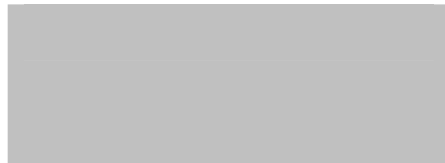


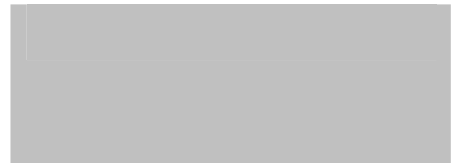


## **Forum on African Statistics Development (FASDEV-II)**

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# **FASDEV**



**Progress on the implementation of the Bank's Statistical  
Capacity Building Activities in Africa in the context of  
the international Comparison Program for Africa**

**African Development Bank Group  
Statistics Division**

# African Development Bank Group

## Statistics Division

### Progress on the implementation of the Bank's Statistical Capacity Building Activities in Africa in the context of the international Comparison Program for Africa

**Abstract.** *The African Development Bank Group has launched a continent-wide program involving 52 African countries aimed at strengthening their capacity to provide timely and reliable data for policy formulation, implementation and evaluation and monitoring of progress towards achieving Millennium Development Goals (MDGs) and Poverty Reduction Strategies (PRSs). It would also provide timely and reliable data that would be useful in the implementation of the NEPAD agenda and the Results-Based Management and Evaluation Systems for development effectiveness.*

*The Bank is implementing these activities under the umbrella of ICP-Africa which aims at maximizing the synergy between the ICP and national statistical programs in Africa. The ICP is a global statistical initiative aimed at generating purchasing power parity (PPP) estimates that facilitate cross-country comparisons of price levels, and economic aggregates in real terms. Unlike the ICP being implemented in the other regions of the world, the Bank is using ICP-Africa as a springboard for an expanded statistical capacity building program. Currently support for activities in the countries is being provided in the following 8 strategic areas: (i) implementation of core ICP activities, (ii) development of the Reference Framework for Statistical Development in Africa in collaboration with UNECA, Paris21 and the World Bank, (iii) assistance to African countries in the development of their National Strategies for the Development of Statistics, (iv) implementation of a research study on PPP based poverty measurement, (v) implementation of an ADB/UNDP initiative on MDG monitoring and statistical literacy (vi) support to African countries in the implementation of the 1993 System of National Accounts, (vii) support to African countries for improving price statistics, and (viii) training of country professionals and students through Statistical Training Centers and Universities.*

## 1. Background

1. The ability of national statistical agencies to make available independent and politically neutral socio-economic information is critical for ensuring effective development policy formulation and implementation. Sound data helps ensure that official actions are taken on a sound basis. But, in many African countries, much of the key data needed to provide a satisfactory general overview of policy are unavailable. When available, in many cases, there is also an urgent need to improve the coverage, quality and timeliness of the relevant statistics.

2. Information gathered by the African Development Bank (ADB), the World Bank, the International Monetary Fund (IMF), the United Nations agencies as well as other specialized institutions indicate that many African countries are falling behind in providing reliable statistics for guiding government policy and decision-making. These translate into an inability to meet corresponding data demands to support the effective monitoring of progress towards the achievement of Millennium Development Goals (MDGs) and to reach poverty reduction objectives.

3. For a deeper understanding of the problem, the ADB conducted statistical assessments of 49 African countries between December 2002 and October 2003. The key objective was to make an in-depth review of the national statistical systems (NSSs) and take stock of the statistics compiled, with particular emphasis on national accounts and price statistics, and thus provide a basis for designing an appropriate statistical assistance program for the Bank.

4. An analysis of the assessment reports showed that in several countries the minimum requirements with regard to compilation of timely and reliable socio-economic indicators were lacking. Generally research and methodology development are not given the priority they deserve in many National Statistical Offices (NSOs) in RMCs. This is compounded by the shortage of research skills in statistical methodologies. In addition, NSOs have tended to take shortcuts in resolving methodological problems by either using proxies or methods applied elsewhere (which may not be appropriate for the local situation), or to resort to externally conceived solutions.

5. NSOs in some countries do not have the necessary expertise to adapt to the new challenges, such as production of poverty and gender statistics necessary to address these challenges. This can be attributed in part to the curricula of statistical training centers in Africa which normally do not include training in official statistics.

6. The statistical assessments also revealed that only a few countries in Africa have placed high priority on statistical production. In these countries, planners and decision-makers have realized the importance of statistical information and are extensively using statistics in evidence-based macro-economic management and policy-making as well as program monitoring and reporting. NSOs in these countries are given at least the minimum budgetary support for building statistical components in important national programs and raising the profile of statistics. Effective management of public affairs in RMCs would therefore require the sensitization of politicians, policy and decision-makers about the strategic importance of statistical data and information in development policy formulation and monitoring processes.

7. Many NSOs lack adequate human resources to maintain even basic routine activities. In a number of countries, this is due to the fact that qualified personnel cannot be attracted and retained in the statistical service because of poor terms and conditions of service or

because there is a temporary ban on recruitment of civil servants including statistical personnel.

8. There is also a general shortage of skills in such key areas as national accounts, sampling, agricultural statistics, Gross Domestic Product (GDP) price data and data analysis and in new areas like energy statistics, environmental statistics and gender statistics. These skill shortages are due in large part to limited opportunities for specialized statistical training for many Africans. As a result, many NSOs lack the capacity to adapt to the new challenges and to meet the new demands for data. Moreover, in many countries visited, no strategy has been put in place to systematically assess, on a continuous basis, changing requirements for data.

9. Most national statistical systems in Africa are experiencing financial problems in varying degrees. In countries where statistics are not given high priority, severe and arbitrary cuts in the statistical budget are common. In many of these countries, donor funding has played a key role in keeping some important statistical activities running. There are for example countries where it was reported that 70-90 percent of the budgets of NSOs were supported by donors.

10. The assessments also indicated that not all NSOs have fixed buildings of their own that are adequate for their purposes. Almost all the NSOs have a problem of shortage of equipment such as computers, photocopiers, printers and transportation. These problems adversely affect the performance of the offices.

11. Very few countries have built comprehensive and up-to-date databases for storage and easy retrieval of statistical data. Failure to establish databases is attributed to shortage of equipment, computer skills and related problems.

12. In many countries, the quality of data series is below international standards: Coverage of important indicators like GDP and the Consumer Price Indices (CPI) remains limited; the accuracy of some data series is questionable including national accounts, labor and employment statistics, statistics on crops and livestock numbers, and such information as external trade statistics; data inconsistencies among sources are common particularly in countries with little or no co-ordination of statistical programs; data desegregation is mostly inadequate; metadata on major statistical programs are not compiled due mainly to lack of training in handling metadata; many series being produced are not relevant to users' needs; most of the statistics being released have unacceptable lag such that they are no more of use or are of little use when published; because of lack of data banks/databases and inefficient dissemination strategies, most of the statistical series are not easily accessible thereby discouraging potential users of the products.

13. Furthermore, in many countries, laws governing statistical organization and activities, particularly the provision for coordination, are often out of date and no longer reflect the new realities in the countries. This among other things has contributed to the ineffectiveness of the national statistical systems.

14. The systems in Africa are essentially decentralized with line ministries compiling sector data and the NSOs acting as coordinating agencies. In a majority of the countries, however, the NSOs have failed to perform their function of coordinating the national statistical system due in large part to the fact that they are understaffed, under-resourced and over-stretched. With lack of co-ordination, the national statistical systems have continued to produce data that are often not consistent or comparable, and thus not reliable for development policy formulation and monitoring purposes.

15. In recognition of these statistical challenges in Africa, the ADB has decided to launch a broad statistical capacity building program involving 52 African countries. The program is

being implemented under the auspices of the ICP-Africa activities which the Bank is coordinating. Under ICP, the Bank's mandate is to organize and supervise the collection of price statistics in African countries to facilitate the generation of purchasing power parity (PPP) estimates necessary for cross-country comparisons of price levels, and economic aggregates in real terms. Unlike the ICP programs in the other regions of the world, however, ICP-Africa is a much wider program with a key objective of strengthening the capacity of African countries to provide timely and reliable data for policy formulation, implementation and evaluation and monitoring of progress towards achieving MDGs, Poverty Reduction Strategies (PRSs), the New Partnership for Africa's Development (NEPAD) and Results-Based Management and Evaluation Systems for Development Effectiveness. The program is being implemented in partnership with the World Bank, the International Monetary Fund (IMF), the UK Department for International Development (DFID), the United Nations Economic Commission for Africa (UNECA), the United Nations Development Program (UNDP), Partnership in Statistics in the 21st Century (PARIS21), African Capacity Building Foundation (ACBF), the French Institut National de la Statistique et des Etudes Economiques (INSEE-France) and the UK Office of National Statistics (ONS-UK) as well as various African sub-regional organizations and institutions.

16. The Bank's current statistical capacity building activities can be categorized in the following 8 groups of activities which are aimed at strengthening statistical systems in 52 African countries:

- Core ICP activities;
- Development of the Strategic Framework for Statistical Development in Africa;
- Assistance to African countries in the development of their National Strategies for the Development of Statistics;
- Research study on PPP based poverty measurement;
- Implementation of an initiative on MDG Monitoring and Statistical Literacy in partnership with UNDP;
- Support to African countries in the implementation of the 1993 System of National Accounts;
- Streamlining and improvement of African countries systems of price statistics; and
- Training of country professional and students through Statistical Training Centers and Universities

17. In terms of human resources and financial support to participating countries, and in order to facilitate implementation of the statistical capacity building program, the Bank has assembled a team comprising 12 professional statisticians, 9 research associates and four administrative assistants to manage the activities of ICP-Africa. In addition, consultants are called upon to assist the team on various aspects of the program for which supplementary expertise is needed.

18. The budget for undertaking ICP-Africa activities in 52 participating countries is about US\$ 37.605 million for a three-year period up to 2007. The Bank Group is covering a sizeable portion (US\$ 28.17 million) of the total cost. Other resources are from the World Bank (US\$ 3 million over 3 years), DFID-UK (US\$ 1 million), Norway (US\$ 0.19 million), Indian Trust Fund (US\$ 0.1 million), The African Capacity Building Foundation's (ACBF – US\$ 1 million), Japanese Authorities (US\$ 0.665 million) and participating countries (US\$ 3.48 million through their regular statistical budgets).

## **2. Current Bank Group Measures to Build Statistical Capacity in Africa**

### **2.1 Implementation of Core ICP Activities**

#### **General Program Objectives**

19. The ADB under its mandate as the Regional Coordinator of ICP – Africa, recognized the urgent need to go beyond the generation of PPPs for cross-country comparison of economic aggregates to include assistance to countries in meeting the demands of national governments and international organizations for relevant development data, which are of good quality and are available on a timely and regular basis. Under ICP – Africa, the ADB's efforts are targeted towards not only increasing the ICP coverage of the countries in Africa but also providing technical and financial assistance to the participating countries for ICP related activities and towards capacity building particularly in national accounts and price statistics.

20. The program therefore also aims to strengthen African countries to meet the urgent demand for reliable and timely data to support the monitoring of progress on the MDGs, PRSs, the NEPAD initiative and the Results-Based Management and Evaluation system for development effectiveness.

#### **ICP Specific Objectives**

21. The ICP aims at producing estimates of price levels, expenditure values, and purchasing power parities (PPPs) that allow for cross-country comparisons of price levels, and economic aggregates in real terms. It stems from the recognition that measures of economic aggregates based on exchange rates do not reflect differences in price levels between countries, and as such they are patently unsuitable for policy decisions, which in principle, should use PPP data that relates to volumes only and is free of price distortions.

#### **Stages of PPP compilation**

22. A PPP is defined as the ratio of the number of units of currency that would be required in a country B to purchase a basket of goods and services, in relation to that which could be purchased in a country A. In a trivial case, where a single product is considered, the PPP of country A to B is calculated as the ratio of the price P(A) in country A to the price P(B) of the identical product in country B.

23. Considering several products, price ratios have to be calculated and aggregated in two stages. Firstly, the calculation of basic (elementary) parities for each detailed and homogeneous group of products, and secondly, the aggregation of these basic parities from the level of detailed groups to composite aggregates such as meat, clothing, food, household consumption, government consumption, machinery and equipment, construction and civil engineering, etc... While national average prices for selected goods and services are needed to derive basic parities, weights related to detailed GDP expenditure estimates are necessary to aggregate basic parities.

#### **ICP Strategy**

24. The ADB has formed a consortium of national, regional and international partners, with a view to identifying synergies, coordinating efforts, and pooling resources. This is

critical for the successful implementation of sustainable region-wide statistical programs. In this context, ICP-Africa is being used as a regional platform to build effective partnerships at the national, regional and international levels. Notable strides have been made in forging partnerships with international and regional organizations involved in statistical development in Africa, including the UK-DFID, Norwegian Agency for Development (NORAD), Japan, The World Bank, UNECA, IMF (IMF), UNDP, ACBF, World Health Organization (WHO), International Labor Organization (ILO), Food and Agriculture Organization of the United Nations (FAO), PARIS21, Economic and Statistical Observatory for Sub-Saharan Africa (AFRISTAT), Southern African Development Community (SADC), Community of Eastern and Southern Africa (COMESA), Economic and Monetary Union of West Africa (UEMOA), and Economic Community of West African States (ECOWAS) which are all members of the ICP-Africa Governing Board.

25. The efforts of all the partners are geared towards conducting regional training workshops and providing financial and technical support needed to accomplish ICP-Africa work at the country level. National statistical agencies are responsible for country level data collection and management of the program. At the sub-regional level, selected Sub-Regional Organizations (SROs) – AFRISTAT, COMESA, ECOWAS and SADC - are responsible for managing activities in the countries for the price collection phase of the program. This includes adaptation of survey methodology to suit local conditions, training and field work. The SROs are helping to ensure that the statistical capacity building initiative optimally fits in with sub-regional recommendations and programs applicable to their member states and would also use ICP and 1993-SNA as integrated tools for the assessment of their economic convergence. Through their participation in the program, SROs will be assisted in building up their internal capabilities for planning, executing and monitoring surveys since the production of PPP related input data at the country level is expected to be a regular exercise.

26. For this exercise to be made regular, country specific elements of the ICP-Africa strategy include (a) establishing the greatest possible synergy between the ICP data collection efforts and routine national statistical programs, (b) strengthening institutional capacity through technical and managerial training and assistance, (c) providing financial, technical and material assistance, including hardware and software for data collection, verification, and processing, (d) creating and maintaining databases and improving the quality and timeliness of the publication and dissemination of the data, and (e) promoting the use of data for policy making and monitoring of progress.

### **Activities Undertaken Since the Inception of ICP in June 2002**

27. The ADB started preparatory activities in June 2002 following the launching seminar of 2-4 December, 2002 in Addis-Ababa. Implementation of the program has been carried out in ten main stages: (a) continuation of preparatory activities; (b) statistical assessment of national statistical systems in participating countries; (c) development of methodologies related to special areas; (d) development of Structured Product Descriptions and the resulting list of household consumption items to be priced in the countries; (e) the preparation of field instruments and the development of survey catalogue and forms; (f) establishment of national coordination offices; (g) training of national coordination teams and sub-regional organizations in ADB procurement, disbursement and audit procedures (h) establishment of statistical co-operation at national, sub-regional and international levels; (i) organization of regional seminars and meetings; and (j) implementation of ICP field activities. Details of these program milestones are described in greater detail below.

(a) Preparatory activities included: (i) the establishment of the ICP team at ADB charged with the handling of day-to-day activities of the program, (ii) the drafting of guidelines

for statistical pre-assessment of participating countries; (iii) securing the participation of 52 African countries, (iv) fund raising for the program.

(b) Statistical assessments were completed in 49 African countries to take stock of the prevailing circumstances, weaknesses and strengths of the statistical systems in the countries with a view to identifying areas to be fostered through ICP.

(c) The development of methodologies related to special areas included a pilot study on poverty PPPs and the treatment of equipment goods and a pilot study on construction surveys:

- (i) The pilot study on poverty PPPs was launched by the Bank in collaboration with the World Bank with a view to facilitating regional and global poverty measurement. The preliminary results of the study were presented at the First Regional Seminar in May 2003 and work on this is still on-going.
- (ii) A paper on methodologies that could be used for collecting prices for machinery and equipment, as well as housing services (rents) was commissioned and prepared by the ICP global office with the ICP-Africa team and African countries collaborating in the development of the base-questionnaire.
- (iii) A study on price and cost surveys related to construction and civil engineering, using baskets of construction components (BOCC), was commissioned by ADB and has been adopted for use in the global ICP exercise.

(d) Development of Structured Product Descriptions (SPDs) for household consumption items was carried out jointly by the ADB and participating countries with a view to facilitating the development of the item list and harmonization of item identification for price surveys in the countries. The SPD is a systematic method that entails the identification of price determining characteristics of products to be included in the basket of items to be priced. The ensuing list of 853 household goods and services was finalized and submitted to the countries to enable them prepare for data collection.

(e) The preparation of field instruments and the development of survey catalogues and forms - Draft field manuals for supervisors and price collectors were developed by the World Bank and amended to accommodate specific instructions relating to the questionnaire drawn up by the ADB. They also include quality control mechanism and procedures for regular status and progress reporting from the price collectors to the supervisors and to the national coordinator. The survey catalogues and forms to be used for data collection in the countries were prepared, printed and provided to the countries for further use in price surveys.

The Bank also recognized that obtaining reliable and accurate data for the ICP is the key to its acceptability and success. This depends largely on sound survey framework and data collection and validation in each country. Bearing in mind this important element, the ADB assisted all participating countries in developing country specific price survey frameworks that are used to (i) effectively carry out and monitor the implementation of ICP field data collection, and (ii) rationalize the integration of ICP and CPI activities, i.e. ensure that activities related to Consumer Price Indices (CPIs) benefit from the implementation of ICP. Through the framework development process, countries were able to prepare their work plan and timeframe; review alternative plans; determine their staff needs, including the number of data collectors and supervisors to be mobilized from current staff and full-time/part-time new recruits needed to implement the program; determine their training needs and in most cases plan the necessary training programs. In

addition, the framework was an occasion to discuss and agree on a regular communication system to facilitate regular feedback with field staff.

The survey framework developed sampling guidelines for selecting outlets at which to price specific types of products. Since countries had no sampling frame(s) for price data collection, purposeful sampling procedures were recommended. Every effort was made to maintain all the localities and retail outlets covered by CPI and to use the same price collectors and management infrastructure.

(f) National ICP coordination offices were established in all participating countries. They include a national coordinator, a deputy coordinator and an administrative assistant. As price statistics and national accounts comprise the core of the ICP program, national coordinators and their deputies nominated by each country are required to have complementary skills in these areas.

(g) Training of national coordination teams and sub-regional organizations in ADB procurement, disbursement and audit procedures: Financial assistance is a major contribution by the ADB to the countries participating in the ICP. In receiving and expending the funds the countries are required to strictly follow ADB's procurement, disbursement and audit procedures. Countries received training on the Bank's accounting procedures and rules through four sessions (Windhoek, Johannesburg, Yaoundé and Tunis). Each session was of a duration of three days. These were held between October 2003 and September 2004. The participants included over 200 officials from 51 countries, sub-regional organizations and statistical training centers.

(h) Statistical cooperation activities aimed at building partnerships in the ICP context included the Bank's participation in technical task teams or programs managed by other institutions such as ECA, PARIS21, ECOWAS, UEMOA, AFRISTAT, SADC, and COMESA. As regards statistical development in the Africa Region, ADB is a founder member of the Forum on African Statistical Development (FASDEV). The Bank also formed partnerships with all major international, regional and sub-regional organizations involved in statistical development in Africa, with a view to furthering programs geared towards enhancing national statistical systems.

(i) Regional Seminars: Sixteen regional and sub-regional seminars and meetings have been organized over the past two years (2003-2005). The first ICP-Africa regional seminar was held in Addis-Ababa, from 19-23 May 2003 aimed at enhancing the objectives and strategies of the program. It was followed by the first meeting of the ICP-Africa Governing Board held in Addis-Ababa, on 25 July 2003. Following decisions emanating from the Governing Board meeting, two additional ICP-Africa seminars were organized in Windhoek for SADC member countries (6-11 October, 2003) and all country national coordinators of the program (13-15 October, 2003). The 6-11 October seminar for SADC countries was intended to facilitate the incorporation of ICP methodological approaches into SADC programs while the 13-15 October seminar for all 51 countries covered the Bank's procurement, disbursement and audit procedures.

The seminar on SPDs for food and clothing items and GDP breakdown took place from 3-17 December 2003 in Johannesburg. The seminar brought together over 150 officials from 50 African countries and various international, regional and sub-regional organizations.

Another special parallel session, bringing together all the statistical training centers (STCs) in Africa, was organized during the seminar. The session discussed the role of STCs in fostering capacity building training activities within the ICP framework. Discussions focused on the best way to review STCs curricula and introduce ICP aspects into their programs and how to organize ICP short-term training modules.

A regional ICP-Africa seminar was held in Yaoundé, from 26 April to 4 May 2004. The seminar was attended by over 200 officials from 51 African countries, sub-regional and international organizations. The seminar was organized in three parallel workshops. Firstly, for Directors of NSOs to review the reports of statistical assessments carried out by the ADB in their countries, with a view to formulating a synthesis of the problems facing NSOs and also to discuss contractual and disbursement issues relating to the implementation of ICP activities in their countries. Secondly, for ICP National Coordinators, Deputies and representatives of Statistical Training Institutes in Africa to discuss mainly the general framework of ICP price surveys, the list of household consumption items to be priced, the SPD approach and data collection for machinery, equipment, construction and civil engineering works; the supply and use tables and to review the master ICP-Africa classification and link tables. Thirdly, a parallel course on CPI and ICP methodologies was conducted jointly by the IMF and ADB for CPI statisticians from countries in Africa. In addition, the ICP-Africa Governing Board held a one-day meeting to review the progress of the work and to approve the work plans for the next year.

At the end of the seminar, the Directors of NSOs from 51 countries issued a declaration, known as the “Yaoundé Declaration on Statistical Development in Africa”, in which they adopted ICP-Africa as the framework for statistical capacity building in Africa and called upon the ADB, African countries, multilateral and bilateral institutions to work together towards the development of reliable statistical systems in Africa (See Annex).

The Bank organized a regional ICP-Africa seminar in Tunis from 20-24 September 2004, which was attended by all ICP National Coordinators from 51 participating African countries, sub-regional and international organizations. The main objective of the seminar was to discuss key issues relating to the development of national survey frameworks, the main principles to be followed in the organization of price collection as well as the validation of the list of specifications of household items to be priced in the countries. In addition, a parallel training workshop on the ICP ToolPack (a software developed by the World Bank to assist the countries in processing ICP data) was held to train trainers who were in turn be expected to instruct national price statisticians on the software during special training sessions at the sub-regional and country levels. A further five other seminars were organized in 2004 to train country officials on the use of the ICP ToolPack.

In 2005, a regional workshop was organized to mainly address issues pertaining to: (i) general aspects of quality control of price data; (ii) quality aspects of field experiences and training of field staff; (iii) quality of ICP-CPI integration; (iv) 1993-SNA as an integrated quality control framework. The workshop recommended that a series of sub-regional workshops had to be held to scrutinize data sets provided by the country using the set validation procedures. Five of them had to take place before September 2005.

The ADB is committed to the principle that the data received from the countries are of good quality. To achieve this, countries are required to carry out edit and validation checks on their data before they are forwarded to ADB. At the ADB the data undergo a series of checks including the credibility of the average prices in relation to the prices reported by other countries. The results of ADB's own edit and validation checks are presented at sub-regional workshops whose main objectives are to present a progress report on survey activities within the sub-region, analysis of problems and related lessons learned, assessment of the quality of data, country reports on data verifications, data validation process, creating a common understanding of data quality and providing recommendations and guidelines.

(j) Implementation of ICP field activities: Staff and consultants from ADB and UK-ONS visited forty-one (41) countries in the region in May-June 2005 in order to help the countries, to start or improve the data collection process. The visits focused on pre-survey activities, training of field staff, refinement of country budgets, start of data collection and transmission of data. The pre-surveys, the training of data collectors/supervisors and data collection started as early as December 2004 and January 2005 in a few countries. As of August 2005, the progress of field activities is as follows:

Thirty-eight (38) countries started data collection in capital cities and in some other data collection centers before July 2005;

Seven (7) other countries (Botswana, Burkina Faso, Congo-Brazzaville, Ethiopia, Guinea-Bissau, Cape Verde, Togo) were expected to start data collection in July-August 2005, whereas 5 countries (Burundi, Comoros, Djibouti, Libya and Seychelles) are participating in the program for capacity building purposes and may not collect any data, and 2 other countries (Algeria and Eritrea) are likely drop-outs as they have not started yet any preparation for data collection.

### **Next Stages of the ICP implementation in Africa**

28. ICP price surveys relating to household goods and services are being conducted on a monthly basis over a period of 12 months, until May 2006. This is in line with the requirements set by the Global Office, according to which a minimum of two quarters of data collection preceded by substantial pilot surveys is required for such surveys. Exceptions are for goods and services the prices of which are subjected to seasonal fluctuations. Their prices will have to be captured in both on- and off-seasons.

29. Surveys on representative items of the other GDP components such as housing, government services, equipment goods, construction and civil engineering will be carried out once, during the first half of 2006, in accordance with the established and agreed methodology.

30. The ICP surveys will yield their first results in 2006, in the form of PPPs and GDP related price level indices and volume indices for about 44 countries that would have collected data for all main components of GDP expenditure.

## **2.2 Development of the Strategic Framework for Statistical Development in Africa**

31. In 2004, the ADB, ECA, PARIS21 and the World Bank sponsored the formation of the Forum on African Statistical Development (FASDEV), comprising mainly bilateral and multilateral institutions working in the field of statistics in Africa. The Forum was established to look at ways of facilitating the development of statistics on the continent. To this end, one of the key decisions that came out of the Forum was the need to develop a Reference Regional Strategy Framework for the development of statistics in Africa to guide the process.

32. The framework will in particular focus on strategic direction and appropriate implementation instruments for improving the planning, financing, management, and coordination of statistical development activities in Africa. It is expected that this new framework, once adopted by all stakeholders, will help create much needed synergies, reduce duplication of efforts and promote sustainable statistical capacity in the African region.

33. The development of the framework is funded by ADB, Paris21 and the World Bank. A team of 5 international experts, under the supervision of ADB, ECA and World Bank experts has been assembled to carry out the following tasks:

- Review strategic and development frameworks relevant to statistical capacity building in Africa region such as the Marrakech Action Plan on Statistics (MAPS), NEPAD, MDGs, the Poverty Reduction Strategy Papers (PRSPs), the sub-regional economic integration frameworks, Paris High Level Forum on Aid Effectiveness, and the Commission for Africa report.
- Identify relevant past, current and future initiatives and programs aimed at statistical development in Africa, in close consultation with key stakeholders including: (a) national statistical offices; (b) sub-regional organizations such as AFRISTAT, ECOWAS, COMESA, and SADC; (c) international agencies such as ADB, IMF, PARIS21, UNECA, UNESCO, UNFPA, UNICEF, UNSD, WHO, and the World Bank; and (d) bilateral agencies.
- Carry out field assessment of the current situation of statistical systems in a mix of Anglophone, Francophone and other countries with special focus on key issues including but not limited to: planning; budgetary and financing practice; regulatory framework; organizational framework; human resources; physical infrastructure and IT equipment; statistical practice, process, and operations; data dissemination and availability; donor coordination. This work will draw on existing analytical work to the extent possible.
- Draft a Reference Regional Strategy Framework based on the findings of the above exercises. The document would contain: (a) a description of the current situation of statistical systems and statistical development constraints; (b) good practice in the region; (c) overall strategic direction and detailed recommendations on how to address the identified constraints and develop statistics in a sustainable way; (d) a framework for the implementation of the proposed recommendations, specifying the responsibility of national governments and development partners, an indicative time frame, and cost estimates; (e) a monitoring plan with performance indicators; and (f) a mechanism to have the Reference Regional Strategy Framework endorsed by all stakeholders.

### **2.3 Development of National Statistical Strategies in African Countries**

34. The Bank will support African countries in their efforts to develop or update their National Strategies for the Development of Statistics (NSDS) by the year 2006 in line with the Marrakech Action Plan on Statistics (MAPS). This effort is intended to ensure that statistical requirements in African countries are rooted in wider development strategies, such as PRSPs, and not treated as a separate issue. The main objective of the NSDS process is to:

- Provide a detailed assessment of the current status of the National Statistical System (NSS) (current strengths, weaknesses, opportunities and threats);
- Address sectoral, national, regional and international needs for data;
- Be aligned with the country's development program and poverty reduction strategy;
- Incorporate views of all the main stakeholders – principally main data producers and users;
- Build upon and increase the value of existing data processes;

- Promote data quality improvements in line with international standards and good practice; and
- Serve as a coordinating framework for mobilizing and utilizing resources (national, bilateral and international).

35. In order to achieve these major objectives and to better coordinate the work of elaborating or updating NSDSs in 51 African countries, an ADB Lead Consultant has been recruited who will guide both the technical aspect of the work and coordinate the work of other consultants that would be recruited to carry out the work in the countries.

## **2.4 Building Capacity for PPP-Based Poverty Measurement**

36. The Bank has started a research study on poverty PPPs with the immediate objectives of: (i) constructing national poverty profiles using price data collected for ICP-Africa and expenditure weights obtained from household expenditure surveys, with the objective of supporting national PRSPs, and (ii) addressing long standing issues related to regional and global poverty analysis, and compile a set of PPPs that are more appropriate for making \$1- and \$2-a-day poverty lines operational both for regional and global poverty measurement and monitoring work, with the aim of producing reliable and timely data to support the MDGs.

37. The ultimate objectives are to: (i) build capacity in poverty statistics, and (ii) integrate poverty specific PPPs into the main stream of ICP-Africa. Within this broader context a few specific objectives are:

- To assess the quality of currently available poverty data by country and by sub-regions;
- To estimate PPPs using the price data collected through ICP-Africa 2005 with poverty-specific data on expenditure weights and prices;
- Prepare monograph with an overview of the methodology, data collection procedures and the final estimates PPPs for publication in 2006; and
- Provide an assessment of the quality of national Price Indexes and poverty-PPP estimates in the light of the experience gained during the current round of ICP-Africa, and make recommendations for statistical capacity building initiatives for the immediate future.

## **2.5 MDGs Monitoring and Statistical Literacy**

38. The ADB is collaborating with the UNDP on a project for capacity and statistical literacy to monitor the MDGs and national development plans with a view to improving the use of evidence-based methodologies for the management of development policy. The project has the broad objectives of improving accessibility of MDG and national planning data; increasing capacity; and increasing use of data for policy and public advocacy. With regard to statistical literacy, the aim is to develop the capacity among government officials, civil society organizations and academic institutions for better understanding and wider use of the data, for monitoring of progress, advocacy and policy development. The ADB will coordinate activities in the region through organizing workshops for training of trainers of at least 12 participants from each country. This includes technical training on the use of software and promotion of data use and analysis.

## 2.6 Improving National Accounts

39. In many areas that impinge on the well-being of individuals and households, information about current socio economic conditions is critical. Furthermore, to be able to monitor progress towards the achievement of desired development goals, whether nationally determined or part of an internationally agreed consensus, regular and reliable data on economic and social performance are required. The means to identify obstacles in the way of such progress is clearly essential. The government's own direct contribution to this process is also required. But, in many African countries, relevant economic data remain unavailable or do not meet the international standards and norms. This is mainly true for data on detailed GDP expenditures and purchaser's prices of major categories of goods and services traded in a national economy.

40. This translates into inability to meet corresponding data demands to support the effective monitoring of progress towards the achievement of internationally agreed MDGs and to reach declared poverty reduction objectives in particular.

41. To help correct this situation, the Bank has launched some capacity building activities aimed at assisting African countries to improve their national accounts by producing:

- Timely national accounts;
- National accounts drawn up specifically according to the international standards adopted in the 1993-SNA.
- Independent expenditure estimates of the main macro-economic aggregates of GDP and their primary sub-components;
- Detailed expenditure measures relevant to the household sector, especially those applicable to specific socioeconomic groups such as the poor and vulnerable;
- Related price information implicit in these expenditure estimates.

42. These activities will be implemented in the framework of the ICP-Africa, in terms of helping participating countries estimate detailed GDP expenditure data in the context of Supply-and-Use Tables (SUTs).

43. Lack of sufficiently detailed GDP breakdown of good quality that could be used as expenditure weights is a major hindrance to the estimation of PPPs. Many African countries still do not compile GDP by the expenditure approach and when data on GDP expenditure is compiled, it is not available at a sufficiently detailed level, even for countries where relevant basic data could be obtained inexpensively. The problem is aggravated by the fact that in most countries, though household expenditure surveys may have been conducted recently, few countries have ensured that resulting data are consistent with National Accounts data used in the compilation of GDP estimates.

44. In that context, ADB is assisting the countries in the compilation of detailed GDP breakdown, through a technical assistance program whose main objectives are to: (i) Provide a detailed assessment of the current status of the National Accounts particularly with regard to the status of implementation of 1993-SNA or hindrances to its implementation; (ii) Build upon and add value to existing data sources; (iii) Promote data quality improvements in line with international standards and good practices; (iv) Obtain accurate measures of national average prices for products in the ICP and detailed breakdown of GDP expenditures; and (v) Build a time series data base on the main approaches to GDP calculation i.e. value-added by industry and GDP by main expenditure categories. The work in national accounts will include the development of SUTs, which ICP-Africa is using as the main comprehensive framework.

45. The Bank is also looking at ways of providing funding to assist African sub-regional organizations (AFRISTAT, SADC, COMESA and ECOWAS) and their respective member states in the soundly upgrading of their systems of national accounts alongside the 1993-SNA.

## **2.7 Streamlining and Improving Price Statistics in Africa: integrating ICP and CPI**

46. Problems in price statistics in most countries relate mainly to data collection constraints: restricted geographical coverage, limited scope, editing, weighting structures, price averaging, and timeliness. Data collection is carried out in technical conditions that impair the quality and reliability of price indices produced. Sampling and item description do not soundly ensure the relevance, representativity and characteristicity of items priced. Data collection rarely covers the whole country; it's rather restricted to major cities or to the capital city only. In addition, price outlets are not adequately identified. Items are priced only for household consumption; no price indices are calculated for the other main components of GDP such as government expenditure, gross fixed capital formation and net exports. Editing leaves a lot to be desired in many cases to the extent that actual price movements are not properly reflected in the CPI as prices quoted are not consistently verified and outliers are not questioned.

47. Since the most is not made of the results of household budget surveys and no surveys are carried out on gross fixed capital formation, detailed weighting structures cannot be directly derived from the national accounts. To address these many issues, the Bank is providing technical assistance to African countries throughout the implementation phase of ICP data collection activities with a view to improving their ICP survey framework. The continuous furthering and updating of the frameworks aims at improving the quality of data to be collected and ensuring that the frameworks are smoothly translated into CPI-ICP survey frameworks.

## **2.8 Training of Country Professionals and Students through Statistical Training Centers (STCs) and Universities**

48. National Statistical Offices are facing difficulties in mobilizing human resources to carry out their statistics programs. The role of Statistical Training Centers is vital in producing cadres at all levels (technicians and professionals) and so should have access to resources commensurate with the objectives set forth in their programs and the output expected there from. The reality is that these institutions, while facing this constraint, are at the same time under heavy pressure to be more productive and effective.

49. STCs therefore need assistance in developing or strengthening their programs to make them respond adequately to data needs for ICP, PRSPs, MDGs, NEPAD and other development plans. Functional courses, designed to equip individuals with specific skills for performance specific functions, need to be supported as part of the capacity building measures.

50. As the current curricula at most training centers tend to be theory biased and do not necessarily encompass new challenges such as poverty reduction, comparison of purchasing power across regions and countries, etc, the ADB is working with Statistical Training Centers and some Universities in Africa to merge ICP knowledge in the curricula of statistical training institutes in Africa, as well as in economic faculties in African universities so as to make them more relevant to the African needs and context.

51. As the lead agency for ICP-Africa activities, the ADB is providing financial and technical support to STCs with regard to: (i) the coordination of country participation in

regional training activities as described above; (ii) the development of training materials, mainly related to data analysis; and (iii) the delivery of training materials, with a focus on the involvement of African institutions.

52. STCs will also be required to allow the modification of their curricula for ICP purposes and the use of their facilities to host the ICP-Africa training. Six STCs have been selected to implement ICP-Africa training component: Ecole Nationale Supérieure de Statistique et d'Economie Appliquée (ENSEA-Abidjan), Institut National de Statistique et d'Economie Appliquée (INSEA-Rabat), Institut Sous-régional de Statistique et d'Economie Appliquée (ISSEA - Yaoundé), Ecole Nationale Supérieure de Statistique et d'Economie Appliquée – Département Statistique et de Démographie (DSD-ENEA-Dakar), Institute for Statistics and Applied Economics (ISAE-Kampala), and the East African Statistical Training Center (EASTC- Dar Es Salam).

## **2. Conclusion**

53. The availability of comprehensive, timely and accurate statistical information is crucial for effective national development policy making, decision taking as well as for poverty assessment and monitoring processes. However, the quality of statistical information in the majority of African countries remains poor and needs improvement. Lack of statistical capacity -- as manifested in the inadequacy of human and financial resources to plan surveys, collect, process and disseminate data in a timely manner -- is one of the key constraints facing the many African countries today.

54. In recognition of this challenge, the Bank has launched a major statistical capacity building program aimed at addressing these problems through the provision of financial and technical support under the framework of the ICP. In addition to the core ICP activities of generating PPP statistics, the Bank has taken a lead role in assisting African countries to improve their general capacity to support information needs for MDGs, PRSPs and NEPAD. Implementation of capacity building activities will certainly require an injection of adequate financial and technical resources from various stakeholders, among which the Bank is expected and willing to play a major role. Although the current financial support being provided by the Bank is for the period up to 2007, it is likely to sustain support to the countries beyond this period given the importance of statistics as a driver for evidence-based development policy formulation, implementation and monitoring.

### 3. Annex

#### 2.9 Yaoundé Declaration on Statistical Development in Africa

The Directors of the National Statistics Offices (NSOs) from 51 African countries, having taken part in the meeting of the Regional Governing Board of the International Comparison Program for Africa (ICP-Africa) on 26 April, 2004 in Yaoundé, and having deliberated on the urgent and increasingly critical demand for reliable, timely and relevant data necessary for formulating, managing, monitoring and evaluating development policies and programs at the meeting of the Directors of the NSOs, April 26-30, 2004;

Considering that the indicators proposed within the framework of ICP-Africa will be of a great contribution to supporting the development and monitoring of the Poverty Reduction Strategies as well as supporting the optimal allocation of national resources, the follow-up of the implementation of national policies and programs for the attainment of the MDGs;

Emphasizing that most statistical programs lack effective mechanisms to ensure their sustainability and ownership by the countries;

Acknowledging the importance of having sound and effective partnerships, identifying synergies, coordinating efforts, and pooling resources to advance a common goal;

Highlighting that the most critical challenges facing statistical systems in Africa remain the need to create greater awareness among policy makers about the importance of statistics and emphasizing the critical importance of securing financial and political commitment from government leaders;

Acknowledging that actions to strengthen national statistical agencies are likely to occur in the short to medium term only with external input that compliments government's effort;

Recognizing and supporting the resolution of the Second International Roundtable, held in Marrakech, on managing for development results that call upon international and national policy makers to step up their support for statistical capacity building;

Acknowledging the great strides that have been made in the last two years under the initiative of ICP-Africa and recognizing the importance of the program both as a source of reliable and policy relevant data, and as a comprehensive and coherent regional capacity building framework;

Note with satisfaction the recommendations of the second meeting of the Governing Board of ICP-Africa and emphasize the need to prepare strategy papers on advocacy and building partnerships;

Adopt ICP-Africa as a flagship capacity building initiative in the area of economic statistics, with particular emphasis on price statistics and national accounts;

#### ***Recommend to:***

##### ***A. African Governments:***

- • To put ICP-Africa, a program covering the entire Africa continent, at the core of statistical capacity building programs for member countries;
- • To support statistical activities by making statistics a priority and allocating adequate resources;

- • To pursue the efforts of statistical harmonization and integration of activities by their NSOs, as well as regional and sub-regional organizations;
- • To ensure capacity building in the development of statistical masterplans; in the coordination of national statistical systems; in human resource development (training, attraction and retention); and in analysis, report writing and dissemination;

***B. the bilateral agencies and international institutions***

- • To continue working in the area of statistical capacity building by allocating more financial and material resources to statistical activities;
- • To improve their partnership collaboration to facilitate synergy so as to ensure effective and coordinated support to the countries;
- • To engage in advocacy work so as to give statistics a high profile and to secure financial and political commitment from African governments.

***C. the ADB as coordinating agency for ICP-Africa***

- • To enhance priority given to statistics and provide optimal resources, both financial and technical, for supporting statistical activities in the African countries, given the importance of statistics in formulating, monitoring and evaluating poverty reduction strategies, in monitoring the MDGs and in managing for development results.

*Adopted this 30<sup>th</sup> day of April, 2004 at Yaoundé, Cameroon.*

## 2.10 Abbreviations and Acronyms

ACBF	African Capacity Building Foundation
ADB	African Development Bank
ADF	African Development Fund
AFRISTAT	Economic and Statistical Observatory for Sub-Saharan Africa
BOCC	Basket of Construction Components
COMESA	Community of Eastern and Southern Africa
CPI	Consumer Price Index
DFID	Department for International Development - UK
DSD-	Ecole Nationale Supérieure de Statistique et d'Economie Appliquée –
ENEA	Département Statistique et de Démographie
EASTC	East African Statistical Training Center
ECA	Economic Commission for Africa
ECOWAS	Economic Community of West African States
ENSEA	Ecole Nationale Supérieure de Statistique et d'Economie Appliquée
FAO	Food and Agriculture Organization of the United Nations
FASDEV	Forum for African Statistical Development
GDDS	General Data Dissemination System
GDP	Gross Domestic Product
ICP	International Comparison Program
ILO	International Labor Organization
IMF	International Monetary Fund
INSEA- Rabat	Institut National de Statistique et d'Economie Appliquée
INSEE	Institut National de la Statistique et des Etudes Economiques (French Statistical Institute)
ISAE	Institute of Statistics and Applied Economics
ISSEA Yaoundé	Institut Sous-régional de Statistique et d'Economie Appliquée
IT	Information Technology
MDGs	Millennium Development Goals
MAPS	Marrakech Action Plan on Statistics
NEPAD	New Partnership for Africa's Development
NORAD	Norwegian Agency for Development
NSDS	National Strategies for the Development of Statistics
NSO	National Statistical Office
NSS	National Statistical System
PARIS21	Partnership in Statistics in the 21st Century
PPP	Purchasing Power Parity
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
SADC	Southern African Development Community
SNA	System of National Accounts

SPD	Structured Product Description
SRO	Sub-Regional organization
STC	Statistical Training Center
SUT	Supply and Use Table
UN	United Nations
UNDP	United Nations Development Program
UNECA	United Nations Economic Commission for Africa
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Fund for Population Activities
UNICEF	United Nations Children's Fund
UNSO	United Nations Statistics Office
USAID	United States Agency for International Development