

## Statistics for Development Division (SDD)

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## SESSION 4 – SDD ECONOMIC STATISTICS

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### EXECUTIVE SUMMARY

1. Economic statistics play a critical role in informing policy-makers in areas such as setting monetary policy, measuring and alleviating poverty, establishing trade agreement negotiations, and many more. The development and improvement of high-quality economic statistics, and the associated and necessary statistical infrastructure, is one of the core priorities of the Ten Year Pacific Statistics Strategy (TYPSS).
2. The development of the Pacific economic statistics programme is guided by Pacific Island countries' national strategies for the development of statistics, and is aligned with the core list of economic statistics developed under the Pacific Regional Programme on Economic Statistics of the United Nations Economic and Social Commission in Asia and the Pacific (ESCAP).
3. Significant progress has been made in the Pacific in the area of economic statistics. Key achievements include: i) the successful rebase of the consumer price index and the implementation of the Pacific classification of individual consumption by purpose (COICOP) in five Pacific Island countries and territories; ii) the successful implementation of common standards and classifications based on international recommendations; iii) the setting up of business registers; iv) the compilation of international merchandise trade statistics; v) in one country, the construction of supply-use tables; and vi) the development of tourism satellite accounts by capacity building through workshops, attachments, in-country visits, and the facilitation of South-South cooperation. On many occasions, particularly with the smallest Pacific Small Island Developing States, capacity supplementation to national statistical organisations has been provided.
4. Several key challenges remain in further developing the Pacific economic statistics programme. Improving the ability of national statistics offices (NSOs) to attract high-performing staff and deal with high staff turnover, as well as an increased capacity to adopt modern information technology systems and infrastructure, are high priorities for accelerating the implementation of the economic statistics programme.
5. In order to overcome these challenges, the Pacific Community's Statistics for Development Division is committed to developing robust solutions that can be implemented across Pacific Island countries and territories, while offering the necessary flexibility to operate in differing information technology environments, and which are intuitive to use for both experts and novice users.

## CONTEXT

6. The need for an integrated set of economic statistics that coherently and consistently describe national and regional economic activity is universally recognised and accepted. They are a key input for the development and monitoring of economic and social policy, and for decision-making in private enterprises. Through these channels, economic statistics directly and significantly influence Pacific peoples' lives.
7. The development and improvement of economic statistics are a core part of the Ten Year Pacific Statistics Strategy (TYPSS). Implementation of the economic statistics programme is guided by Pacific Island countries' national strategies for the development of statistics, and is aligned with the core list of economic statistics of the United Nations Economic and Social Commission in Asia and the Pacific Regional Programme on Economic Statistics.
8. The implementation of the programme represents the combined efforts of a large number of development partners including the Pacific Community (SPC), the International Monetary Fund (IMF) Pacific Financial and Technical Assistance Centre (PFTAC), the Australian Bureau of Statistics (ABS), Statistics New Zealand and the Graduate School USA through their Pacific and Virgin Islands Training Initiative.
9. Within this framework, SPC's work programme focuses on providing technical assistance, capacity development, and the implementation of common standards and methodologies in the areas of international merchandise trade statistics (IMTS), price statistics and business registers. SPC also provides assistance on other economic statistics to countries and territories that fall outside the membership of other development partners.

## KEY ACHIEVEMENTS

### *1. International merchandise trade statistics*

10. Since the last HOPS meeting in July 2013, SPC has been providing member countries with ongoing in-country assistance on the compilation of IMTS. Key achievements in this area include:
  - The compilation of IMTS through the use of partner-country data for Nauru. As a result, Nauru was able to publish IMTS with commentary for the first time.
  - Tuvalu released its IMTS with commentary after a gap of many years. Its aim is now to provide its users with quarterly IMTS releases. The improvement in the frequency of releases will enable policy-makers to better plan and negotiate trade deals, and to develop relevant trade policies.
  - Through technical assistance, American Samoa has released its IMTS.
  - Technical assistance was provided to Kiribati, where Tonga provided the south-South assistance.
  - Technical assistance was provided to the Commonwealth of the Northern Mariana Islands, Republic of the Marshall Islands, Federated States of Micronesia, Papua New Guinea, Vanuatu, Tonga and Tokelau, which are currently still at varying stages of the IMTS compilation process.
11. Key achievements in the area of capacity building for IMTS include:
  - A subregional training workshop held in Guam on IMTS.
  - Collaboration with the Oceania Customs Organisation in its workshops on:
    - Regional Customs Data and Trade Statistics, and
    - Pacific Harmonised System (PACHS) 2017. SPC has been a major partner in the development of the PACHS 2017, which has been derived from the World Customs Organisation's (WCO) HS 2017. WCO has reviewed PACHS 2017, which is being rolled out to Pacific customs organisations. The aim is to have all Pacific Island countries adopt this standard in January 2018.

- Compilation of trade statistics through attachments at SPC in Noumea of trade statisticians from American Samoa, Nauru, Vanuatu, Tonga and Tuvalu.
  - Attachment of a staff member from the Melanesian Spearhead Group in Vanuatu to undertake trade data work on commodities traded under the Melanesian Spearhead Group agreement .
12. For disseminating trade statistics, a set of 15 tables has been designed for Pacific Island countries. Not all of the tables can be completed by every country due to their being at different levels of development. SPC is currently looking at setting up a Pacific Commodity Trade Database.

## 2. Price statistics

13. In the area of price statistics, the work programme has heavily focused on the provision of technical assistance on work relating to the consumer price index. Key achievements include:
- The successful implementation of revised weights, an updated basket of representative goods and services, and the Pacific COICOP classification in Federated States of Micronesia, Nauru, Palau, Samoa, Tonga and Tokelau.
  - The implementation of the Pacific COICOP and an updated basket of representative goods and services in Kiribati.
  - Conducted peer reviews and formulated recommendations on the implementation of operational processes and methodology of the consumer price index for Guam and American Samoa.
14. Furthermore, several regional training initiatives aimed at capacity building in the area of price index statistics were undertaken. Key activities undertaken include:
- A joint SPC-PFTAC workshop – aimed at dealing with quality change and item substitutions in the consumer price index – was held in Nadi, Fiji in November 2015.
  - A training workshop held in Guam in October 2016 included two days of training in the compilation of unit value trade price indices based on customs records.
  - A joint SPC-ABS workshop – aimed at training participants in the derivation and implementation of new weight information in the consumer price index – was held in Noumea, New Caledonia in May 2017.
15. Finally, SPC has invested significant effort in exploring options to upgrade systems used for the compilation of price index statistics in the region. Preparations are currently underway for a pilot project on the implementation of consumer price index software developed by the Institute of Statistics in French Polynesia (ISPF) in Vanuatu. The project represents a collaborative effort between SPC, ISPF and the Vanuatu National Statistics Office. If successful, the software will be offered for deployment to interested SPC member countries and territories.

## 3. Business registers

16. Business registers are critical statistical infrastructures for the compilation of economic statistics. SPC has, therefore, provided assistance to member countries in the process of establishing or improving their existing business registers. An important input into business registers is the allocation of economic activity codes. Therefore, as a precursor to setting up business registers, SPC develops, as a subset of the Pacific Standard Industrial Classification, national standards for countries. Highlights in this area include setting up business registers on a South-South programme and developing national classifications in American Samoa, Papua New Guinea, Tonga and Vanuatu.
17. Key achievements in the area of capacity building include:
- The Technical Training Workshop on Business Statistics in Fiji, where PFTAC, ESCAP, ABS and Fiji Bureau of Statistics collaborated; and

- Staff attachments from Papua New Guinea, Tonga and Vanuatu to the Fiji Bureau of Statistics on business registers, and to New Caledonia on industry classification.

#### 4. *Standards and classifications*

18. A key component of the economic statistics programme is the development and maintenance of common standards and methodologies. Key achievements in this area include the introduction of the:
- Pacific COICOP;
  - Pacific Standard Industrial Classification;
  - Pacific Standard Classification of Occupations, in collaboration with ABS and Fiji Bureau of Statistics;
  - Pacific Harmonised System, which has been finalised for adoption (the published copy will follow later); and
  - Pacific Business Register Development Guide, in collaboration with ABS.
19. All of the classifications and standards mentioned above have had wide consultations and have undergone expert review.
20. Specific activities undertaken for the implementation of standard classifications include:
- The adoption of the standards by some countries, with others to follow; and
  - A workshop on ‘Commonly used Statistical Classifications in the Pacific’, in which the Oceania Customs Organisation, Fiji Revenue and Customs Authority, Fiji Bureau of Statistics, UNESCAP (Pacific Office) and the University of the South Pacific contributed.

#### 5. *Other*

21. Assistance was provided to Fiji for the construction of the supply and use tables and the compilation of the tourism satellite account. Fiji is now in a position where it can now provide South-South assistance in these.
22. SPC’s Economic Statistics Advisors have actively participated in a number of international forums, one of which was the Asia-Pacific Economic Statistics Week. SPC is an active member in this forum and is currently on the taskforce on capacity screening, and the taskforce on business registers.

### CHALLENGES

23. The main challenges encountered in the implementation of the economic statistics programme are well known and documented. Most notably, NSOs face fierce domestic and international competition for a limited pool of qualified personnel. Combined with a limited resource base, this places significant constraints on the ability of NSOs to attract and retain high-performing staff.
24. Staff turnover at NSOs remains high. Guaranteeing the continuity of the regular production and dissemination of the official statistics programme requires significant investments into training and upskilling new staff, putting further strain on an already limited resource base. Furthermore, staff changes tend to occur suddenly, with short on-boarding periods, resulting in limited skills transfer from outgoing to incoming new staff. As a result, staff changes tend to result in a loss of institutional knowledge, which decreases the return on investment in capacity development and training.
25. The limited resource base also hampers the capability of NSOs to reap the potential benefits offered by adopting new information technology (IT) solutions. A significant portion of the official statistics programme in the region is produced in Excel and/or other Microsoft Office programmes. While this means that short-term investments in alternative IT solutions can be avoided, it means that medium

and long-term benefits through improvements in data quality, robustness, efficiency and manageability are not realised.

26. The implementation of the economic statistics programme is slowed by inconsistencies in countries' high-level political commitments and the National Strategies for Development of Statistics. Despite endorsement at the political level for various regional frameworks such as the IMF's General Data Dissemination System, and the ESCAP Regional Programme for Economic Statistics, these commitments are only partly reflected in countries' national development priorities.
27. Finally, despite significant efforts to build countries' infrastructure and capacity to disseminate their data, the availability of Pacific Island official statistics is still suboptimal. NSO websites are not universally kept up to date, and data inquiries with NSOs can have long turnaround times. Furthermore, communication on publications can be lacking, with published figures sometimes being revised without notice. Despite the adoption of common standards and methodologies, a regional and international comparison of official statistics in the Pacific is being hampered by the lack of a central data repository for official statistics in the region.

## PROPOSED WAY FORWARD

28. SPC is committed to continued support of PICTS in the compilation and development of IMTS and price statistics through in-country technical assistance, facilitation of South-South programming, and regional and training initiatives.
29. However, during phase 3 of TYPSS, in order to better address the challenges faced, the emphasis of the programme will change. In line with the envisioned new role of SDD as a shared service provider, the focus of the programme will shift from the provision of technical assistance and capacity development at the national level, to the development and provision of solutions that can be deployed regionally.
30. Adherence to international standards, methods and best practices will be an integral part of services offered through the economic statistics programme. At the same time, care will be taken that the services offered can be used in the highly differing environments in which Pacific NSOs operate, and offer enough flexibility to meet individual countries' specific needs.
31. Finally, the programme will place greater emphasis on the importance of consistent and timely dissemination of statistics for which it provides assistance.

## RECOMMENDATIONS

32. During this meeting, representatives are encouraged to:
  - note the progress made on the implementation and development of economic statistics through the work programme of SPC's SDD;
  - note the collaboration between SPC and ABS, PFTAC and other development partners; and
  - note the shift in focus within the economic statistics programme at SDD from in-country capacity development to the development and implementation of regional solutions and a shared services infrastructure.