

Short quality review of DFID's National Statistics

The Department for International Development's (DFID) new Chief Statistician conducted a short quality review of DFID's National Statistics publications and data systems. Below is a summary of the main recommendations and planned actions coming out of this review (Section 1) and more detailed information about the findings of the quality review (Section 2). We would welcome feedback on the findings and on the planned actions. If you would like to provide comments, please send these to enquiry@dfid.gov.uk.

Section 1: Recommendations and planned actions from the short quality review of DFID's National Statistics

Recommendation	Planned Action
(a) Review whether CDC's equity investments fall within the official definition of ODA	<p>It would be appropriate to carry out a short review to consider (i) how the existing guidance for ODA and for OOF apply to CDC's equity investments; (ii) how UK practice compares with international practice; and (iii) whether any statistical benefits from making an immediate change to the UK treatment are likely to outweigh the expected statistical benefits from maintaining continuity, until the DAC has completed its work on possible improvements to the ODA treatment of Development Finance Institutions (DFIs).</p> <p>The review should start in August and should aim to reach provisional conclusions by the end of September. Depending on the findings, it may be appropriate to consult users before taking any final decision. If the final decision is to change the UK approach, then it would still be appropriate to consult the DAC prior to implementation. Every effort should be made to complete this full process before the end of 2013. This would allow any changes to be incorporated in the National Statistics publication due in spring 2014, reporting a provisional estimate of UK ODA for 2013.</p>
(b) Strengthen the arrangements for estimating ODA expenditure by other government departments; with particular reference to planned spend on (i) refugees (ii) peace and security	<p>The statistics team in FCPD should review the current arrangements of other government departments for reporting their ODA spend to DFID for National Statistics purposes. This should consider any concerns about the ODA eligibility of the spend; the arrangements for quality assuring the estimates; and the systems that are in place for reporting the estimates. The review should be carried out on a proportionate basis. The greater the current and planned level of ODA reporting by a department, the more the review should seek to understand the underlying data systems and quality assurance</p>

(iii) research	<p>arrangements.</p> <p>The review should start after summer 2013 and should scope out an expected timetable for completion.</p>
(c) Consider proposals to change the methods used to estimate (i) EC ODA attributable to the UK and (ii) gift aid	<p>DFID officials have been working closely with Treasury officials to develop improved methods for estimating ODA in two areas. No formal process exists for signing off recommendations that come out of exercises of this nature.</p> <p>New governance arrangements should be put in place that will allow DFID's Chief Statistician to consider the findings from reviews of this type; and to initiate additional reviews from time to time, as considered necessary to maintain the quality of DFID's National Statistics.</p> <p>The governance arrangements should ensure that the views of data suppliers and key users (within DFID, in other government departments and externally), are taken into account before any changes to methods are approved. New governance arrangements should be in place as soon as possible.</p>
(d) Investigate the ARIES data entry arrangements and whether these will produce estimates of ODA by sector that are of sufficient quality to meet users' needs	<p>There is a risk that the ARIES data entry arrangements may be producing inaccurate estimates of ODA by sector.</p> <p>In the first instance, this should be addressed through an exercise to document the arrangements for entering data into ARIES. This should cover the training and guidance that is provided to those responsible for inputting data; and should look at existing arrangements for quality assuring the data to ensure that information on ODA by sector is being captured accurately.</p> <p>The documentation should be completed by no later than the end of 2013. This will provide a basis for judging the quality of the data entered into ARIES, and the implications this has for the accuracy of the National Statistics estimates of ODA by sector.</p>
e) Implement the plans that have been developed to improve the system that is used to extract from ARIES the data that are needed to produce	<p>FCPD has agreed to prioritise the implementation of this work (known as Project Datamart) and it is due to be completed by no later than December 2013.</p>

ODA National Statistics	
(f) strengthen the documentation of the processes used to produce, manage and disseminate ODA National Statistics	FCPD has agreed that sufficient resources will be made available to update the desk instructions for producing the ODA statistics over a 12 month period. This will allow the documentation to be updated as part of each stage of the annual production process; to be completed by summer 2014.

Section 2: Findings and Recommendations from a Short Quality Review of DFID's National Statistics

Background

1. The statistics team within the Finance and Corporate Performance Division (FCPD) has carried out a short quality review of the statistical systems that it uses to produce DFID's National Statistics publications on UK Official Development Assistance (ODA). These statistics are also used for the ODA return that DFID provides to the OECD's Development Assistance Committee (DAC). The aim of the exercise was to provide a high level picture of the main strengths and vulnerabilities of DFID's National Statistics. The findings will be used to develop a prioritised programme of work to ensure that DFID's National Statistics are produced to a level of quality that meets the needs of users.
2. The review has been carried out using a template developed by the Office for National Statistics (ONS) to assess risks to its own statistical products. It is organised around seven sections, covering sources, methods, systems, processes, quality, users/reputation and people. For each section there are multiple subsections, each assessed on a three point scale:
 - No issues or N/A (Green)
 - Some improvements possible (Amber)
 - In need of attention (Red)
3. The review also served as a pilot of ONS's risk assessment template to consider whether it is suitable for wider use across the Government Statistical Service. We have provided feedback to ONS on the usefulness of the template, and how it might be further developed.

Findings and recommendations

4. The FCPD statistics team has populated the risk assessment template with information about the different systems and processes used to produce DFID's National Statistics on ODA. Table 2 at the end of this Annex summarises the main findings under each of the different sections and subsections that were investigated. In the light of these findings, we see a need to prioritise actions to address the main findings in the following six areas:
 - (a) ODA eligibility of CDC investments;
 - (b) Arrangements for estimating ODA expenditure by other Government Departments;
 - (c) Methods used to estimate (i) EC ODA attributable to the UK and (ii) gift aid;
 - (d) ARIES data capture arrangements;
 - (e) Arrangements for extracting data from ARIES (Project Datamart);
 - (f) Desk instructions.

The remainder of this paper considers these issues in turn.

(a) ODA eligibility of CDC's equity investments:

5. To be classified as ODA an investment has to be deemed "concessional in character". This is not straightforward for equity investments. CDC's investments are not designed specifically to be concessional, although the UK has historically considered them as such, and has included them in its ODA reporting. It has been suggested that it may be more appropriate to treat CDC's equity investments as Other Financial Flows (OOF) rather than as ODA. The DAC defines *Investment related OOF* as equity investments in viable (usually private sector) enterprises, which is consistent with the investment remit of CDC. There is a need to investigate whether the UK treatment of CDC's equity investments as ODA remains appropriate.

6. The DAC is already considering the need for possible improvements to the ODA treatment of Development Finance Institutions (such as CDC), although it may be some time before this work is complete. There would need to be strong reasons for making any immediate changes to the UK approach, rather than awaiting the outcome of the DAC work in this area.

7. It would be appropriate to carry out a short review to consider (i) how the existing guidance for ODA and for OOF apply to CDC's equity investments; (ii) how UK practice compares with international practice; and (iii) whether any statistical benefits from making any immediate changes to the UK treatment are likely to outweigh the expected statistical benefits from maintaining continuity, until the DAC has completed its work on possible improvements to the ODA treatment of Development Finance Institutions.

(b) Arrangements for estimating ODA expenditure by other Government Departments

8. We rely on 15 other government departments to provide us with information on their spending on ODA. In aggregate, this accounted for £1,086m in 2012¹, or 13 per cent of total UK ODA. We liaise with other departments on a proportionate basis. The greater the ODA reporting by any department, the more we seek to understand the underlying data systems and to quality assure their data.

9. As part of the 2013 Spending Review settlement the Treasury has increased the amount of ODA that will be spent by other government departments. This share (including DFID's non-DEL budget for CDC, gift aid, debt relief etc) is set to rise from 13 per cent of total ODA in 2012 to 17 per cent in 2015/16.

10. There is a need to strengthen the arrangements for estimating ODA by other government departments in anticipation of the higher levels of spend that are planned through to 2015-16, which will increase the materiality of any inaccuracies. As part of this process, there will be a need to ensure that the increased level of spending by other government departments in the following particular areas falls within the scope of the official definition of ODA:

- Refugees (Home Office);
- Peace and security (FCO, MoD and Home Office);

¹ Provisional 2012 ODA estimate (final 2012 ODA estimate will be released in Autumn 2013)

- Research (BIS)

(c) Methods used to estimate (i) EC ODA attributable to the UK and (ii) gift aid

11. There have been two recent exercises within DFID concerned with options to improve the methods used to estimate UK ODA. The first is concerned with the calculation of EC ODA that is attributable to the UK. The second concerns the methods used to estimate gift aid that falls within the official definition of ODA. These exercises have been taken forward in close association with Treasury officials. There is a need to consider the findings from these two exercises and to decide whether it would be appropriate to change the methods that are currently used to produce National Statistics on ODA.

(d) ARIES Data capture arrangements

12. The FCPD statistics team does not have sufficient information about the arrangements for entering data into ARIES to provide the assurances that are needed about the quality of these data. This has implications for the accuracy of National Statistics estimates of UK ODA by sector. In the first instance, this should be addressed through an exercise to document the arrangements for entering data into ARIES. This should cover the training and guidance that is provided to those responsible for inputting data; and the arrangements for quality assuring the data to ensure that information on ODA by sector is being captured accurately. This documentation would provide a basis for judging the quality of the data entered into ARIES, and the implications this has for the accuracy of the National Statistics estimates of ODA by sector.

(e) Arrangements for extracting data from ARIES (Project Datamart)

13. The FCPD statistics team uses a system called Project Datamart to extract data from ARIES. These data extracts are used as a basis for the National Statistics, and for DFID's ODA return to the DAC. The team have identified multiple problems with the Project Datamart system which pose significant risks to the quality of the statistics. Plans have been developed to improve the Project Datamart system, but these now need to be implemented as a matter of priority.

(f) Desk instructions

14. There is a need for the FCPD statistics team to strengthen the documentation of its processes for producing, managing and disseminating the ODA National Statistics. Currently, there are instructions for different stages of the process, but these are not coherent, and important steps in the process could be missed. There are also multiple manual adjustments needed within the data processing steps which are prone to error without formal documentation. It would be best to update the documentation as part of the annual cycle for producing, managing and disseminating the statistics. This

would result in comprehensive desk instructions being available in one year's time.

Table 2: Main findings from the risk assessment of DFID's National Statistics

Section	What is covered	Main findings	Status
People	The resourcing of skilled staff	<ul style="list-style-type: none"> • High turnover of statistical staff in the department • Periods of insufficient cover when staff are in transition • General recognition that even at full capacity, the statistical staff in the department are stretched • BSD staff are stretched and cannot always support the request of FCPD for work connected to DFID National Statistics publications 	Some improvements possible
Users and Reputation	User feedback, future user needs and reputation.	<p>Users recently told us that the information was sufficient for their needs, although there were some areas of improvement needed:</p> <ul style="list-style-type: none"> • Some users would like improved access to the underlying data • Improvements to the layout and content for Statistics on International Development (SID). These are being addressed • Clearer links between data in the SID publication and the Results estimates published in the DFID Annual Report 	Some improvements possible
Quality	Timeliness and Punctuality		No issues
	Relevance	<ul style="list-style-type: none"> • Data on ODA flows are collected in a comprehensive and timely manner from other government departments • Data on 'Other Official Flows' and 'Private Flows' (which do not count as ODA but must be reported to the DAC) is not collected on the same scale as ODA - investigation into whether non-ODA flows are being adequately captured is needed. 	Some possible improvements

	Accuracy	<ul style="list-style-type: none"> Accuracy of tracking/estimating ODA by other government departments with low ODA spend needs improvement (e.g. MoD £5m – no systems in place to track this since so low). This will become a bigger issue as ODA spend by other government departments increases, following the spending review (see below under comparability) 	Some possible improvements
	Accessibility & Clarity	<ul style="list-style-type: none"> Need to make data more accessible and disseminate in more interesting ways 	Some possible improvements
	Comparability	<ul style="list-style-type: none"> ODA eligibility of CDC's equity investments: The UK approach has historically considered CDC's equity investments to be concessional and hence included them in its ODA reporting. CDC's investments are not designed specifically to be concessional and there is a case for treating them as Other Financial Flows (OOF) rather than as ODA. There is a need to investigate whether the UK treatment of CDC's equity investments as ODA remains appropriate. Arrangements for estimating ODA expenditure by other Government Departments: There is a need to strengthen the arrangements for estimating ODA by other government departments in anticipation of the higher levels of spend that are planned through to 2015-16, which will increase the materiality of any inaccuracies. Particular areas for attention are: <ul style="list-style-type: none"> Refugees (Home Office); Peace and security (FCO, MoD and Home Office); Research (BIS) 	In need of attention
	Coherence	<ul style="list-style-type: none"> Data is gathered from other government departments 	some

		<p>(OGDs) in a consistent manner</p> <ul style="list-style-type: none"> • There may be some improvements to collection of calendar year over financial year data for OGDs 	improvements possible
Processes	data collection and preparation processes	<ul style="list-style-type: none"> • The data collection process is straightforward and works well • A manual process is used to validate the data. This could be made more efficient and reduce the risk of inaccuracies 	some improvements possible
	Results and analysis processes	<ul style="list-style-type: none"> • Processes used to create results and analysis are satisfactory, but in need of some improvement. Many of the improvements required would come from updating the systems – which is explained below under Systems 	some improvements possible
Systems	ARIES	<ul style="list-style-type: none"> • No clear responsibility for each area of ARIES and associated user documentation about the inputting of data into ARIES. • Spend may be being allocated incorrectly through the data inputting system. There is need for further investigation on these issues. 	in need of attention
	Project Datamart	<p>Project Datamart is the system used to convert ARIES data into the CRS format used to return information to the DAC and to create the DFID SID publication. It was developed by a consultant and only he fully understands the logic behind it. Current problems with the system are:</p> <ul style="list-style-type: none"> • It is very hard to update to incorporate any changes from the OECD • It is hard to upload other government departments data. It does not produce the relevant outputs - it only produces outdated CRS and DAC tables. • The extract used for SID is not taken from the CRS, so there is the possibility of discrepancies 	In need of attention

		<ul style="list-style-type: none"> We want to be able to pull time series data out of this system but cannot currently do this The current system involves a lot of manual corrections - the data it pulls out is not exactly what we need. This is a potential source of errors. 	
	Spreadsheets used to store the statistical information, year by year, in QUEST	<ul style="list-style-type: none"> The Spreadsheets are functioning satisfactorily, but it is hard, for example, to obtain time series data There could also be improvements in the naming conventions and archiving systems 	Some improvements possible
Methods	Coverage and disclosure	<p>There have been two recent exercises within DFID concerned with options to improve the methods used to estimate UK ODA:</p> <ul style="list-style-type: none"> EC attribution - the calculation of EC ODA that is attributable to the UK Gift aid <p>These methodologies are complex and require investigation</p>	In need of attention
	Analysis	<ul style="list-style-type: none"> Users seemed to appreciate the analysis in the most recent SID publication, but definite areas for improvement If less time could be spend on processing data there could be more time for analysis User survey identified areas for improvement which have been noted and a plan put in place to improve these areas 	Some possible improvements
	Data acquisition	<ul style="list-style-type: none"> Relies heavily on project datamart which is in need of a revamp Updated instructions to OGDs also needed 	In need of attention
	Processing and	<ul style="list-style-type: none"> Lacking comprehensive desk notes documenting the 	In need of

	editing	process <ul style="list-style-type: none">• Many manual adjustments required which are open to error	attention
Sources	Administrative data	<ul style="list-style-type: none">• The majority of the data comes from sound administrative sources• Some smaller ODA spending government departments in need of improvement	Some improvements possible

