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DATA FOR DEVELOPMENT

VIEWPOINT PAPER

Benefits and Costs of the Data for Development Targets for the Post-2015 Development Agenda

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Introduction

Morten Jerven's paper helpfully points out that even the best ideas have costs. At the moment everyone loves the 'data revolution' – better data is widely considered to be an almost unambiguously good thing. And yet, collecting it comes at a price – a price that Jerven estimates at least $27 billion dollars for the fifteen-year lifetime of the new Sustainable Development Goals. This is something just under $2 billion for each of the 15 years of the lifetime of new goals. Two points to note here: firstly, this is not additional money, and a lot of it is being spent already – most governments do already have some data collection systems in place and budgeted for, though arguably not enough. Secondly, this should not be confused with a requirement for external funding by donors: in the vast majority of countries, the bulk of the money would come from domestic resources.

A global estimate of existing spending by all countries on data with which to calculate a funding gap does not, unfortunately, exist. But for context, the Marrakech Action Plan for statistics, a 2004 initiative of the World Bank, regional development banks and the OECD, estimated that the annual cost of improving both national and international statistical systems up to acceptable levels would be somewhere between $140-160 million per year in additional resources, on top of what governments and donors were already spending at the time. This figure may have gone up considerably in the last 10 years, but even if it were double the original investment, considering the roughly $4 billion a year spent by the Global Fund to fight Aids, TB and Malaria, the additional funds required are not likely to be huge by the standards of international aid spending.

Viewpoint

Whatever the scale of additional funds, and wherever they come from, they involve making a choice to fund data rather than something else. The question is still, is it worth it?

That's a hard question to answer for data. Other big global initiatives have an unambiguous problem statement at their heart. Compare this with big global health initiatives: the evidence base underpinning global support for vaccines is clear – they are one of the most effective, and cost-effective, public health interventions there is. Similarly the devastation caused by Aids, by TB and by Malaria – in terms of lost lives, lost health, and lost productive resources is all too evident across most of the world. In this context, an argument for more money is easy to make and easy for governments and donors to support.

There is not yet a similar and single compelling story at the centre of the call for a 'data revolution'. While almost nobody would dispute the idea that more information is better than less; how much better, and for whom, is not yet a question that can be answered – which is perhaps one reason why, to date, no big pledges have been made for funding improvements in this area.

Tiny glimmers of evidence appear from time to time, from different places. It may seem self-evident that data is needed in every sector to monitor the effectiveness of different

investments – but the question still remains, how much data, and how much should be spent on collecting it, rather than on the investment itself. One much-quoted study suggests that better information on HIV prevalence, leading to better targeting of funds spent on prevention, means that those funds prevent 16% more infections than if spent in a less targeted way. Information, in other words, can make spending more efficient. But outside of this type of very specific example, there is little persuasive evidence of the concrete value, in terms of improving outcomes, of better statistics across all the areas of interest in the new Sustainable Development Goals.

One way to work out how much value is attached to statistics is to work out how much money different governments currently allocate to spending in this area. The range varies enormously, and it is surprisingly hard to find out, but the amounts are not huge – at least not relative to the overall spending of OECD countries. In the UK, for example, the annual budget for the Office of National statistics in 2014-15 was something around £170 million, or around two-tenths of one percent of the total UK government budget. Of course, individual departments also spend money collecting data to run services and allocate money, so that is just a fraction of total government spending on data.

Budgets for data in poorer countries are often low and unpredictable. In the face of limited resources, aid recipients make different choices about how much of their own budgets to spend on statistics and how much to rely on aid. While in Ethiopia and Malawi around 80% of the budget for official statistics is financed by donors, in Kenya the figure is under 40%, according to the Centre for Global Development. Spending by donors on data is another indicator of how much actual value these particular countries attribute to spending on this area. In the calendar year 2013, donors spent just under $400million on aid for statistics, according to Paris 21, or 0.16% of total aid spending.

While the evidence suggests a variable and patchy commitment to making investments to improve data on the part of different governments, there is still an overwhelming consensus that the current state of data is not good enough. To translate this consensus into sufficient resources, effectively spent, there is a need for more attention to the benefits side of the equation than to the calculation of future costs.

Conclusion

To make a compelling case for more funding for data, more evidence needs to be provided of the benefits of doing so. At the national level, how will having more data enable governments to make better decisions and what will be the effect on people's lives? At the global level, how will better monitoring of new SDGs improve outcomes, and, again, how will that make lives better?

This is important not just to make the case for more money, but also to make the case about how it should be spent. How data leads to better outcomes matters for how that $27 billion (or whatever figure is eventually arrived at) should be spent.

If, for example, the pathway from better data to better lives is through the 'name and shame' effect of international comparisons, then money should perhaps be spent on nationally representative household surveys to enable global comparisons. If it is through the effect on national allocations of funding between regions, then information that allows for more disaggregated data on what is happening within countries will be more useful. In an ideal world one would have both of these and more, but unless some estimates can be made of which is more useful when it comes to making lives better, the case for more resources overall is weakened, and the practical questions about how to spend those resources cannot be answered.

Calculating the costs is a start. But overall more attention needs to be paid to the benefits side of the equation if the case for more spending on data is to be made effectively, and if the money is to be spent well when and if it arrives.

This paper was written by Claire Melamed, Head of the Growth, Poverty and Inequality Program, Overseas Development Institute. The project brings together more than 50 top economists, NGOs, international agencies and businesses to identify the goals with the greatest benefit-to-cost ratio for the next set of UN development goals.

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