

SECRETARIAT OF THE PACIFIC COMMUNITY

REGIONAL MEETING OF HEADS OF PLANNING AND HEADS OF STATISTICS (HOPS)

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Session 2: Developing Price and National Accounts Statistics

(Document presented by the Secretariat of the Pacific Community)

EXECUTIVE SUMMARY

1. Price and national accounts statistics are key measures that contribute to monitoring economic progress of *Pacific Island Countries and Territories* (PICTs) and overall regional development.

Key achievements

2. Over the past three years, the availability of price and national accounts statistics has been enhanced, particularly amongst a select number of PICTs relatively more challenged by weak human and financial resources. Programmes of capacity supplementation and various forms of training within the framework of the *Ten Year Pacific Statistics Strategy* have been a major support tool to ensure timely availability of such statistics.

Main challenges

3. Despite some tangible progress made, some major challenges remain. Notwithstanding the availability of statistical legislation, data gathering from private businesses, and in some cases across government departments, continues to be difficult.
4. Also, attracting and retaining key staff to work in economic statistics remains an additional management challenge, particularly in places where entry-level salaries for graduates vary substantially between government agencies, or between government agencies and statutory bodies, such as between NSOs and central banks.
5. Some NSOs also continue to face considerable external pressures within government systems to produce statistics to justify a perceived development status of a country. In such situations, key fundamentals of official statistics that promote independence in compilation, data integrity and professionalism are compromised.

Proposed way forward/Recommendations

6. It is important that processes of statistical advocacy be enhanced to ensure key national policy makers are properly aware of the resource needs and challenges in the statistical production process.
7. Similarly, reinvigorating user-producer dialogues, or establishing such fora in the first place, is likely going to enhance availability of primary data to NSOs for compilation of national accounts and related statistics. NSOs must consider setting their priorities within a broader framework of strategic plans.
8. Countries facing difficulties to attract and retain key staff for their NSOs may wish to review their current remuneration policies, to avoid the best economics and statistics graduates being snapped up by Planning Departments and Central Banks simply because of offering much higher starting salaries than NSOs are able to offer.

Background

1. Economic Statistics play a critical role in informing policy makers on relevant aggregates that measure national welfare. Similarly, their role in monitoring regional and international development plans cannot be ignored. The Pacific Plan, as a blue print for regional development owes much of its monitoring indicators from timely and high quality independently produced economic statistics.
2. One of the key strategic objectives of the Pacific Plan is to ensure improved transparency, accountability, equity and efficiency in the management and use of resources in the Pacific. Specifically, the Pacific Plan recognises establishment of an accountable and independent macro-economic and micro-economic technical assistance mechanism, including statistics, to strengthen treasury and finance functions and provide economic analysis as key to regional development.
3. In supporting aspirations of the Pacific Plan within the framework of the Ten Year Pacific Statistics Strategy, SPC has undertaken various activities to strengthen the capacity of PICTs to compile prices and real sector statistics over since the last HOPS. Such activities are crucial in ensuring that strategic objectives of the Pacific Plan are met.

Purpose

4. The purpose of this paper is to outline a number of activities that have been undertaken to enhance the availability of prices and national accounts related statistics in line with Objective 2 of the Ten Year Pacific Strategy, "PICTS are producing the agreed core set of statistics across key sectors".
5. Similarly, the paper outlines key challenges that continue to impede development of price and national accounts related statistics. It lays down measures to deal with key challenges as the second phase of the Ten Year Pacific Strategy takes shape, particularly in macroeconomic statistics.

Key Achievements

6. Capacity supplementation has been one of the major channels of delivering support to PICTs in prices and national accounts statistics in ensuring countries produce a core set of key statistics. Supplementation of capacity for a select number of countries has enhanced timely availability of national accounts statistics within the accepted reporting time frame of the IMF General Data Dissemination Standards (GDDS). With respect to national accounts, the following achievements have been made during the reference period:
 - i. Rebase of national accounts for Niue;
 - ii. Regular support towards the compilation of national accounts for Niue;
 - iii. Compilation of national accounts for Nauru;
 - iv. Compilation of national accounts statistics for Tuvalu.
7. Further support has been delivered to countries to enhance the quality and timeliness of price statistics such as consumer and trade indices. Consumer price indices remain the most common available price statistics across the PICTs. To this extent, a number of achievements have been made and they include:
 - i. Rebase of the Kiribati Retail Price Index from 1996 to a 2006 using the HIES;
 - ii. Technical support to the rebase of the Samoa Consumer Price index including adoption of a COICOP classification through an attachment exercise;
 - iii. Development of a compilation framework and methodology for compilation of a government wage index for Vanuatu;
 - iv. Conducted peer reviews for consumer price indices for Fiji and American Samoa to recommend best practices;
 - v. Developed import price indices for the Solomon Islands and Kiribati.

8. In ensuring that PICTs undertake compilations of a core set of economic statistics, support during the reference period was undertaken through specific training initiatives to enhance skills development. Some of the key achievements in this respect include:
 - i. Rebased and compiled National Accounts of Niue through a South-South capacity enhancement initiative using the Samoa Bureau of Statistics;
 - ii. Conducted a regional training workshop for all PICTs on consumer price indices;
 - iii. Facilitated an on-job attachment on the compilation of unit value indices for international merchandise trade statistics for all PICTs;
 - iv. Trained the Samoa Bureau of Statistics in a Consumer Price Index rebase through an on job attachment;
 - v. On job training in compilation methods for National Accounts for Palau
 - vi. Contributed to the training of PICTs national accounts statisticians through regional workshops organised by PFTAC.

Main Challenges

9. Despite progress made in ensuring that PICTs produce a core set of statistics particularly with respect to prices and national accounts, a number of bottle necks still stand in the way. They range from difficulties in collecting data, external interference in the compilation of statistics, competing statistical activities with limited personnel amongst others.
10. While countries have enacted necessary statistical legislation, it is extremely difficult for a number of NSOs to collect data from other government departments or agencies, state owned enterprises or private businesses especially for purposes of national accounts and other related macroeconomic statistics compilation. In some instances, that data is easily accessible and provided to external technical assistance providers than to local counter-parts.
11. Issues of independence remain a daunting task particularly with regard to countries reporting statistical information that is objective and accurately reflects the picture of the economy. In some instances countries are concerned about their economic status by international agencies with respect to development ranking. Such aspects of external interference do give NSOs a lot of pressure in their quest to produce objective statistical information, and in some instances it affects timeliness of data.
12. The skill set with regard to producing economic statistics in general remains very weak despite many highlights of staffing issues over the last few years. While capacity supplementation activities remain a complementary option to support countries with weakest levels of human resource, it is particularly very difficult to attract personnel to work in economic statistics or retain the few that have sharpened their skills overtime. It is a common practice amongst most PICTs to highly remunerate new graduates in Central Banks and Departments of Planning as opposed to those that join NSOs. Consequently, it remains very difficult to attract fresh graduate staff to NSOs, and the few that opt to, are not easy to retain.

Proposed way forward

13. Despite the challenges highlighted above, it is worthwhile to recognise that there has been a general improvement of availability of economic statistics to meet user needs, particularly in prices and national accounts. However, it is imperative that momentum is maintained in the work of ever increasing needs from users and adoption of acceptable global standards. Dissemination efforts on the other hand must be integrated as part and parcel of the statistics production process to enhance easy access to users.
14. Practical steps must be encouraged to ensure that key national decision makers are aware of the typical core set of economic statistics that individual countries are required to produce within the parameters of their own statistical legislation. This can be strengthened by a deliberate program

of advocacy that ensures key decision makers are aware of the nature of a diverse set of statistical indicators produced within NSOs and the resources required to do so.

15. It must be recognised that there are many players in the statistical process with the NSOs at the centre. Various producers of statistics within a country operate under different mandate and if the processes of ensuring easy access are not carefully managed, data sharing in the light of challenges highlighted above (para 10) are likely to persist. An integrated national statistical system through specific national strategies of statistical development can act as a catalyst of bringing all agencies together and enhance the availability of data required for macro-economic statistics particularly customs and tax authorities.
16. Relationships between data producers and suppliers need a lot of strengthening. To ensure cooperation of data suppliers, particularly private businesses, measures must be sought that strengths understanding of the importance of data supplied to NSOs to national economic planning besides a general awareness of statistical legislation. Increased avenues of interaction such as user-supplier meetings and overall data dissemination relevant to needs of suppliers should be promoted as part of best practices in statistical production.

Recommendations for consideration by HOPS

17. The meeting is invited to discuss the following points:
 - i. Practical steps to enhance cooperation with suppliers of statistical data for economic statistics;
 - ii. Priorities in the statistical production process;
 - iii. Skills development and retention strategies for economic statistics.