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***REPORT ON THE STATUS OF THE COMPILATION
OF BASIC ECONOMIC STATISTICS
IN AFRICA***

I. Background and assessment methodology

1. This report reviews the practices involved in the production of basic economic statistics in Africa for the compilation of national accounts. And the various assessments on the implementation of the 1993 SNA mainly focusing on the scope of accounts compiled and their conceptual compliance, without due consideration being given to the quality of data sources, which represent a certain limitation of the assessment
2. Therefore, for each data source – censuses, surveys and administrative records - the report will review its quality, sampling frames and business registers, methods of data collection and classifications. It will also examine the potential use of administrative data and data processing techniques in the production of national accounts.
3. The expert group meeting held from 23 to 26 July 2007 in Pretoria, South Africa and the workshop on basic economic statistics held in Addis-Ababa, Ethiopia from 16 to 19 October 2007, underscored the need to increase use of administrative data for purposes of compiling national accounts. It was noted that administrative data could be a cost effective source of data. However, for administrative data to be so used, administrative data sources need to be better coordinated within the National Statistical System (NSS), and to be managed by better-trained and skilled statistical personnel.
4. The group also noted that, in order to compile national accounts, the coverage of data sources had to be significantly improved, including the availability of policy-relevant data and data that met the needs of society at large. Better monitoring of user needs was required to ensure a more timely response and better statistics, and to improve the image of the national statistical system.
5. Various assessment of data availability have identified data gaps in the following subject areas in the International Standard Industrial Classification of all Economic Activities (ISIC): construction statistics, service sector statistics such as retail trade statistics, ICT statistics and employment statistics; also short-term indicators required by policy makers and the business community; detailed data broken down by activity, product and region.

I. Economic Censuses and Survey

6. The frequency and coverage of surveys and censuses represent a serious concern. These activities are not conducted regularly. In general, surveys should be conducted every one or two years and the censuses every five or ten years. The most common types of censuses and surveys are: agricultural survey, industrial survey, household surveys e.g. labour force surveys, economic censuses and population and housing censuses. So far, a limited number of countries has extensive coverage in terms of International Standard Industrial Classification of all Economic Activities (ISIC), but the service sector, including, hotels, transportation, and retail, as well as non-governmental organizations and non-profit institutions are less covered by surveys and censuses.
7. The methods for data collection include mail questionnaire or interviews or both. One of the main concerns about economic censuses and surveys is the very low response rates, often much less than 50 percent. There is a need for a rigorous action in

identification and use of more effective measures to improve the response rates. Such measures may include more. Rigorous action is therefore required to identify more effective ways of improving the response rate, such as a more systematic use of specially trained interviewers and recognition of the need to develop integrated surveys in order to reduce the response burden, and reinforcement of the statistical laws improved statistical advocacy.

8. More integrated approach to the organization and conduct of survey programmes is therefore required to improve their efficiency in the use of common classifications, ensure more uniformity in the definition of data items, avoid duplication in collection arrangements, cut data collection costs and lower the response burden.
9. According to country practices, several institutions may be involved in conducting surveys and censuses. In some cases, the statistical offices conduct surveys with the support of branches, which are responsible for collecting raw data and then feeding them to the statistical offices, or the National Statistical Offices conduct surveys using ad hoc or permanent survey infrastructure. In other cases, the statistical offices are not sufficiently involved in the surveys and censuses, as is the case with the agriculture, handicraft or education surveys.
10. In any event, The need for reinforcing the coordination role of NSOs cannot be over-emphasized. The NSO should strive to collaborate with line ministries in terms of coordination, technical support and survey design. In addition, statistical coordination committees should be established to develop an integrated system for companies. The coordination committee should consist of statisticians representing the stakeholders, such as the Ministries of Industry, Tourism, Education and Finance and the central bank, with the task of developing common questionnaires, common classifications and common identification numbers. To reduce the volume of the questionnaires, information already available from financial statements should not be requested.
11. Existing surveys and censuses are geared mainly to market activities, even though many African countries are non-market economies with the subsistence and informal sectors representing significant sources of employment and earnings. The absence of informal sector surveys is therefore a serious shortcoming.
12. Consequently, compilation of statistics reflecting the informal sector should be a regular operation of statistical offices, not one carried out on ad hoc basis or reliant on donor funding. In this connection, the conceptual definitions of the scope of the informal sector as outlined by the Delhi Group and the 1993 System of National Accounts (SNA93) should be used as guidelines for a review of the types of the units covered by basic economic statistics, and a unified data collection strategy should be developed.

III. Administrative records

13. The level of use of administrative records depends on full collaboration within the national statistical system, but so far, African countries use administrative records only sparingly and still rely heavily on surveys. Some NSOs have started using administrative data on an incremental basis as an integral element of national programmes of economic statistics.
14. According to these meeting on basic economic statistics in Addis and Pretoria, administrative data are fragmented, with a high degree of incoherence in conceptual frameworks, classifications and different identification numbers; and these data are not computerized into databases and there is continued resistance to grant NSOs access to such data. However, NSOs have yet to undertake a rigorous assessment of the reliability and representativeness of available administrative records, and significant investments are required to develop the capability to use them efficiently.
15. Given the decisive role of financial statements, NSOs request these administrative data by different means such as requesting the data directly by mail from companies or request for the later from the custodian, such as the tax revenue authority. Extensive collaboration between statistical offices, central banks and the revenue authority on the use of administrative records should be strengthened. The three institutions should also take the lead role in developing integrated economic surveys with a special focus on variables that are missing from the financial statements, in order to reduce the response burden.

IV. Sampling frame and business registers

16. Sampling frames are the basis for random sampling. It is crucial that they are complete and up to date. The business register is the sampling frame used in economic censuses and survey. Unavailability or existence of non-reliable and outdated survey frames and lists are the most fundamental and common problem faced by countries in Africa. Many countries are conducting their economic censuses and survey without using adequate business registers. As a result, the reliability and results of the surveys are questionable; in particular, sampling frames and extrapolation of survey results and estimates of statistical errors are often not consistent with sound statistical methodologies. Moreover, most national statistical offices in Africa do not consider the establishment and systematic updating of statistical business registers as necessary preconditions for an effective programme of economic surveys.
17. Outdated business registers are the result of inadequate funding and priority setting and poor collaboration between national agencies, because each institution at country level has its own identification numbers and its own classifications. In addition, there is no mandatory requirement for companies to update the central business register at the statistical offices along with value-added tax (VAT) databases or other registers.
18. Further collaboration is required to update the business registers and monitor the creation, change of status or winding-up of companies, and to develop common classifications, common identification numbers and statistical laws imposing reporting obligations on non-operating companies. This will facilitate the reconciliation of the central business register with the VAT registers and other

existing lists. In addition, small and family companies may be reconciled with population censuses, and companies, which cannot be verified using these methods, may be checked in economic censuses in order to update the business register.

19. Efforts should be made to use the “establishment” as the observation unit for the business register to comply with the requirements of SNA93, Rev.1 and for the provision of more homogeneous activity data and a more accurate regional breakdown.
20. The most efficient and reliable way of conducting economic surveys is to use the business registers. Countries are therefore encouraged to develop strategic programmes to establish and improve such registers, preferably using common registers and common identifier. Despite its high cost, the updating of business registers is necessary and should be considered a high-priority statistical operation.

V. Sound data Processing for national accounts

21. NSOs process data with various statistical packages according to their human and financial resources. Appropriate statistical software and experienced well-trained statistical personnel are required and regular training on statistical packages is necessary to properly process the information.
22. However, data processing for national accounts are almost inexistent and these challenging tasks remain the sole responsibility of national accountants, who are understaffed and under-equipped, with the result that the main users of basic economic statistics are not reaping the benefits of having multiple surveys and censuses conducted by NSOs. Consequently, survey and censuses results are not integrated into the national accounts.

VI. Statistical infrastructure and institutional issues

23. Some of the difficulties encountered at the different stages of conducting censuses and surveys and improving and accessing administrative records or business registers can be ascribed to institutional issues. Therefore, addressing coordination and collaboration issues at country level would be a major step toward improving the quality and availability of data sources. The sharing of administrative data and their dissemination to users are necessary for the design of integrated surveys and the updating of business registers.
24. To achieve these objectives, statistical laws should be revised to facilitate the statistical operation and to ensure that agencies use common classifications and identification systems, and that companies are required to update registries concurrently. Various task forces should be established to design common surveys. In addition, the statistical laws should supersede other laws concerning data confidentiality, to allow statistical offices to have access to all business registers and administrative data.
25. The design and implementation of the National Strategy for the Development of Statistics (NSDS) will go a long way in assisting countries to address legal,

institutional, and technical and data development issues and is seen as a comprehensive framework for improving economic and other data in developing countries.

VII. Conclusions and recommendations

26. The meeting may wish to express its views on the following:
- Increasing the coverage of censuses and surveys;
 - Making informal sector and non-market activities part of regular statistical operations given their importance in Africa;
 - Regular and improved updating of the business registers as a priority of national statistical programmes;
 - Development of integrated surveys by NSS, to foster more efficiency, improvement of responses rate and reduction of the response burden;
 - Building statistical infrastructure and address institutional issues in order to improve economic statistics; and
 - Encouraging countries to design the NSDS as a comprehensive framework for improving national statistics.