management of public resources and streamline public expenditure		Willingness to restructure public institutions

Project Development Objective:	Outcome / Impact Indicators:	Project reports:	(from Objective to Goal)
Sustainable statistical system which efficiently provides timely and accurate data for policy evaluation and decision making	Improved poverty monitoring, better informed economic and social policy evaluation and decision making	Donor monitoring activities Data users surveys	Statistical information is appropriately used for policy making. Public access to statistical data is not restricted.

Output from each Component:	Output Indicators:	Project reports:	(from Outputs to Objective)
A: CSO's ability to formulate and carry out statistical policy in the country is enhanced. Organizational, managerial, human resource and participatory capacity are developed.	Annual data collection plans and long-term strategy programs are based on Program Budgeting System. Staff assessment reviews are carried out annually. Training plan in place updated at least annually and training courses regularly take place. User education and data providers' motivation activities are regularly implemented. Participatory mechanism for seeking advice on the major data outputs of the statistical system, modes and time frame for delivery is established. Increase of rate of response Reporting and processing burden diminished: number of statistical forms decreased	Project progress reports Data providers surveys Data users surveys	Commitment of the Government to support statistical work in the country by providing adequate resources for statistical observations and related activities and administrative reporting. Commitment of the CSO and other major data collection agencies to sustain the reform of the statistical system after project implementation completion and the withdrawal of consultants

B: Basic elements of the statistical infrastructure – sample frames, statistical standards, legislative arrangements – are in place.	The HHSF is upgraded based on the population census results. Business register is operative and regularly updated. Process of transition to the new Classification structure is completed Necessary improvements and modifications to the Law on Statistics are done to reflect agreements on effective statistical coordination and new data collection mechanisms.	Project progress reports Supervision missions Disbursement Reports
C: Improved coverage, accuracy, and policy relevance of the data produced by the CSO and other major data collecting agencies. More efficient data collection system, based on sample surveys, is introduced.	Achieved full compliance with the international statistical standards.	Project progress reports Disbursement Reports Data providers surveys Data users surveys
D: Line Ministries units' capacities strengthened to provide better data for informed policy on the key economic and poverty analysis issues by improvement of the information database and the staff analytical skills	Data presentation and processing standards, based on the relevant database output formats for analytical purposes upgraded.	Analytical, planning, and implementation documents prepared by project teams, consultants, etc. Project progress reports Supervision missions
E: Efficiency of the statistical process (data collection, processing, transmission and dissemination) is improved by introduction of better communication and information technology.	Integrated meta- and database of all major economic and social statistics is available for users Steady growth of number of visits to the CSO website, increase in the number of users provided with electronic copies of main statistical publications;	Assessment of IT capacity building according to the framework developed by the CSO Project progress reports Supervision missions

Project Components / Sub-components:	Inputs: (budget for each component)	Project reports:	(from Components to Outputs)
A: ORGANIZATIONAL DEVELOPMENT and MANAGEMENT A1. Streamlining the organizational set-up of the Afghan statistical system A2. Building of institutional management systems A3. Strengthening of the system of staff training and re-training A4. Development of the statistical data dissemination and users education strategy A5. Improvement of relations with respondents and data providers		Project management reports (PMR) Disbursement Reports Supervision missions	Absorption capacity of the CSO is sufficient for the project implementation. The new organizational structure and management systems are acknowledged by the CSO staff. Newly recruited and re-trained staff is retained in the statistical system. Local government officials accept decrease in detail of statistical data at the local level
B. STATISTICAL INFRASTRUCTURE B1. Improvement of household sample frame B2. Establishment of the statistical register of enterprises and individual entrepreneurs B3. Introduction of classifications B4. Improvement of legislative basis of the Statistical System			Necessary amendments are made to the Statistical Law on choice of observation methods and means, stipulation on equal information access, and relationship between the CSO and other data providers, as well as dissemination tools.
C. DATA DEVELOPMENT *Upgrading of data collection mechanisms* C1. Household sample surveys C2. Integrated annual enterprise statistics C3. Sub-annual surveys of economic activities *Implementation of international standards in major data categories* C4. National accounts C5. Price statistics C6. Government finance statistics C7. Money and banking statistics C8. Foreign trade and balance of payments C9. Demography, social statistics and poverty statistics C10. Other statistics			Successful project pilot activities are introduced into regular practice with a minimal time lag.
D. STRENGTHENING OF INFORMATION BASIS FOR DECISION-MAKING AND FORECASTING AT THE MINISTRY OF ECONOMY AND D1. Modernization of data			TA recipients are trained to take over the full range of activities

presentation and processing for analytical purposes D2. Application of new short- and medium-term forecasting models	
E. INTRODUCTION OF MODERN COMMUNICATION AND INFORMATION TECHNOLOGY E1. Development of a detailed design of the IT System E2. Source data collection, processing and storage systems E3. Storage and dissemination of statistical output E4. Ensuring data confidentiality and security E5. Technical infrastructure E6. Computerization and human resources	The Government provides resources for maintenance of the IT elements after the completion of the project.

ANNEXES

Annex 1 - Draft Terms of Reference for Consultants to assist Afghanistan Central Statistical Office (CSO) in preparing a Strategic Plan for the Statistical System of Afghanistan

Background

7 The purpose of this mission is to assist the Central Statistical Office (CSO) in preparing a Strategy Plan for the whole statistical system in Afghanistan.

8 Two decades of war and conflict has left Afghanistan devastated. The Central Statistical Office (CSO), the central agency responsible for the collection and dissemination of official statistics, as with most government agencies and institutions in Afghanistan, has suffered destruction and is and is attempting to rebuild itself. The CSO is confronted by serious human resource, material and physical constraints. Much the same situation is faced by other Ministries and agencies responsible for the compilation of administrative and other data at the sector level.

9 The CSO was established in 1973; prior to that point in time there was a small Statistics Department in the Ministry of Interior. The CSO is governed by the current Statistics Act, enacted in 2000 under the Islamic Emirate of Afghanistan. That Act superseded earlier legislation drawn up in 1975 and revised versions enacted in 1981, 1989 and then 2000.

10 The President of the CSO reports directly to the Chairman of the Interim Authority. The CSO President enjoys the status of a Minister within the Government. Under the Afghanistan Interim Authority (AIA), the CSO has been given autonomous status. Statistical collections, such as they are, have been largely assigned to the CSO. It is charged as the central agency responsible for the collection and dissemination of official statistics. While the CSO has good premises from which to operate, and some of the staff have previous experience, it has little real capacity at this point in time. The CSO has a total staff of 797 including provincial offices in all 32 provinces, with a total of 166 staff in the regions.

11 This mission follows an earlier Mission to Kabul on behalf of the World Bank to look at the broad issues of rebuilding the statistical system of Afghanistan. The Mission was conducted from April 23 to May 3, 2003 and coincided with a UN Statistical Division Mission evaluating the plans for the carrying out of a Census of Population and Housing. The Terms of Reference for this Mission are annexed. The Mission assessed the current functioning of the statistical system, the adequacy of current data availability, and the feasibility and desirability of developing a Statistical Master Plan in the near term. The report of this mission is in Annex 1.

12 A workshop was held in May where the CSO outlined their activities. Annexes 2 and 3 contain papers produced for this workshop.

Duties and Responsibilities of the Consultant/s

The consultants will:

i. Review existing studies on strengthening statistical capacity of CSO.
ii. Consult selected key data users and producers in the country about their data needs and priorities.
iii. Review and discuss with CSO, the Government and other key stakeholders the vision and mission statements, and develop core values of the CSO in line with those of other ministries in Afghanistan.
iv. Assess the strengths, weakness, opportunities, and threats (SWOT) of the statistical system in Afghanistan.
v. Examine the legal framework governing statistics activities in the country and identify areas requiring strengthening to enable CSO play its role efficiently and effectively.
vi. Develop short term, medium term and long term objectives and goals for the strategic plan. This should be based on the World Bank's Statcap guidelines.
vii. Analysis of the various supports that bilateral and multilateral donors are currently contributing towards statistical activities.

viii. Identify an appropriate mechanism to channel donor support to the statistical system and in particular the CSO.
ix. Work closely with CSO staff to develop a program for data collection and compilation taking into account CSO resource requirements, needs/priorities of data users, the Millennium Development Goals, government plans for poverty reduction and the CSO Annual Work Plan.
x. Develop a prioritized and costed action plan for data collection for implementation during the period 2003/2004 - 2006/2007. This program should identify activities that need to be carried out in the short-term, medium and long-term.
xi. Organize stakeholders' workshop to deliberate on the draft report.
xii. Produce a final copy of the statistics strategic plan and distribute it to government, donors and other stakeholders.
xiii. Recommend areas of collaboration with other data producers and users.
xiv. Recommend areas that may need further studies/work.

Management

13 The work will be carried out by a team of consultants. Asian Development Bank will be providing two consultants and DFID will be funding two consultants. The consultants will have a broad range of skills between them and will work together with one member of the CSO.

Skills Mix

14 Asian Development Bank
Olivier Dupriez
Sunniya

15 IMF
Vilay Sulatha

16 DFID
Ramesh Chander – institutional issues (legal, organizational structure, human resources etc)
V.T. Palan – survey issues, sector issues and wider statistical system

17 Team Leader
Ramesh Chander will act as the Mission leader and coordinate the work.

Expected Outputs

18 The consultants will produce a draft report for presentation at a seminar of key stakeholders after the first country visit i.e. the Government key, NGOs and development partners. The expected final output of the consultancy will be strategic plan for CSO covering a period of five years.

19 The plan will contain a detailed work program for the plan period and a capacity building program. The work program will have to be budgeted with a clear list of prioritized actions. Where further studies are identified as necessary the consultants will make such recommendations and give estimates of their costs.

Timeframe

All the consultants will spend an initial 10 – 15 days in Afghanistan from 8 September. This will be followed by a further five days work back in their respective countries to complete the draft report. The draft report should be ready by 10th October. There will then be a further five-day visit to Afghanistan by the team to present the findings of the draft report and follow up any further areas. This will be followed by a further five days consultancy to complete the final report. The final report including the second visit should be completed by 30 November 2003.

Annex 2 – List of Persons Met

Vice President of the Interim Government

Hedayat Amin Arsala, Vice President (Chairman of the National Census Committee)

Central Statistical Office

Mohammad Ali Watanyar, General President
Mr. Ramzi, Deputy General President
Abdul Waked, President, Administration
Ahmad Zia Ahmad Zai, Census Department
Azizullah Faqiri, President, Economic Statistics Department
Faqir Shah Mehran, President, Statistics of Provinces
Ghulam Mustafa, President, Coordination Department
Mahmood Khisrau, President, Computer Center Department
Mohammad Esa, President, National Accounts Department
Mohammad Sami Nabi, President, Census and Surveys Department
Rashid Fakhri, President, Demographic and Social Statistics Department

Ministries

Abdul Sabaar Wahidi, Ministry of Commerce
Abdul Salam Rahimy, Deputy Minister of Finance
A. Latif Abed, Ministry of Planning
Andrew Pinney, Ministry of Reconstruction and Rural Development
Aruqtader Frozanfor, Director, Department Law and Agreements, Ministry of Foreign Affairs
Gulghutai Azimi, Head of Statistical Department, Ministry of Women's Affairs
Hamidullah Icham, Advisor, Ministry of Education
Khoja A. Wassay, Ministry of Labor and Social Affairs
Noovia Banwal, Ministry of Women's Affairs

Central Bank (Da Afghanistan Bank)

Abdul Samad Stanekzai
Mohibullah Safi
Said Mubin Shah

Others

Afghan Assistance Coordination Authority (AACA)
- Saifullah Abid, Aid Coordination Officer
- Yukimasa Fukuda, Advisor

Afghanistan Research and Evaluation Unit (AREU)
- Andrew Wilder, Director
- Alexia Coke, Programme Manager, Livelihoods Research

Afghanistan Information Management System (AIMS)
- David Saunders, Programme Manager

BearingPoint, Inc.
- Munawer Sultan Khwaja, Project Director
- Neil J. McMullen, Advisor, Central Bank
- Richard Bontjer, Budget Advisor

Department for International Development, United Kingdom (DFID)
- Richard Hogg, Head of Office, DFID Kabul

European Commission:

Arnaud Cauchois, Rural Development and Food Security Advisor

Food and Agriculture Organization (FAO)
Hector Maletta, Senior Food Security Advisor

International Labor Organization (ILO)
David Salter, Senior Co-ordinator
Bas Athmer, Chief Technical Advisor, National Emergency Employment Programme

International Monetary Fund (IMF)
Vilay Soulatha, Multisector Statistics Resident Advisor

Japan Embassy
H.E. Kinichi Komano, Ambassador
Chikako Kodama, Second Secretary

United Nations Children's Fund (UNICEF)
Jonathan Caldwell, Monitoring and Evaluation Office
Nadia Behbaodi, Consultant
Khlesur Rahman, Consultant

United Nations Development Fund for Women (UNIFEM)
Sameera Ayyubi, Senior Program Assistant

United Nations Economic and Social Commission for Asia and the Pacific (ESCAP)
Patricia Alexander, Advisor on Poverty Statistics
Pietro Gennari, Advisor on Economic Statistics

United Nations Fund for Population Activities (UNFPA)
Maria Pia Pradi, Chief of Operations
Christian Delsol, UNFPA Headquarters
Graham Jones, Chief Technical Advisor, Population Census

World Bank
William Byrd, Chief, Afghanistan Resident Mission
Anne Tully, Country Coordinator, Afghanistan Resident Mission

Annex 3 - Decree of the President of the Transitional Islamic State of Afghanistan

On Priority Reform and Restructuring within Ministries and Government Agencies

The Transitional Islamic State of Afghanistan is committed to design and implement overall reform of public administration, including programs to restructure Ministries and government agencies in the center and provinces, and to reform the Civil Service pay and grading system.

For this purpose, as a first step towards reform and restructuring of Ministries and government agencies, and pay and grading systems to attract, retain and motivate key civil servants, the following is approved:

Article 1
Ministries and government agencies should develop proposals to reform and restructure critical functions; either for the entire Ministry/agency or department/s within the Ministry/agency; and should submit proposals for these functions to be granted Priority Reform & Restructuring (PRR) status to the Independent Administrative Reform & Civil Service Commission.

Article 2
For all posts to be placed on an Interim Additional Allowance scale in accordance with Article 1 of this Decree, Ministries and government agencies may nominate individuals to fill the posts and receive the Interim Additional Allowance for a certain period of time, based on merit.

Article 3
Proposed reform and restructuring programmes will be subject to review and recommendation by the Ministerial Advisory Committee on Public Administration Reform.

Article 4
Approval of reform and restructuring programmes will be granted only if specified criteria are met, which demonstrate the following:

1. The strategic importance of the functions concerned; and
2. Significant improvements to operational efficiency and effectiveness.

Article 5
Approval for transfer of specified posts and staff to the Interim Additional Allowance scale will be granted only on the basis that:

1. The specified posts are essential to operational effectiveness; and
2. Staffs nominated to fill the specified posts are demonstrably capable of carrying out the required duties.

Article 6
Priority reform and restructuring of Ministries and government agencies will be based on procedures to be issued by the Independent Administrative Reform & Civil Service Commission.

Article 7
Changes to the procedures mentioned in Article 6 of this Decree may be made from time to time by the Chairman of the Independent Administrative Reform & Civil Service Commission in consultation with the Ministerial Advisory Committee on Public Administration Reform.

Article 8
This Decree comes into force on the day it is signed and will be published in the Official Gazette. If the provisions of this Decree are in contradiction with any existing legislation, the provisions of this Decree will take precedence

Hamid Karzai
President of the Transitional Islamic State of Afghanistan

PROCEDURE FOR PRIORITY REFORM AND RESTRUCTURING WITHIN MINISTRIES AND GOVERNMENT AGENCIES

Eligibility to apply for Priority Reform & Restructuring (PRR) status

1. a. Ministries/government agencies may apply for PRR status for:
   i. the entire Ministry/agency;
   ii. A department or group of departments within the Ministry whose functions are closely related, including functions which span central (Kabul-based) and province-based activities.

   b. The Independent Administrative Reform & Civil Service Commission, in consultation with the on Ministerial Advisory Committee on Public Administration Reform, may also require Ministries/government agencies carrying out critical functions to apply for PRR status.

   c. The Independent Administrative Reform & Civil Service Commission, on the advice of the Ministerial Advisory Committee on Public Administration Reform, may, in collaboration with relevant Ministries as appropriate, initiate Priority Reform & Restructuring of certain common functions across all Ministries/agencies.

2. Ministries' proposals for PRR status will undergo a robust but straightforward 2-stage process.

Stage 1

3. Proposals to be considered for PRR status must be made in writing to the Chairman of the Independent Administrative Reform and Civil Service Commission with documented evidence to demonstrate that:
   a. The relevant Minister/Head of Agency has confirmed, in extensive discussions at senior level within the Ministry that urgent reform of the function is required, and has established a suitably skilled task force to lead and manage the reform and restructuring process;
   b. Relevant government priorities as expressed in the National Development Programme have been fully considered and taken into account;
   c. The candidate Ministry/Agency department has been reviewed to determine the nature of its activities, e.g.:
      - ?? Policy formulation
      - ?? Regulatory
      - ?? Coordination, supervision and performance monitoring
      - ?? Service delivery
      - ?? Support;
   d. Full consideration has been given to:
      - ?? shedding activities and responsibilities that can reasonably be abolished
      - ?? rationalising activities
      - ?? reducing the volume or complexity of activities;
   e. Retained functions are those essential to:
      1. Ensure public safety
      2. Comply with national or international law, or with the Bonn agreement
      3. Support essential government priority tasks undertaken by another department
      4. Implement priority policies or deliver priority services in line with the National Development Programme;
   f. the Government's priorities cannot be achieved by alternative means.

4. Applications will also identify the risks and penalties to the Government's national priorities if restructuring is not undertaken.

5. (i) The Ministerial Advisory Committee on Administrative Reform will consider all applications in order of receipt, and may call on Ministries/Agencies to provide additional information, in writing or in discussion.

(ii) If the MAC recommends decides that the application has successfully met the criteria in Article 3 above, the Chairman may invite the Ministry/Agency concerned to submit detailed Stage 2 proposals.

6. If the MAC recommends that the application does not satisfy the criteria set out in Article 3 above, the Chairman may either:
    a. Return the application to the Ministry/Agency concerned explaining why the application has not been approved; or
    b. Invite the Ministry/Agency to submit a revised application.

Stage 2

7. Within one month of receiving Stage I approval Ministries/Agencies will submit detailed Stage 2 proposals in writing to the Administrative Reform Secretariat.

8. Stage 2 proposals will set out clearly the purpose, objectives, organization structure, staffing levels and lines of accountability of the restructured function. Applications will include the following information:

a. The expected improvements in efficiency and cost-effectiveness; and the penalties of not restructuring.
b. Documented evidence that the relevant function has been comprehensively reviewed to ensure that:
    i. Similar functions will be grouped together to produce economies of scale and to maximize synergies and common skills
    ii. Differing functional responsibilities are clearly identified and managed
    iii. Reporting lines are clear and short
    iv. Authority is matched with accountability at every level
    v. Managerial spans of control are reasonable and broadly equivalent across the function
    vi. There is equivalence between the workloads and responsibilities of senior staff at the same levels
    vii. Staffing levels match workloads
    viii. The proposed structure is lawful or, in the case of doubt or discrepancy, how legal incompatibilities will be resolved.

c. Identification of the posts recommended for transfer to the Interim Additional Allowance scale, accompanied by a full job description for each post, including:
    i. Purpose of the post and specific, objectively verifiable outputs to be achieved over the next 12 months
    ii. Main duties
    iii. Human and financial resources managed
    iv. Measures by which the post occupant's performance will be assessed.

d. Evidence that the procedures set out in Schedule 1 of the IARCSC Regulation have or will be used to select staff for transfer to the Interim Additional Allowance scale. Where a specific candidate is being proposed, details should be included of his/her qualifications and experience, together with the names, qualifications and experience of other candidates who were considered and rejected.

e. The likely number and grades of staff within the existing function who will not be required within the reformed and restructured function, and the units within the Ministry/Agency to which they will be re-deployed.

f. Likely resource requirements to implement reform and restructuring, including:
    i. IT and other equipment;
    ii. Office accommodation or refurbishment;
    iii. External expertise.

g. Legislative changes required to implement the reform and restructuring.

h. An assessment of any consequential impact on other functions within the Ministry or within other parts of government.

i. Intentions for further reform and restructuring of the Ministry's/Agency's functions (including consideration of rationalization with the functions of other Ministries/Agencies), and the timescale for these.

j. A full costing of the proposed changes, with evidence that these have been discussed and agreed with the Ministry of Finance.

k. A time-bound implementation plan setting out the steps that will be undertaken to achieve the reform and restructuring, and who will be responsible for them.

Approval of Priority Reform and Restructuring status

9. (i) The Ministerial Advisory Committee will consider Stage 2 proposals in order of receipt.

(ii) Proposals will be reviewed in the first instance by the Administrative Reform Secretariat, which will provide the MAC with objective technical analysis.

10. The MAC will seek the guidance of the Independent Appointments Board on the appointment of candidates for IAA-scale posts.

11. The MAC may invite the relevant Ministry/Agency to provide additional information in writing or in discussion.

12. The MAC will assess the merits of Ministries'/Agencies' proposals against the criteria set out in Article 8 above and will recommend to the Chairman whether the proposals should be:
    a. approved in full;
    b. approved subject to specific amendments which the Board deems appropriate;
    c. returned to the Ministry for reformulation;
    d. rejected.

13. If approval is recommended in accordance with sections a) or b) of Article 12 above, the MAC will also recommend to the Chairman:
    a. The date on which PRR status should take effect;
    b. The date/s on which specified staff may be transferred to the interim additional allowance salary scale; and
    c. The frequency and format of reports to be submitted to the IMARG by the Ministry on progress in completing the restructuring, and achieving improved operational efficiency and effectiveness.

14. The Chairman's decision will be made in the light of the MAC's recommendations.

15. (i) The decision will be conveyed to the relevant Ministry/Agency in writing by the Administrative Reform Secretariat within one week of the MAC's recommendations being submitted to the Chairman.

(ii) The Chairman's decision will be final, and will not be subject to appeal.

(iii) In the case of rejection under Article 12d. above, alternative proposals may be submitted at a later date if the Ministry's/Agency's circumstances change significantly.

Conflicts of Interest

16. (i) In order to avoid conflicts of interest, members of the Ministerial Advisory Committee will not participate when Stage 1 applications or Stage 2 proposals are being considered from their own Ministries/Agencies.

(ii) If the Chairman of the Group is unable to participate for the reason specified in section (i) of this Article, another member will temporarily act as Chair on that occasion.

Administrative Reform Secretariat

17. (i) In accordance with the IARCSC Regulation, the Administrative Reform Secretariat of the Administrative Reform & Civil Service Commission will, as required, provide technical advice to the MAC on priority reform and restructuring proposals.

(ii) At the discretion of the Head of the Administrative Reform & Civil Service Commission, additional independent experts may be invited to provide specialist advice to the secretariat from on a case-by-case basis.

Interim Additional Allowance

18. Pending the outcome of a comprehensive pay and grading review, an Interim Additional Allowance scale will be adopted for approved posts within PRR programmes, as set out in Schedule 1. The IAA scale will be replaced by the new pay and grading structure when the latter is introduced.

19. The Interim Additional Allowance scale will be composed of two elements:
a. The basic salary payable under the existing government salary scheme; and
b. An additional allowance to bring the monthly payment up to the level prescribed in Schedule 1 to this procedure.

20. Payments under the interim salary scale will be wholly funded from the relevant Ministry's budget and paid through the government payroll.

21. Employees appointed to posts on the Interim Additional Allowance scale may not receive payment from any other source, including international agencies and non-government organizations.

Appointments to Interim Additional Allowance posts

22. (i) Employees appointed to posts within the Interim Additional Allowance scale will be placed on a fixed-term 1-year contract with an initial 3-month probationary period. At the end of the probationary period, and subject to satisfactory performance the appointment will be confirmed for the remaining 9 months. At the end of the 12 months, subject to satisfactory performance, the contract may be renewed for further 6-month periods.

(ii) Employees who do not successfully complete the probationary period, or whose performance is judged to be unsatisfactory at the end of 12 months or subsequent 6-month periods will be redeployed to another post within the Ministry, and revert to a salary equal to their previous gross salary under the standard salary scale. If redeployed they will not retain the additional Interim Additional Allowance in whole or in part.

23. Existing pension rights of employees appointed to Interim Additional Allowance posts will be preserved at their present levels.

24. Interim Additional Allowance scale posts which are vacated by redeployment, resignation or for any other reason will be filled through a competitive process specified in Schedule 2 to this procedure.

Transition to new pay and grading structure

25. (i) When a new pay and grading structure is introduced, posts on the Interim Additional Allowance scale will transferred to the new structure.

(ii) The posts will then be filled through an open, competitive process in accordance with Schedule 1 of the IARCSC Regulation.
(iii) Employees already serving in the posts concerned will be eligible to apply for these posts, alongside others from within and outside the public service.

(iv) Employees in Interim Additional Allowance scale posts who are successful in competing for posts within the new pay and grading structure, when introduced, will transfer from IAA fixed-term contracts to the new structure.

26. Employees in Interim Additional Allowance scale posts who are unsuccessful in competing for posts within the new pay and grading structure will be redeployed to another post.

Schedule 1: Interim Additional Allowance

IAA scale

1. The Interim Additional Allowance scale consists of 7 levels, which will encompass all grades 1-10 and 'above' and 'beyond' grades within the current salary structure.

2. The Interim Additional Allowance scale is given below:

Interim Additional Allowance Scale

Post level	Minimum AF per month	Maximum AF per month
A	11,045	11,750
B	9,635	10,240
C	8,225	8,930
D	6,815	7,520
E	5,405	6,110
F	3,995	4,700
U	Unchanged (Existing salary and allowances)	

Calculation of payments

3. Employees appointed to IAA posts A - F will retain their existing basic pay, and will also be paid an additional allowance to bring the total payment up to the relevant point in the IAA scale. Existing allowances will be subsumed within the Interim Additional Allowance, as follows:

   Existing basic pay + IAA allowance = total payment under IAA scale

   Two examples are given below to illustrate the formula:

	Current basic pay	Interim Additional Allowance (includes AF1,814 existing allowances)	**Actual pay to IAA post-holder**
IAA SCALE	AF per month	AF per month	**AF per month**
B (maximum)	103	10,137	**10,240**
F (minimum)	90	3,905	**3,995**

4. Employees appointed to IAA posts at level U will receive their current basic pay and allowances as at present and will not be eligible for an Interim Additional Allowance. This means that their pay will remain unchanged.

5. Employees appointed to IAA posts at levels A – F will not receive any annual increments or be eligible for promotion during the period of their interim salary contracts.

6. Employees appointed to the IAA scale will receive a single monthly payment through the government payroll.

7. Interim salaries relate to the post, not to the post-holder. Employees who transfer to a post which has not been transferred to the interim salary scale will revert to the salary and allowances payable under the existing salary structure.

Schedule 2: Procedure for filling vacant IAA posts

1. When an IAA post within a reformed and restructured function becomes vacant, the relevant Ministry will inform in writing:
    a. The MoF payroll unit; and
    b. The Chairman of the Independent Civil Service Commission, together with:
        i. the reasons for the vacancy
        ii. a copy of the job description
        iii. a proposed vacancy announcement.

2. (i) Responsibility for appointments to posts at levels A & B as defined in Schedule 1 of this procedure will be in accordance with Atricle 17 of the IARCSC Regulation.

    (ii) All remaining appointments to IAA scale posts as defined in Schedule 1 of this procedure will be the responsibility of the relevant Minister or Head of Agency.

3. The procedure for filling vacant posts will conform with the principles set out in Schedule 1 of the IARCSC Regulation.

4. Following the appointment process Ministries and government agencies will forward to the IARCSC copies of all documents relating to the appointment of staff to IAA posts under their authority.

Schedule 3: Interim Additional Allowance Contract

1. Employees will be appointed to posts on the Interim Additional Allowance scale on a 12-month renewable contract, which will include a 3-month probationary period. The contract will specify:
    a. Title and IAA grade of the post and the dates on which the contract will start and finish;
    b. Duties to be performed (including a job description which will form part of the contract);
    c. Monthly salary;
    d. Date the probationary period finishes;
    e. Terms on which the contract may be extended or terminated;
    f. Other terms and conditions, including preserved rights and responsibilities

2. The Independent Administrative Reform & Civil Service Commission will prepare a standard contract document for all IAA contracts. The contract will be signed by the appointee, and by a senior official in the relevant Ministry on behalf of the appointing authority. Copies of the contract will be held by:
    a. The appointee
    b. The Independent Administrative Reform & Civil Service Commission
    c. The relevant Ministry

3. A new contract will be drawn up and signed in accordance with paragraphs 1 and 2 above for each period of contract extension

Annex 5 -Millennium Development Goals, targets and indicators

(DESA Technical Version identifying data sources)

Goals and targets (from the Millennium Declaration) Indicators for monitoring progress

Goal 1. Eradicate extreme poverty and hunger

Target 1. Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day

1. Proportion of population below $1(PPP) per day (World Bank)a/
2. Poverty gap ratio (incidence x depth of poverty)(World Bank)
3. Share of poorest quintile in national consumption (World Bank)

Target 2. Halve, between 1990 and 2015, the proportion of people who suffer from hunger

4. Prevalence of underweight children under five years of age (UNICEF - WHO)
5. Proportion of population below minimum level of dietary energy consumption (FAO)

Goal 2. Achieve universal primary education

Target 3. Ensure that, by 2015, children everywhere,

6. Net enrolment ratio in primary education boys and girls alike, will be able to (UNESCO) complete a full course of primary schooling
7. Proportion of pupils starting grade 1 who reach grade 5 (UNESCO)
8. Literacy rate of 15-24-year-olds (UNESCO)

Goal 3. Promote gender equality and empower women

Target 4. Eliminate gender disparity in primary and secondary education, preferably by 2005, and to all levels of education no later than 2015

9. Ratios of girls to boys in primary, secondary and tertiary education (UNESCO)
10. Ratio of literate females to males 15-to- 24-year-olds (UNESCO)
11. Share of women in wage employment in the non-agricultural sector (ILO)
12. Proportion of seats held by women in national parliament (IPU)

Goal 4. Reduce child mortality

Target 5. Reduce by two thirds, between 1990 and 2015, the under-five mortality rate

13. Under-five mortality rate (UNICEF – WHO)
14. Infant mortality rate (UNICEF - WHO)
15. Proportion of 1-year-old children immunized against measles (UNICEF - WHO)

Goal 5. Improve maternal health

Target 6. Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio

16. Maternal mortality ratio (UNICEF – WHO)
17. Proportion of births attended by skilled health personnel (UNICEF - WHO)

Goal 6. Combat HIV/AIDS, malaria and other diseases

Target 7. Have halted by 2015 and begun to reverse the spread of HIV/AIDS

18. HIV prevalence among 15-to-24-year-old pregnant women (UNAIDS, UNICEF, WHO)
19. Condom use rate of the contraceptive prevalence rate b/ (UNICEF, UN Population Division)
20. Number of children orphaned by HIV/AIDS c/(UNICEF)

Target 8. Have halted by 2015 and begun to reverse the

21. Prevalence and death rates associated with malaria incidence of malaria and other major diseases (WHO)

22. Proportion of population in malaria risk areas using effective malaria prevention and treatment measures d/ (UNICEF - WHO)
23. Prevalence and death rates associated with tuberculosis (WHO)
24. Proportion of tuberculosis cases detected and cured under directly observed treatment short course
(DOTS) (WHO)

Goal 7. Ensure environmental sustainability

Target 9. Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources

25. Proportion of land area covered by forest (FAO)
26. Ratio of area protected to maintain biological diversity to surface area (UNEP -IUCN)
27. Energy use (kg oil equivalent) per $1 GDP (PPP) (IEA, UNSD, World Bank)
28. Carbon dioxide emissions (per capita) (UNFCCC,UNSD) and consumption of ozone-depleting CFCs
(ODP tons) (UNEP-Ozone Secretariat)
29. Proportion of population using solid fuels (WHO)

Target 10. Halve by 2015 the proportion of people without sustainable access to safe drinking water

30. Proportion of population with sustainable access to an improved water source, urban and rural (UNICEF – WHO)

Target 11. By 2020 to have achieved a significant improvement in the lives of at least 100 million slum dwellers
31. Proportion of urban population with access to improved sanitation (UNICEF – WHO)
32. Proportion of households with access to secure tenure (owned or rented) (HABITAT)

Goal 8. Develop a global partnership for development

Target 12. Develop further an open, rule -based, predictable, *Some of the indicators listed below are monitored* non-discriminatory trading and financial system *separately for the least developed countries (LDCs),Africa, landlocked countries and small island developingStates*

Includes a commitment to good governance, development, and poverty reduction — both nationally and internationally **Official development assistance**

Target 13. Address the special needs of the least developed countries

33. Net ODA, total and to LDCs, as percentage of OECD/DAC donors' gross national income (OECD)
Includes: tariff and quota free access for least developed countries' exports; enhanced programme of debt relief for HIPCs and cancellation of official bilateral debt; and more generous ODA for countries committed to poverty reduction
34. Proportion of total bilateral, sector-allocable ODA of OECD/DAC donors to basic social services (basic education, primary health care, nutrition, safe water and sanitation) (OECD)
35. Proportion of bilateral ODA of OECD/DAC donors that is untied (OECD)
Target 14 Address the special needs of landlocked countries

36. ODA received in landlocked countries and small island developing States as proportion of their GNIs (OECD) (through the Programme of Action for the Sustainable Development of Small Island
37. ODA received in small island developing States Developing States and the outcome of the as proportion of their GNIs (OECD) twenty-second special session of the General Assembly)

Market access

Target 15. Deal comprehensively with the debt problems of developing countries through national and
international measures in order to make debt sustainable in the long term
38. Proportion of total developed country imports (by value and excluding arms) from developing countries
and from LDCs, admitted free of duties (UNCTAD)
39. Average tariffs imposed by developed countries on agricultural products and textiles and clothing from
developing countries (UNCTAD)
40. Agricultural support estimate for OECD countries as percentage of their GDP (OECD)
41. Proportion of ODA provided to help build trade capacity e/ (OECD, WTO)

Debt sustainability
42. Total number of countries that have reached their HIPC decision points and number that have reached
their HIPC completion points (cumulative) (IMF - World Bank)
43. Debt relief committed under HIPC initiative, US$ (IMF - World Bank)
44. Debt service as a percentage of exports of goods and services (IMF - World Bank)

Target 16. In cooperation with developing countries,

45. Unemployment rate of 15-to-24-year-olds, each develop and implement strategies for decent and sex and total (ILO)f/ productive work for youth

Target 17. In cooperation with pharmaceutical companies, provide access to affordable essential drugs in
developing countries

46. Proportion of population with access to affordable essential drugs on a sustainable basis (WHO)

Target 18. In cooperation with the private sector, make available the benefits of new technologies,
especially information and communications

47. Telephone lines and cellular subscribers per 100 population (ITU)
48. Personal computers in use per 100 population (ITU) and internet users per 100 population (ITU)

Footnotes:
a/ For monitoring country poverty trends, indicators based on national poverty lines should be used, where available.

b/ Amongst contraceptive methods, only condoms are effective in preventing HIV transmission. The contraceptive
prevalence rate is also useful in tracking progress in other health, gender and poverty goals. Because the condom use
rate is only measured amongst women in union, it will be supplemented by an indicator on condom use in high risk
situations. These indicators will be augmented with an indicator of knowledge and misconceptions regarding HIV/AIDS by 15-24 year-olds (UNICEF – WHO).

c/ To be measured by the ratio of proportion of orphans to nonorphans aged 10-14 who are attending school.

d/ Prevention to be measured by the % of under 5s sleeping under insecticide treated bednets; treatment to be measured
by % of under 5s who are appropriately treated

e/ OECD and WTO are collecting data that will be available from 2001 onwards.

f/ An improved measure of the target is under development by ILO for future years

Annex 6 - Aspects of the Legal Framework for Statistics in Afghanistan

BACKGROUND OF THE CSO:

Collection and classification of statistics were not organized until the year 1351. In the middle of 1351, according to cabinet order no. 2624 dated 09.08.1350 and approval of his Majesty, the CSO was established as an independent organization under the Office of the Prime Minister, to collect statistical figures of different social and economic activities, to summarize, classify, analyze, and finally to publish and issue them. Statistical data for different governmental, mixed and private sectors have been arranged on centralized principles. The first Director General of the CSO was appointed on 25.02.1352 and he was responsible for reporting all statistical activities to the Cabinet of ministers. According to order no.102 of 22.01.1353 all statistical institutions of ministries and other government organizations came under the control of the CSO.

For the first time in 1354, a Statistics Act to arrange statistical activities and specify duties and responsibilities in this area was enforced. This law had some defects and could not arrange and stipulate duties and responsibilities of the CSO and other institutions. Therefore, in 1360 a new Statistics Act in four chapters and 32 articles was arranged and a rough draft made and after legal process enforced on 16.03.1360 and issued in gazette. After that, the CSO reached many mentionable, positive outputs in the field of statistics. For example the various surveys, censuses, in different fields of economic and social life and the publication of a yearbook (annual report) in the 50th decade is noted.

In the period 1360 to 1363 the Statistics Act was reviewed and form the organizational side in 03.1369 to 08.1372 the CSO was promoted to a ministry and after 08.1372 through an order of head of the Islamic Republic State of Afghanistan changed as an independent organization under the Prime Minister at the level of general Presidency. It continued its position in during the Taliban regime. Now the CSO is an autonomous government institution that reports directly to the President.

ROLE OF THE CSO:

In order to have a scientific statistical system and to meet the country's needs for statistics, according to the law, the CSO is required to implement different statistical programs through designing and implementation of censuses and statistical surveys, and to gather figures and current statistics of different economic and social sectors. The CSO is also charged to coordinate all activities at the national level and prevent the repeating action and contradiction in collecting, analyzing and publication of statistical data.

According to the law, the activities, duties and responsibilities of the CSO and other institutions, with regards statistical activities or use of the provided figures and statistics, have been properly specified and arranged.

- to create a scientific statistical system and prevent from the repeat of action , removal of contradiction and ensuring of coordination on the national level in all statistical activities of Afghanistan; these activities are based on the principle of centralism and the CSO is its insurer and demonstrator;

Statistics Act, Article 8:

20 The purposes and aims of the constitution of CSO are prescribed and specified as follows:

1. to ensure and extend the scientific and centralized system of statistics to collect, classify, analyze, and distribute continuously required data according to the subjective conditions of the country and international standards for the purpose of guidance and utilization in the preparation of economic and social programs and plans;

2. to monitor, study and scientific and professional guidance of statistical activities of the government, joint, and private departments and establishments;
3. to concentrate and organize activities and computer services on the national level;
4. to collect relevant statistics on the implementation and progress of projects and programs included in the government ‘s development plans for the overview and preparation of reports and appropriate proposals in this regard for the competent authorities.

Statistics Act, Article 2:

In order to meet the above purposes the Statistics Act, Article 2 specifies as follows:

- all government and private sector departments and other individuals must present their statistical information in the stated time according to the statistical forms of the CSO;
- also, in order to avoid contradiction in the presentation and issuance of statistical figures Article 4 orders as follows: those figures and statistical information that are considered official figures and information which have been published and confirmed for statistical purposes ,scientific researches , planning activities and economic leadership by the CSO.

ANNEX 7. The UN Fundamental Principles of Official Statistics

At its special session held in New York from 11-14 April 1994, the Statistical Commission adopted the fundamental principles of official statistics, as set out in ECE decision C (47), but incorporating a revised preamble. An extract from the report [*] containing the preamble and principles, as adopted is given below.

FUNDAMENTAL PRINCIPLES OF OFFICIAL STATISTICS

The Statistical Commission,

Bearing in mind that official statistical information is an essential basis for development in the economic, demographic, social and environmental fields and for mutual knowledge and trade among the States and peoples of the world,

Bearing in mind that the essential trust of the public in official statistical information depends to a large extent on respect for the fundamental values and principles, which are the basis of any society, which seeks to understand itself and to respect the rights of its members,

Bearing in mind that the quality of official statistics, and thus the quality of the information available to the Government, the economy and the public depends largely on the cooperation of citizens, enterprises, and other respondents in providing appropriate and reliable data needed for necessary statistical compilations and on the cooperation between users and producers of statistics in order to meet users' needs,

Recalling the efforts of governmental and non-governmental organizations active in statistics to establish standards and concepts to allow comparisons among countries,

Recalling also the International Statistical Institute Declaration of Professional Ethics,

Having expressed the opinion that resolution C (47), adopted by the Economic Commission for Europe on 15 April 1992, is of universal significance,

Noting that, at its eighth session, held at Bangkok in November 1993, the Working Group of Statistical Experts, assigned by the Committee on Statistics of the Economic and Social Commission for Asia and the Pacific to examine the Fundamental

---

[*] Official Records of the Economic and Social Council, 1994, Supplement No. 9 (E/1994/29), chap. V.

Principles, had agreed in principle to the ECE version and had emphasized that those principles were applicable to all nations,

Noting also that, at its eighth session, held at Addis Ababa in March 1994, the Joint Conference of African Planners, Statisticians and Demographers, considered that the Fundamental Principles of Official Statistics are of universal significance,

Adopts the present principles of official statistics:

1. Official statistics provide an indispensable element in the information system of a democratic society, serving the Government, the economy and the public with data about the economic, demographic, social and environmental situation. To this end, official statistics that meet the test of practical utility are to be compiled and made available on an impartial basis by official statistical agencies to honor citizens' entitlement to public information.

2. To retain trust in official statistics, the statistical agencies need to decide according to strictly professional considerations, including scientific principles and professional ethics, on the methods and procedures for the collection, processing, storage and presentation of statistical data.

3. To facilitate a correct interpretation of the data, the statistical agencies are to present information according to scientific standards on the sources, methods and procedures of the statistics.

4. The statistical agencies are entitled to comment on erroneous interpretation and misuse of statistics.

5. Data for statistical purposes may be drawn from all types of sources, be they statistical surveys or administrative records. Statistical agencies are to choose the source with regard to quality, timeliness, costs and the burden on respondents.

6. Individual data collected by statistical agencies for statistical compilation, whether they refer to natural or legal persons, are to be strictly confidential and used exclusively for statistical purposes.

7. The laws, regulations and measures under which the statistical systems operate are to be made public.

8. Coordination among statistical agencies within countries is essential to achieve consistency and efficiency in the statistical system.

9. The use by statistical agencies in each country of international concepts, classifications and methods promotes the consistency and efficiency of statistical systems at all official levels.

10. Bilateral and multilateral cooperation in statistics contributes to the improvement of systems of official statistics in all countries.

Annex 8: Model Statistical Law[10]

Annotated model of a National Statistics Act

Introduction

Chapter II, Section E of the present edition of the *Handbook of Statistical Organization* covers some general principles of statistical legislation, but contains few specifics. Annex I presents specific texts that might be useful for countries that want to introduce a general statistics law or modify an existing one. It should be stressed that this "model statistics act" is not in any way meant to be prescriptive or normative. It is just an illustration of the issues that are addressed in actual statistical legislation in various countries; several of the texts are derived from actual statistical laws.

The model, prepared for the fictitious country of "Numberland", contains two types of elements:

1. Issues that are about matters of principle and that should be dealt with in all statistics acts (printed in **bold** typeface). In this regard, reference is also made to the Fundamental Principles of Official Statistics, adopted by the Statistical Commission of the United Nations in 1994. These issues often relate directly to what is said in the Principles, as will be explained in annotations to the text.

2. Alternative or optional elements. The heading "Alternatives" indicates solutions that are different, but not necessarily inferior to the ones described in the issues mentioned before. "Optional" elements are more country-specific; they may work for some countries, but may be unacceptable for others.

Statistics Act of Numberland

Note: The Act consists of three main sections: general (see chapter II, section E.1), which concerns the main actors of the statistical system and their roles, responsibilities and interactions; statistical operations and data collection, including some provisions for regionally decentralized systems (see chapter II, section E.6); and data confidentiality, including access to information protected by other laws (see chapter II, section E.4).

[10] Annex 1 of the *UN Handbook of Statistical Organization*

A. General

1. Definitions[a]

In this Act:

21 (a) *Chief statistician* means the Chief Statistician of Numberland;

22 (b) *Department* means any department, board, bureau, agency or other division of the government of Numberland or of the Government of a region or any agency of either;

23 (c) *Minister* means a member of the Cabinet of Ministers of Numberland;

24 (d) *Respondent* means a natural or legal person in respect of whom or in respect of whose activities any report or information is sought or provided pursuant to this Act;

25 (e) *Council* means the National Statistical Council of Numberland.

2. Appointment of the Chief Statistician

The President of Numberland, at the recommendation of the Council of Ministers, shall appoint an officer whose title will be "Chief Statistician of Numberland" to hold office for a renewable, fixed term of five years.

Note: Appointment of the Chief Statistician for a fixed term helps to guarantee his professional independence and to prevent political interference with official statistics (see also above, chapter II, section C.4).

Alternative One

The Prime Minister of Numberland shall appoint an officer called the "*Chief Statistician*".

Alternative Two

The Parliament of Numberland shall appoint an officer called the "*Chief Statistician*".

---

[a] See also chapter II, Sect. E.1 of the present *Handbook*.

Alternative Three

At the recommendation of the National Statistical Council, the President of Numberland shall appoint an officer called the "*Chief Statistician*".

Option

The President of Numberland shall appoint a Minister for Statistics, who shall act as the *Chief Statistician*.

3.Role of the Chief Statistician

The Chief Statistician shall:

26 (a) Advise on matters pertaining to statistical programmes of the departments of the Government of Numberland, and confer with those departments to that end;

27 (b) Decide on the manner in which data for statistical purposes are collected, how they are compiled and when and how statistics are published;

28 (c) Supervise generally the administration of this Act and control the operations and staff of Statistics Numberland;

29 (d) Represent Numberland in international statistical meetings or designate one or more staff members of Statistics Numberland to do so.

Note: The provisions in this article support the coordinating role of the Chief Statistician (subparagraph [a]); his professional autonomy (subparagraph [b]); see also annex II, "Fundamental Principles of Official Statistics" and his/her international role (see annex II, articles 9 and 10 of the Fundamental Principles of Official Statistics).

4. Statistics Numberland

There shall be a statistics bureau, to be known as Statistics Numberland, the duties of which are:

(a) To collect, compile, analyse and publish statistical information relating to the commercial, industrial, financial, social, economic, environmental and general activities and condition of the people;

(b) To collaborate with departments of Government in the collection, compilation and publication of statistical information, including statistics derived from the activities of those departments;

(c) To promote the avoidance of duplication in the information collected by departments of government;

(d) Generally, to promote and develop integrated social and economic statistics pertaining to the whole of Numberland and to each of the regions thereof, and to coordinate plans for the integration of those statistics.

5. Work plan, release calendar and annual report

(a) Three months before the beginning of each new fiscal year, the Chief Statistician shall submit to the Council of Ministers[b] a work plan for the next fiscal year, setting out all major statistical collections and planned publications, as well as estimates of expenditure and revenues related to this;

(b) At the beginning of each new fiscal year, the Chief Statistician shall publish a calendar of the most important releases of new statistics in that fiscal year;

(c) Within three months after the end of each fiscal year, the Chief Statistician shall present a report to the Council of Ministers[b] with regard to the activities of Statistics Numberland in the preceding fiscal year.

Note: This article is mainly about transparency and accountability, two important aspects of the Fundamental Principles. The publication of the advance release calendar (subparagraph [b] above) prevents political interference with statistical outcomes.

6. National Statistical Council

(a) There shall be a National Statistical Council whose role is:

(i) To advise the Chief Statistician on statistical work plans; its advice shall be added when the work plan is submitted to the Council of Ministers;

(ii) To comment on the annual report that the Chief Statistician submits to the Council of Ministers; its comments shall be added to this report;

(iii) To advise the Chief Statistician on any other statistical issues.

[b] Or, as in the case may be, to the President, the Parliament or the Minister designated to be politically responsible for statistics.

(b) The Council shall be chaired by the Chief Statistician;

(c) The Council shall meet at least four times a year;

(d) The Council may set up subcommittees and ad hoc advisory groups;

(e) The Council shall have at least 15 members, representing the most important user groups of official statistics, in particular government departments, the business community and academia;

(f) Members of the Council shall be appointed by the Minister,[c] at the recommendation of the Chief Statistician. They will serve for renewable terms of four years;

(g) The Council's rules of procedure shall be approved by the Minister.

Note: The principal role of a National Statistical Council is to interface with the users of statistics and thereby enhance the relevance of official statistics (see annex II, "Fundamental Principles of Official Statistics", article 1). As there are many different ways to set up such a council, some alternatives to the above are listed below.

Alternatives

(a) The Minister chairs the Council, the Chief Statistician is vice-chair;

(b) There is an independent chairman; the Chief Statistician is an ex officio member;

(c) The Council has fewer or more members;

(d) The Council approves the statistical work plan (as opposed to just advising on it);

(e) Recommendation for membership through co-optation (Council itself proposes candidates);

(f) Membership is specified by law (e.g., "a representative of the Ministry of Finance, a representative of the Central Bank, a representative of the Council of Economic Advisers," etc.);

(g) Longer or shorter terms of service.

[C] The Minister politically responsible for statistics.

B. Statistical Operations and Data Collection

Note: This part of the law is mainly about practical arrangements for data collection, including access to government data sources that may be relevant for

statistical purposes. Statistics should be collected in the most efficient way, and respondents should not be unduly burdened (see also annex II, “Fundamental Principles of Official Statistics”).

1. Statistical personnel

The Chief Statistician may employ such commissioners, enumerators, agents or other persons as are necessary to collect for Statistics Numberland such statistics and information as the Chief Statistician deems useful and in the public interest relating to such commercial, industrial, financial, social, economic and other activities as the Chief Statistician may determine; and the duties of the commissioners, enumerators, agents or other persons shall be those duties prescribed by the Chief Statistician.

Options

Public servants

The Minister may, for such periods as it may determine, use the services of any employee of the public service of Numberland in the exercise or performance of any duty, power or function of Statistics Numberland under this Act or any other Act, and any person whose services are so used shall, for the purposes of this Act, be deemed to be a person employed under this Act.

Note: This implies that the Minister who is politically responsible for official statistics has the power to recruit civil servants outside Statistics Numberland to perform statistical duties; among other things, this may be important for censuses.

Contracted services

Any persons retained under contract to perform special services for the Chief Statistician pursuant to this Act; and the employees and agents of those persons shall, for the purposes of this Act, be deemed to be persons employed under this Act while performing those services.

Cooperation with regional authorities

The Chief Statistician may enter into arrangements with the Government of a region providing for matters necessary or convenient for the purpose of carrying out or giving effect to this Act, and in particular for all or any of the following matters:

(a) The execution by regional officers of any power or duty conferred or imposed on any officer pursuant to this Act;

(b) The collection by any regional department or regional officer of statistical or other information required for the purpose of this Act;

(c) The supplying of statistical information to the Chief Statistician by any regional department or regional officer.

All regional officers executing any power or duty conferred or imposed on any officer pursuant to this Act, in pursuance of any arrangement entered into under this section, shall, for the purposes of the execution of that power or duty, be deemed to be employed under this Act.

The Chief Statistician may enter into an agreement with the Government of a region for the exchange with or transmission to a statistical agency of the region of:

(a) replies to any specific statistical inquiries;

(b) replies to any specific classes of information collected under this Act;

(c) any tabulations and analyses based on replies referred to in (a) or (b).

An agreement with a region for the purposes of this section shall apply only in respect of a statistical agency of the region:

(a) that has statutory authority to collect the information that is intended to be exchanged or transmitted, pursuant to the agreement from a respondent who is subject to statutory penalties for refusing or neglecting to furnish information to the agency or for falsifying information furnished by him to the agency;

(b) that is prohibited by law from disclosing any information of a kind that Statistics Numberland, its officers and employees would be prohibited from disclosing, if the information were furnished to Statistics Numberland;

(c) whose officers and employees are subject to statutory penalties for disclosing any information of the kind described in subparagraph (b).

When any such information is collected by Statistics Numberland from a respondent, Statistics Numberland shall, when collecting information, advise the respondent of the names of any statistical agencies in respect of which the Chief Statistician has such an agreement.

Note: There are many different modes of interaction and cooperation between the national statistical agency and regional bodies. In some countries the national statistical agency has regional offices that are fully under its control (often called the “vertical system”), while in others the regional statistical offices are part of the regional Government (the “horizontal system”). Mixtures of these two systems also exist. Still other types of relationships between regional and central Governments occur in federally structured countries.

2. Sharing of information

The Chief Statistician may enter into an agreement with any department or municipal or other corporation for the sharing of information collected from a respondent.

Such an agreement shall provide:

(a) That the respondent shall be informed by notice that the information is being collected on behalf of Statistics Numberland and the department or corporation, as the case may be;

(b) That where the respondent gives notice in writing to the Chief Statistician that the respondent objects to the sharing of the information by Statistics Numberland, the information shall not be shared with the department or corporation unless the department or corporation is authorized by law to require the respondent to provide that information.

Note: See also article 6 of the "Fundamental Principles of Official Statistics" in annex II.

Option

Access to records

A person having the custody or charge of any documents or records that are maintained in any department or in any municipal office, corporation, business or organization, from which information sought in respect of the objects of this Act can be obtained or that would aid in the completion or correction of that information, shall grant access thereto for those purposes to a person authorized by the Chief Statistician to obtain that information or aid in the completion or correction of that information.

3. False or unlawful information

Every person who, without lawful excuse:

(a) Refuses or neglects to answer, or willfully answers falsely, any question requisite for obtaining any information sought in respect of the objects of this Act or pertinent thereto that has been asked of him by any person employed or deemed to be employed under this Act; or

(b) Refuses or neglects to furnish any information or to fill in to the best of his knowledge and belief any schedule or form that the person has been required to fill in, and to return the same when and as required of him pursuant to this Act, or knowingly gives false or misleading information or practices any other deception there under is, for every refusal or neglect, or false answer or deception, guilty of an offence and liable on summary conviction to a fine not exceeding ..... or to imprisonment for a term not exceeding .....or to both.

4. Refusal to grant access to records

Every person:

(a) Who, having the custody or charge of any documents or records that are maintained in any department or in any municipal office, corporation, business or organization, from which information sought in respect of the objects of this Act can be obtained or that would aid in the completion or correction of the information, refuses or neglects to grant access to the information to any person authorized for the purpose by the Chief Statistician; or

(b) Who otherwise in any way willfully obstructs or seeks to obstruct any person employed in the execution of any duty under this Act

is guilty of an offence and liable on summary conviction to a fine not exceeding .....or to imprisonment for a term not exceeding .....or to both.

Note: Although enforcement by law may not be the ideal way to obtain basic data for statistics (see chapter II, section E.3), most statistics acts contain some provisions to make data collection for statistics statutory.

Options

Coding system for goods

The chief statistician shall establish a coding system for goods imported into and exported from Numberland to enable the collection, compilation, analysis and publication of statistics in relation to those goods.

Forms for statistical data

Instead of, or in addition to, using agents or employees for the collection of statistics under this Act, the Chief Statistician may prescribe that a form be sent to a person from whom information authorized to be obtained under this Act is sought. A person to whom such a form is sent shall answer the inquiries thereon and return the form and answers to Statistics Numberland properly certified as accurate, not later than the time prescribed therefore and indicated on the form or not later than such extended time as may be allowed at the discretion of the Chief Statistician.

Returns under the Income Tax Act

For the purposes of this Act:

(i) the Chief Statistician, or any person authorized by the Chief Statistician to do so, may inspect and have access to any returns, certificates, statements, documents or other records obtained on behalf of the Minister of National Revenue for the purposes of the Income Tax Act;

(ii) the Minister of National Revenue shall cause the returns, certificates, statements, documents or other records to be made available to the Chief Statistician or person authorized by the Chief Statistician to inspect the records.

Return of exports and imports from Customs

For the purposes of this Act, the Minister of National Revenue shall cause to be sent to the Chief Statistician returns of imports and exports into and from Numberland and details of the means of transportation used therefore.

Additional options

Population census

(i) A census of population of Numberland shall be taken by Statistics Numberland in the month of .... in the year ....., and every tenth year thereafter;

(ii) The census of population shall be taken in such a manner as to ensure that counts of the population are provided for each district of Numberland, as constituted at the time of each census of population.

Agriculture Census

A census of agriculture of Numberland shall be taken by Statistics Numberland in the year ..... and in every tenth year thereafter.

Census questions

The President of Numberland shall, by order, prescribe the questions to be asked in any census taken by Statistics Numberland.

Note: In some countries regulations for censuses are part of the general statistics law; in others censuses are governed by separate legislation.

C. Data Confidentiality

Note: Clearly, confidentiality of individual data is one of the main concerns of the Fundamental Principles. In addition to a general provision in the Statistics Act (article 11 below), an oath of office for statistical personnel (article 12 below) is often part of statistical legislation as well.

1. Prohibition against divulging information

Except for the purpose of communicating information in accordance with any conditions of an agreement made under this Act, and except for the purposes of a prosecution under this Act but subject to this section:

(a) No person, other than a person employed or deemed to be employed and sworn in under this Act, shall be permitted to examine any identifiable individual return made for the purposes of this Act;

(b) No person, who has been sworn in under this Act shall disclose or knowingly cause to be disclosed, by any means, any information obtained under this Act in such a manner that it is possible from the disclosure to relate the particulars obtained from any individual return to any identifiable individual person, business or organization.

2. Oath of office

The Chief Statistician and every person employed or deemed to be employed pursuant to this Act shall, before entering on his duties, take and subscribe the following oath or solemn affirmation:

> **I, ..., do solemnly swear (or affirm) that I will faithfully and honestly fulfill my duties as an employee of Statistics Numberland in conformity with the requirements of the Statistics Act, and of all rules and instructions there under and that I will not without due authority in that behalf disclose or make known any matter or thing that comes to my knowledge by reason of my employment.**

Where a person retained under contract to perform special services for the Chief Statistician pursuant to this Act is a legal person, the chief executive officer thereof and such other officers, employees and agents thereof as are used to perform the special services shall, before entering on any of the duties required under the contract, take and subscribe to the following oath or solemn affirmation:

I, ..., do solemnly swear (or affirm) that I will faithfully and honestly fulfill my duties as an employee of (name legal person) in respect of my employment in carrying out .....[d] in conformity with the requirements of the Statistics Act, and of all rules and instructions there under and that I will not without due authority in that behalf disclose or make known any matter or thing that comes to my knowledge by reason of my employment as described herein.

Options

The Chief Statistician may, by order, authorize the following information to be disclosed:

(a) Information relating to a person or organization in respect of which disclosure is consented to in writing by the person or organization concerned;

(b) Information relating to a business in respect of which disclosure is consented to in writing by the owner for the time being of the business;

(c) Information available to the public under any statutory or other law;

(d) Information relating to any hospital, mental institution, library, educational institution, welfare institution, public utility [e] or other similar non-commercial institution except particulars arranged in such a manner that it is possible to relate the particulars to any individual patient, inmate or other person in the care of any such institution;

(e) Information in the form of an index or list of individual establishments, firms or businesses, showing any, some or all of the following in relation to them:

(i) Their names and addresses;

(ii) The telephone numbers at which they may be reached in relation to statistical matters;

---

[d] Reference to the contract that rules the tasks to be executed.

[e] *Public utility* means any natural or legal person that owns, operates or manages an undertaking for the supply of petroleum products by pipeline; the transmission or distribution of gas, electricity, steel or water; the collection and disposal of garbage or sewage; the transmission, emission, reception or conveyance of information by any telecommunications system; or the provision of postal services.

(iii) The products they produce, manufacture, process, transport, store, purchase or sell, or the services they provide, in the course of their business; or

(iv) Whether they are within specific ranges of numbers of employees or persons engaged by them, or constituting their work force.

3. Information is privileged

Except for the purposes of a prosecution under this Act, any return made to Statistics Numberland pursuant to this Act and any copy of the return in the possession of the respondent is privileged and shall not be used as evidence in any proceedings whatever.

No person sworn under this Act shall by an order of any court, tribunal or other body be required in any proceedings whatever to give oral testimony or to produce any return, document or record with respect to any information obtained in the course of administering this Act.

4. Disclosing secret information

Every person who, after taking the oath under this Act:

(a) Willfully discloses or divulges directly or indirectly to any person not entitled under this Act to receive the same any information obtained by him in the course of his employment that might exert an influence on or affect the market value of any stocks, bonds or other security or any product or article; or

(b) Uses any information described above in sub-paragraph (a) for the purpose of speculating in any stocks, bonds or other security or any product or article;

is guilty of an offence and liable on summary conviction to a fine not exceeding ....., or to imprisonment for a term not exceeding ....., or to both.

Options

Personation of Statistics Numberland employee

Every person who:

(i) Impersonates an employee of Statistics Numberland for the purpose of obtaining information from any person; or

(ii) Represents himself as making an inquiry under the authority of this Act when the person is not an officer, employee or agent of Statistics Numberland,

is guilty of an offence and liable on summary conviction to a fine not exceeding ....., or to imprisonment for a term not exceeding six months, or to both.

Application of fines

All fines imposed pursuant to this Act belong to the Government of Numberland and shall be paid to the Receiver General.