

Statistics for Development Division (SDD)

5th Regional Conference of Heads of Planning and Statistics (HOPS)

(Noumea, New Caledonia, 14-16 November 2017)

SPC/HOPS 2017/Session 2 – Information Paper 11

Original: English

SESSION 2 – PFTAC TECHNICAL ASSISTANCE ON ECONOMIC STATISTICS: PROGRESS AND PRIORITIES

(Document presented by Barend de la Beer and Richard Wild)

EXECUTIVE SUMMARY

1. This report provides an overview of the contributions to the Ten Year Pacific Statistics Strategy (TYPSS) provided by the International Monetary Fund (IMF) and one of its regional technical assistance centres (RTACs), the Pacific Financial Technical Assistance Center (PFTAC), located in Suva, Fiji. PFTAC's seven full-time advisors provide technical assistance to fifteen Pacific member countries, plus Timor-Lesté, on economic statistics, financial sector supervision, public financial management, revenue administration and macroeconomic programming.
2. Up to May 2016, PFTAC employed two resident national accounts experts, but since March 2017 the second post has been filled by a government finance statistics (GFS) expert; both advisors are supplemented by short-term experts contracted in their domains. Their technical assistance (TA) work splits into bilateral in-country missions and multilateral workshops, with the overall aims of improving the quality, range and timeliness of official statistics. Limited assistance on external sector statistics (ESS) is also funded, though from May 2017, five Pacific countries have been eligible for TA funded through the IMF's Technical Assistance Office for Laos and Myanmar (TAOLAM).
3. The IMF itself promotes internationally comparable statistical standards through its own TA missions, as well as running training courses at its Washington DC headquarters and at the Singapore Training Institute. In this context, PFTAC's statistical TA is able to focus on improvements to data sources, methods and capacity. Most members, and in particular the micro-states, require very hands-on support and gains are made incrementally as limited staff juggle domestic tasks and ever-increasing international workloads. For TA to remain effective, better resource planning is urgently needed to prevent essential core statistics being crowded out by fresh demands.

BACKGROUND

4. The Pacific Financial Technical Assistance Center (PFTAC)¹ is the oldest of the IMF's ten RTACs, having opened in Suva, Fiji in 1993. PFTAC is a collaborative venture between the IMF, the recipient countries, and bilateral and multilateral donors. Through PFTAC the IMF has been able to substantially increase its TA to the 15 Pacific Island Countries (PICs): Cook Islands, Fiji, Kiribati, Marshall Islands, Federated States of Micronesia, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu and Vanuatu; and Timor-Leste.
5. PFTAC supports Pacific Island governments achieve enhanced growth and poverty reduction. PFTAC's guiding objective is improved economic management and sustainable economic growth across the PICs. Using the IMF's surveillance and technical expertise, PFTAC responds rapidly and flexibly to country demand for high-quality TA and training in improving their macroeconomic management.
6. PFTAC's provision of TA is mainly funded via contributions from its donor partners: the Asian Development Bank, Australia, the European Union, Korea and New Zealand. Recipient countries also finance around 10 percent of operations since the start of fifth financing phase, as well as offering in-kind support through hosting regional events. The IMF contribution finances the coordinator and the running costs of the office, including local support staff. Following detailed stakeholder engagement, PFTAC entered its Phase V funding cycle in November 2016, which runs up to April 2022.
7. TA needs in the region are widely varied with some countries needing continued building of basic capacity and others looking to TA from PFTAC and others to fill specific capacity and skill gaps. Objectives in the five main areas are specified to cater to the varied needs in the region: public financial management, revenue policy and administration, economic statistics, financial sector supervision, and macroeconomic management.
8. PFTAC employs seven technical advisors. Two provide support on public financial management; and three advisors provide support on banking, revenue policy/administration and macroeconomics respectively. On economic statistics, one advisor provides support on the national accounts and—since March 2017—a second advisor covers GFS. Prior to that, this post had been occupied by a second national accounts advisor but was repurposed to adapt to regional statistical needs.
9. PFTAC's statistical work operates in multiple contexts. The primary context is under the objectives set between advisors (in consultation with local officials) and sector experts at IMF headquarters within the IMF's Results Based Management (RBM) frameworks for the national accounts and GFS. These set out specific multi-year programs for each country in terms of improvements to data, methods and capacity, which in turn define the incremental tasks for each in-country mission. PFTAC also operates within the context of the TYPSS, engaging with the SPC and other development partners to monitor and address gaps and overlaps in statistical TA provision. PFTAC works alongside the Australian Bureau of Statistics (ABS) in Solomon Islands and Papua New Guinea.
10. PFTAC operates a carefully structured approach to TA delivery, defined annually on a May-April financial year. Beginning around February of each year, each country's TA needs are identified the PFTAC Steering Committee, alongside the Asia and Pacific Department (APD) as well as TA Departments at IMF HQ. These are complemented by a bottom-up exercise to establish detailed work plans involving the centre's advisors, country authorities, APD country teams and the respective TA departments at IMF HQ, all aimed at maximising delivery within each advisory area budget. All TA is integrated with the core lending and surveillance operations of the IMF, as well as coordinated with that of other providers. The end-product of this planning exercise is, for each IMF department is the 'Resource Allocation Plan' (RAP) – a schedule of all TA activities for the upcoming financial year, defined within the constraints of the budget. Though the timing, content and staffing for each mission may be

¹ <https://www.pftac.org/content/PFTAC/en1.html>

adjusted during the year to adapt to emerging needs, the recipient countries and broad purposes are changed only exceptionally.

11. For statistics, long-term advisors based at each of the RTACs each deliver around 110 mission days each year; at PFTAC, including travel time, this amounts to roughly 150 days in the field per advisor, spread over ten country visits, two workshops and attendance at regional events.
12. Until October 2015, the IMF supported PFTAC's national accounts TA work via additional and separately funded work streams covering GFS, external sector statistics (ESS) and data dissemination standards. Following the conclusion of this program, known as the Japan Sub-Account (JSA) project, each of the three work streams has been replaced with new, individual arrangements.
 - Between November 2016 and February 2017, PFTAC directly funded several GFS missions, staffed by short-term experts, until a full-time resident GFS advisor was appointed. Funding for this post is expected to continue up to February 2020.
 - PFTAC has recently provided limited ESS TA to non-IMF members and will fund two missions this financial year. However, more of the gap will be filled by TA missions provided through the IMF's TAOLAM centre in Bangkok. Funding commenced in August 2017 and runs through to July 2020 and is will support ESS improvements in Nauru, Papua New Guinea, Samoa, Timor-Lesté and Tonga.
 - The IMF's Statistics Department continues to provide direct support to countries aiming to adopt the new Enhanced Data Dissemination Standard (e-GDDS).² The purposes of the e-GDDS are to:
 - i. Encourage member countries to improve data quality;
 - ii. Provide a framework for evaluating needs for data improvement and setting priorities in this respect; and
 - iii. Guide member countries in the dissemination to the public of comprehensive, timely, accessible, and reliable economic, financial, and socio-demographic statistics.

The e-GDDS superseded the GDDS in July 2015 and includes modifications aimed to assist countries with relatively weak statistical capacities; a key update in this regard is a requirement to improve data access via the establishment of a 'National Summary Data Page' on a common, open platform. To date, two Pacific countries have adopted the e-GDDS with IMF headquarters assistance, Samoa and the Federated States of Micronesia.

13. With the repurposing of the second national accounts advisor position to provide GFS support, and the end of JSA-funded GFS TA, PFTAC is making greater use of experts employed on short-term contracts to supplement resident advisors' activities. This ensures that all PFTAC member countries have the opportunity to receive support on a regular basis. Suitable staff are sourced from the IMF Statistics Department's Expert Roster, which comprises current and retired sector specialists from national administrations, international institutions and academia.
14. Capacity building is a core component of the IMF's international work and the principle objective of PFTAC. Each PFTAC mission includes a task to improve local knowledge and skills alongside more diverse tasks to improve data and methods in individual country contexts.
15. The IMF has long had a focus on improving and harmonising international statistical standards. It has published and contributed to a wide range of statistical reference manuals, including the *System of National Accounts 2008*, the *Government Finance Statistics Manual 2014* and the *Balance of Payments and International Investment Position Manual, 6th Edition*. PFTAC's statistics advisors work with country officials and IMF staff to distil their contents into comprehensive but clear advice, tailored to

² See <http://dsbb.imf.org/pages/gdds/whatisgdds.aspx>

fit local needs and capabilities. However, it is recognised that even very clear advice is often difficult for staff at small local offices to understand and even more difficult for them to implement. For that reason, capacity building is a core component of PFTAC and the IMF's international work, to bridge the gap between 'why?' and how?'

16. During bilateral TA missions, PFTAC's statistics advisors provide hands-on, task-oriented training that links methodological principles directly with country practices. This work is supplemented by thematic regional and sub-regional workshops covering universal compilation issues such as interpreting the results of household surveys or administrative returns in a national accounts context; or the interpretation and use of financial accounts to derive GFS.
17. Starting in October 2016, PFTAC has run inter-disciplinary workshops covering GDP compilation, forecasting and revenue collection. These have been very successful in bringing together data providers and users from national administrations and building a deeper understanding of processes and issues.
18. Following agreement at the 13th Pacific Statistics Steering Committee, PFTAC created a virtual working group, the Pacific Economic Statistics Technical Assistance Coordination group (PESTAC), the aims of which are to identify overlaps and gaps in TA and encourage greater bilateral and multi-lateral collaboration. Membership of the group has initially comprised the ABS; PFTAC; the SPC; the US Graduate School; and the World Bank. The touchstone for the group is a shared online calendar³ listing each member's duty days by country and topic.
19. While PFTAC's statistics duty days are shown in the PESTAC calendar up to the end of financial year 2017/18, other members have been less forthcoming on their planned activities, with the ABS as the only other active contributor. Attempts by PFTAC to set up an inaugural online meeting were also met with muted or zero response. Further thought and input is need to make active membership of the group part development partner's still isolated planning and delivery processes. It is clearly recognised that development partners' resources are stretched, but the group's function has been designed to have as small an impact as possible on members' time. Extensions to the membership are also needed – for example, to include TA provided by the Asian Development Bank and the United Nations Economic and Social Commission for Asia and the Pacific.

PROGRESS ON ECONOMIC STATISTICS

20. The overall objective of the IMF's result based management framework is to assist with the production of more reliable and timely economic statistics. Up until the end of Phase IV of PFTAC's funding program, the framework adopted by PFTAC was based on the following overarching objectives, consistent with the previous version of the IMF's RBM framework; as GFS TA was provided under the IMF's separate JSA project, the objectives relate only to the national accounts:
 - Production of at least two independent measures of GDP to a high standard in eight countries and improved coverage and quality of GDP measures in all countries.
 - Rebased constant price GDP estimates by production and by expenditures at least every ten years.
 - Production of quarterly national accounts (QNA) in four member countries.
 - Data sources are adequate and methodologies sound.
 - National accounts statistics and associated metadata are readily available
21. Table 1 summarizes progress against these objectives over the Phase IV funding cycle, from May 2011 to October 2016. While good gains were made in developing additional measures of GDP and in

³Available at: <https://teamup.com/ks656ccca05dfac4b3>

rebasings GDP, work to improve source data and methods was slower and there remained some way to go on dissemination and metadata.

Table 1: National accounts progress at PFTAC during Phase IV (May 2011 – October 2016)

Macroeconomic Statistics										
Objective: More timely and reliable economic statistics										
Progress on RBM measurable outcomes	At least 8 countries compile at least two independent measures of GDP		Constant price GDP estimates are rebased at least every 10 years		At least 4 countries compile quarterly national accounts		Data sources are adequate and methodologies are sound		National accounts statistics and associated metadata are readily available	
	2011 Baseline Rating	2016 Rating	2011 Baseline Rating	2016 Rating	2011 Baseline Rating	2016 Rating	2011 Baseline Rating	2016 Rating	2011 Baseline Rating	2016 Rating
Cook Is.	0	0	0	3	1	4	3	3	3	4
Fiji	0	4	4	4	0	3	3	3	3	3
Kiribati	0	3	0	0	0	0	3	3	2	3
Marshall Is.	0	0	0	0	0	0	2	2	2	2
Micronesia	0	0	0	0	0	0	2	2	2	2
Nauru	0	0	0	0	0	0	1	2	1	2
Niue	0	0	0	0	0	0	3	3	3	3
Palau	0	4	4	4	0	0	2	2	2	2
PNG	0	3	0	3	0	0	0	3	0	2
Samoa	4	4	4	4	4	4	1	1	2	3
Solomon Is.	2	2	0	3	0	0	3	3	2	2
Timor-Leste	3	4	4	4	0	0	3	3	3	3
Tokelau	0	0	0	0	0	0	1	1	0	0
Tonga	1	1	4	4	0	0	3	3	2	2
Tuvalu	0	0	0	0	0	0	2	2	2	2
Vanuatu	1	3	0	2	1	4	3	3	2	2

0: No activity; 1: Very limited progress; 2: Basic progress; 3: Substantial progress; 4: RBM measurable outcome largely or fully achieved

22. From November 2016 to October 2017, national accounts work has covered further ground on:

- rebasing, with substantial TA provided to Solomon Islands and, more recently, Samoa;
- assisting countries to develop additional measures of GDP – in particular, Kiribati (GDP by expenditure, further development required); Fiji (quarterly GDP by production, further development required) and Tokelau (new measure of GDP by production, published in April 2017); and
- improving source data through better access to, and use of tax data (Samoa; Tonga)
- improving methods to bring them closer to the recommendations of the *2008 System of National Accounts*, in particular the measurement of financial intermediation services; central bank activities; insurance and reinsurance; and mineral exploration and evaluation.

23. However, efforts to encourage more comprehensive and timely dissemination continued to yield little improvement. In part, this is to be expected, as PFTAC advisors are readily able to develop methodologies and source data usage in local compilers production systems which then impact on GDP, but have little to no influence over the skills, resources and political will underlying data publication. A continued inter-agency push is very much needed to get data into the hands of all users in a timely, consistent manner, supported by release timetables. This relatively simple set of tasks not only confirm data are available, they reinforce the capability and independence of national statistics offices and allow managers to allocate scarce resources more effectively.

24. Through October 2015, the GFS JSA funded project ; focused on: (i) grouping and classifying public entities according to the *Government Finance Statistics Manual 2014 (GFSM 2014)* sectorization; (ii)

mapping of available national fiscal data to the *GFSM 2014* codes to adapt the *GFSM 2014* presentation; (iii) compiling a cash flow statement, cross-classification of functional and economic classifications of expenditure, and financial balance sheets with available recording of valuation bases; (iv) compiling an operation statement based on a non-cash recording basis; and (v) compiling an operation statement based on accrual recording and a balance sheet based on nominal valuation to fully integrate the flows to changes in stocks. The project delivered 40 TA missions in thirteen countries, three regional training seminars covering 14 countries, 3 sub-regional training seminars covering 8 countries, and in-country training seminars covering 7 countries. Table 2 summarizes progress after completion of the JSA funded project and beyond.

25. Since May 2011, PFTAC has funded 16 ESS missions, covering the Cook Islands, Fiji, Nauru, Niue, Tuvalu. Good progress has been achieved in aligning methods more closely with *BPM6*, developing data sources and building local staff capacity. In the present financial year, PFTAC will fund three ESS missions, to the Cook Islands, Solomon Islands and the Federated States of Micronesia. These will complement the broader support being funded through the TAOLAM office, though eight of the sixteen PFTAC countries are not expected to receive in-country assistance during this period based on funding constraints.

Table 2: GFS progress under the JSA project (November 2011 – October 2015)

Country	Pre-JSA Status					Status October 2015-(and beyond under PFTAC)					
	GFSY Reporting	IFS Reporting	PSDS Reporting	GFSM 2014 format in Article IV	GFS/PSDS Migration Plans	GFSY Reporting	IFS Reporting	PSDS Reporting	GFSM 2014 format in Article IV	GFS/PSDS Migration Plans	Improved GFS Quality/Coverage
Cook Islands	No	No	No	No	No	No	No	No	Yes	Yes	Yes
Fiji	No	No	No	No	No	Yes - Resumed	No	No	Yes	Yes	Yes
Kiribati	No	No	No	No	No	Yes - New	No	No	Yes	Yes	Yes
Marshall Islands	No	No	No	No	No	Yes - New	No - Quarterly developed	No	Yes	Yes	Yes
Micronesia	No	No	No	No	No	Yes - New	No - Quarterly developed	No	Yes	Yes	Yes
Palau	No	No	No	No	No	Yes - New	No - Quarterly developed	No	Yes	Yes	Yes
Papua New Guinea	No	No	No	No	No	Yes - New	No	No	Yes	Yes	Yes
Samoa	No	No	No	No	No	Yes - New	No	No	Yes	Yes	Yes
Solomon Islands	No	No	No	No	No	Yes - New	No	No	Yes	Yes	Yes
Timor-Leste	No	No	No	No	No	Yes - New	Yes - Submitted	No	Yes	Yes	Yes
Tonga	No	No	Yes	No	No	Yes - New	No	Yes	Yes	Yes	Yes
Tuvalu	No	No	No	No	No	No	No	No	Yes	Yes	No
Vanuatu	No	No	No	No	Yes	Yes - Resumed	No	No	Yes	Yes	Yes

GFSY-Government Finance Statistics Yearbook
IFS-International Financial Statistics (High frequency)
PSDS-Public Sector Debt Statistics to World Bank and IMF
Existing at Project Outset
Improvement During Project
Additional Work Required

WORK AND CHALLENGES OVER TYPSS PHASE 3

26. PFTAC's overarching statistical objective will remain as before: to assist with the production of more reliable and timely economic statistics. Its advisors will continue to provide TA on national accounts and GFS capacity, data sources and methods over the next three years via in-country missions, regional and sub-regional workshops and attachments, supplemented by short-term experts contracted in those domains as well as limited short-term expert support on ESS. Their work will be guided and monitored using the IMF's updated RBM frameworks for the national accounts, GFS and ESS.

27. The availability of good quality, core economic statistics seems to be subject to an increasing risk due to largely external demands for further outputs. Where such demands are associated with additional funding, small statistics offices are naturally keen to accept new challenges, but with low staff numbers, low capacity due to skills shortages and staff turnover and weak domestic commitments, these projects are very commonly cited when PFTAC and the IMF investigate publication delays. It is hoped a renewed effort by PFTAC and development partners on PESTAC to encourage better coordination between TA providers, part of which it is hoped will signpost upcoming external demands further in advance, but there remains a large responsibility on the part of those making the demands that they assess their potential impact on business-as-usual, especially where it is already under great pressure.
28. Securing access to tax and other administrative data remains a very high priority. In small, geographically challenging and low income countries, data collection via surveys often yields poor results. Tax data can provide an excellent alternative source of business activity that—though subject to some conceptual differences with the national accounts—is more timely, comprehensive and consistent than most regular surveys. Many countries already have good statistics and revenue acts that support data-sharing, but institutional inertia and culture often cause blockages. PFTAC provides assistance where pertinent to update and/or develop Memoranda of Understanding on data-sharing, supported by advocacy work. Work will continue in this regard during TYPSS Phase 3 and any support from the SPC and other development partners would be welcome.
29. The IMF recommends that countries conduct GDP benchmarking and rebasing exercises at least every five years and no later than every ten. Out of the 16 PFTAC member countries, only Papua New Guinea and Tokelau have base years less than five years old, while only Nauru, Niue, Samoa and Timor-Lesté have base years less than ten years old. Benchmarking and rebasing is a complex procedure that requires significant TA input, especially in countries with low capability. With around four to six weeks of TA needed to ensure good quality outcomes, rebasing is likely to form the bulk of PFTAC national accounts TA over the next three years.
30. Providing remote support to Pacific countries is an important yet largely unquantified aspect of PFTAC's TA work that helps to complete tasks that are outstanding at the end of in-country missions as well as to resolve ad hoc issues faced by local compilers. PFTAC works hard to address these demands quickly and satisfactorily but its resources are also in limited supply. In 2018, the IMF will launch a new initiative, 'Data for Development',⁴ that will aim to complement regional TA centres' capacity-building activities via four distinct work modules:
- Module 1: sustain and expand the Financial Access Survey
 - Module 2: Address data needs and quality concerns via submodules for
 - i. real sector statistics (development of high-frequency indicators, source data for core outputs and real property price indices);
 - ii. external sector statistics (enhance trade statistics, deepen financial account statistics); and
 - iii. GFS (development of high-frequency GFS and debt data, provide risk-based support for fiscal issues, enhance institutional measurement, expand scope of flow and stock positions)
 - Module 3: Online learning via eight bespoke courses
 - Module 4: provision of IT support for data systems and software

⁴ See

https://www.pftac.org/content/dam/PFTAC/Documents/About%20PFTAC/PFTAC%20Steering%20Committee/2017/PFTAC_SC2_017_IMF_Statistics.pdf

31. Of these modules, perhaps of key interest in terms of complementarity are Modules 2 and 3. PFTAC will aim to work alongside IMF staff to provide input to module content as well as to raise local awareness of the new resources on offer.

KEY DISCUSSION POINTS

32. The meeting is invited to discuss the following points:
- The prospect of a collaborative effort to secure better outcomes for inter-agency data sharing, in particular how to get senior buy-in and maintain local momentum.
 - Thoughts and approaches on ways to foster better dissemination and supporting information, especially the need for published release calendars and supporting planning documentation.
 - The impact of external demands on the timeliness and quality of core statistics and approaches to protecting key resources (for example, better planning and project management; ring-fencing of core resources; due diligence by external requestors).