AFRICAN DEVELOPMENT BANK

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DISCUSSION NOTE

TOPIC: Towards an infrastructure to develop and maintain a responsive and relevant system of economic statistics (Moderator Haishan Fu)

I.   Context

Progress in the development of basic statistical infrastructure in Africa that was recorded in recent decades require further strengthening with a view to better supporting the production of quality, timely, regular and comparable economic statistics. A number of Pan-African programs and projects initiated and led by African organizations – among which the African Development Bank stands as the premier contributor – are aimed to boost such infrastructure along all their dimensions: constitutional, legal, physical, strategic, methodological and operational. This note briefly presents the analytical situation of statistical infrastructures in Africa while highlighting pervading challenges, and discussing GDP rebasing as an example.

II.   Situational analysis

II.1   Legal, institutional, strategic, and organizational dimensions

Most of the national statistical offices in Africa are in the midst of restructuring from public status to parastatal with financial autonomy. However, in some cases, relevant bills passed by parliament do not translate into enforcement decrees, which jeopardizes statistical operations. At strategic level, National Strategies for the Development of Statistics are widely recognized at country, sub-regional and continental levels. Unfortunately their implementation rate is below expectation in spite of support from sub-regional and regional bodies as well as development partners, provided through regional strategic frameworks. Examples of the latter are: the Strategy for Harmonization of Statistics (SHASA) and the African Charter for Statistics jointly developed by ADB, UNECA and AU. Sectoral strategies such as the Integrated Program for Agricultural Development in Africa (CAADP), the Regional Integration Strategy, and the Bank's Medium-Term Strategy (MTS) for 2013- 2022, are also worth mentioning.

II.2   Physical infrastructure

In most sub-Saharan African countries, National Statistical Offices (NSO) lack adequate infrastructure to support the production of economic statistics. Major reasons thereof are:
- Absence or insufficiency of adequate real estate infrastructures;
- Qualitative and quantitative insufficiency of IT equipment;
- Low national coverage.

II.3   Methodological and harmonization infrastructures

International standards, and methods, including 2018 SNA call for periodic revisions of economic statistics to take into account the dynamics of economic phenomena. Their adaptability at the national level is often problematic in some countries and requires relentless encouragement from various technical and financial partners.

II.4 Development infrastructures for the production of economic statistical data: the GDP rebasing case

Many African countries have recently embarked on GDP rebasing while the base year is outdated in most countries, i.e. older than five years. The status as of October 2, 2018 is presented below:
- 8 countries have a base year between 2013 and 2016;
- 14 countries have a base year between 2010 and 2013;
- 29 have a base year between 2000 and 2009;
- 3 have a GDP with a base year before 2000.

The following prerequisites should be met to improve the above situation:
- Successful GDP rebasing is data intense while collecting the required data is costly. These include: General Business Census (GGE), National Employment Survey; Sector-specific surveys (agriculture, fisheries, livestock); Balance of payments; government finance statistics; customs data; other administrative data; etc.
- GDP rebasing calls for better coordinated collection of data and better use of the same. Related aspects include: Strengthening material, human, financial and information capacities; Customizing relevant classifications; developing 2008 SNA compliant methodologies; enhancing data collection and processing; streamlining computation tools; rationalizing publication, dissemination and archiving;
- In terms of capacity building, human resources need to be motivated and stabilized and technical assistance from TFPs is often required;
- Publication, archiving and accessibility of economic data must be further geared towards meeting user's needs. Databases, and other data platforms (such as the ADB Open Data Platform) covering all 54 African countries developed by regional and sub-regional entities are strongly encouraged.

II.5 New areas in Africa: environmental economic accounts and economic indicators to measure the SDGs

The green economy based on the economic and environmental indicators is a new field for many African countries. Currently, there are 20 African countries that have compiled economic and environmental accounts (SEEA[1]), and 14 countries are planning to start from 2019. The challenges in this area relate to the role of all line ministries involved in environmental issues as well as a strong technical assistance from TFP.

Regarding the SDGs, some economic indicators aren't easily reported by African countries (29%). Challenges for African countries in this area is to build an integrated database of national accounts and economic statistics.

II.6 Control of the quality of statistical infrastructures

Countries should scale up their efforts in setting quality enforcement tools verifying six criteria: relevance; accuracy; actuality; timeliness; accessibility and clarity; interpretability and consistency. Joint efforts from national authorities and technical and financial partners are critical in this regard.

III. Strengths and weaknesses of the statistical infrastructure system in Africa

III.1 Strengths

Existing strengths require leveraging forcefully:

At regional level:
- Creation of institutional frameworks, laws and regulatory measures;
- In its ten-year strategy 2013-2022, the ADB set 5 priorities, including Integrate Africa, which addresses the issue of basic statistical infrastructures;

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[1] System of Environmental-Economic Accounting

- Existence of a strategy for the harmonization of statistics in Africa (SHaSA) that is implemented under the joint regional oversight of the AfDB, AU, UNECA. Matters related to statistical infrastructure take central stage in the strategy.
- Increased support from technical and financial partners towards statistical capacity building (AfDB, European Union, France, World Bank, UNDP, UNICEF, IMF)
- The International Comparison Program for Africa has been recognized since 2004 as the reference framework for capacity development in the areas of national accounts and price statistics and has become a permanent exercise involving more than 50 countries, under AfDB's management and coordination;
- Other regional programs include the African Infrastructure Knowledge Program (AIKP) implemented led by AfDB.

At national level
- National laws and measures exist for the production of economic statistics;
- Development and updating of national development plans driven NSDS that advocate for adequate funding for basic infrastructure;
- Effective decentralization of statistical production through progressive investments in infrastructure throughout national territory.

III.2 Weaknesses

Major weaknesses include:
- Low ownership of statistical development projects;
- Excessively high cost of statistical operations (consumption budget survey, general business survey, labor survey, etc.)
- Inadequate enforcement of laws, measures, and international principles and recommendations pertaining to statistical data;
- Insufficient material, financial and human resources;
- Paucity of regional statistics;
- Lack of a permanent data quality control system.

IV.   Threats and Opportunities

IV.1 Threats

One major threat to the development of basic infrastructure is the reliance on external support, one that may decline or cease to exist and thus jeopardize the sustainability of statistical infrastructures in some countries.

IV.2 Opportunities

Opportunities that are worth citing are:
- Increasing contributions from TFP (Technical and Financial Partners);
- International environment conducive to NSS capacity building, including the development of basic infrastructure through advocacy (Paris21);
- Variety of African statistical capacity building programs.

V.   Major challenges

Given the threats to the statistical system and the opportunities available to it, major challenges are:
- Establishing a coherent framework for bilateral and multilateral assistance (e.g. avoid duplication)
- Building on best practices in planning for and strengthening statistical infrastructures;
- National ownership of statistical infrastructures

Points for debate: the sustainability of statistical infrastructures in the countries in the context of limiting external aids and resources.

Annex : African Statistical infrastructure system

PHYSICAL INFRASTRUCTURES	INFRASTRUCTURE STANDARDS, CONCEPTS, STRATEGIES, LEGAL AND REGULATORY	METHODOLOGICAL INFRASTRUCTURES AND HARMONIZATION	INFRASTRUCTURE PRODUCTION, DISSEMINATION AND ARCHIVING, WEBSITES	CONTROL OF THE QUALITY OF STATISTICAL INFRASTRUCTURES

STAKEHOLDERS

- **At the African level:**
  - **ADB:** *International Comparison Program for Africa (ICP); Business Registration, Development of Strategic Plan for Africa (SPAR), technical assistance*
  - **AUC & EUROSTAT:** *Pan-African Statistics Program(PAS) for Capacity Building on the continent*
  - **UNECA:** *Capacity Building, Technical Assistance, Workshop*
  - **IMF:** *Technical Assistance mission and workshops*
  - **WorldBank, UNSD, WTO:** *Support the statistical program Building in Africa*
- **At the sub-regional level: ECOWAS, ECCAS, SADC, COMESA, AFRISTAT, UEMOA, CEMAC:** *Technical meeting and Technical Assistance Mission, Providing experts*
- **At the National level:** *countries for the implementation process*

STRENGTHS :

- **International Standards, concepts, regulations, classification Strategy,**
- **Project, program for African capacity Buildings**
- **National laws and transformation;**
- **NSDS and implementation process**

WEAKNESSES

- **Insufficient human, material and equipment resources**
- **Low ownership of standards, concepts and classification**
- **Excessively high cost of the statistical operations**

Positive impact

Negative Impact

Reactive and relevant economic system

Opportunities to take

Threats to halt

OPPORTUNITIES

- **Favorable international environment**
- **massive support of TFP**
- **Statistical capacity building programs**
- **Promotion of statistical culture**

THREAT

- **Insufficient national financial contribution•**
- **Cessation of external support compromising the sustainability of infrastructures**

Challenges: the sustainability of statistical infrastructures in the countries in the context of limiting external aids and resources