

SECRETARIAT OF THE PACIFIC COMMUNITY

REGIONAL MEETING OF HEADS OF PLANNING AND HEADS OF STATISTICS (HOPS)  
(Noumea, New Caledonia, 22–26 July 2013)

**PFTAC/IMF report on production of agreed core set of economic statistics**

**Executive Summary**

***French text below***

This report provides an overview of the contributions to the Ten Year Pacific Statistics Strategy provided by the IMF and one of its technical assistance centers, the Pacific Financial Technical Assistance Center (PFTAC). The IMF and PFTAC have significantly stepped up their statistical technical assistance to the Pacific with a second PFTAC advisor in national accounts statistics as well as four projects that make substantial resources available to the Pacific Island Countries members of the IMF: external sector statistics, government finance statistics, general data dissemination system, and the international comparison program. These additional resources will enable PFTAC to focus on data quality improvement and development of statistical capabilities in national accounts. Resource and data limitations remain a main challenge for the development of economic statistics in the Pacific region. A better use of administrative data and in particular of tax records would contribute to the improvement of national accounts estimates. Ongoing and recent household income and expenditure surveys should be the opportunity for national statistics offices to include periodic benchmarking in their economic statistics plans.

*Ce rapport fournit un aperçu de la contribution du FMI et de l'un de ses centres d'assistance technique, le centre d'assistance technique et financière pour le Pacifique (PFTAC), à la stratégie décennale pour les statistiques dans le Pacifique. Le FMI et PFTAC ont accru leur assistance technique en statistiques de manière significative avec l'emploi d'un second conseiller en comptabilité nationale et quatre projets substantiels dans les secteurs suivants : les statistiques du secteur extérieur, les statistiques de finances publiques, le système général de diffusion des données et le projet de comparaison internationale. Ces ressources supplémentaires vont permettre à PFTAC de concentrer ses efforts sur l'amélioration des données et sur le développement des compétences en statistiques de comptabilité nationale. Le manque de ressources est un facteur limitant le développement des statistiques dans le Pacifique ainsi que le manque de données. Une meilleure utilisation des données administratives et en particulier de données fiscales permettrait une amélioration de la qualité des statistiques de comptabilité nationale. Les enquêtes de consommation et de revenus auprès des ménages qui sont en cours ou viennent d'être achevées devraient être l'opportunité pour les bureaux statistiques nationaux d'intégrer le développement de données de références périodiques dans leurs programmes de travail pour les statistiques économiques.*

## Purpose

This report provides an overview of the contributions to the Ten Year Pacific Statistics Strategy from the IMF and the Pacific Financial Technical Assistance Center (PFTAC). The report also discusses the main challenges for the compilation of economic statistics in the region.

## Background

1. The Pacific Financial Technical Assistance Center (PFTAC) is one of the IMF's nine regional technical assistance (TA) centers. 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 as well as Timor-Leste.
2. 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 International Monetary Fund's (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.
3. PFTAC's operations are made possible by financial contributions from a number of donors. The financing of PFTAC's TA activities has come from the Asian Development Bank, Australia, Japan, Korea and New Zealand. The European Union, in the framework of their Cotonou partnership agreement with the African, Caribbean and Pacific (ACP) states, has recently begun to provide financial contributions. The host country, Fiji, is making a financial contribution through the provision of free office space; recipient countries also contribute through in-kind and financial support for training activities in the region. The IMF contribution finances the coordinator and the running costs of the office, including local support staff.
4. 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.
5. PFTAC has also expanded its TA to the PICs resulting from increased demands from countries and increased resourcing. As well as the second statistics advisor, PFTAC has acquired a second Public Financial Management advisor and a macroeconomic advisor which, through his work with countries to develop macroeconomic models raises with countries the need for high quality, timely, macroeconomic statistics. Other changes include the co-location with PFTAC of a regional Resident Representative Office with two local economists (bringing closer association with policy issues and data users) and co-location of a World Bank staff.
6. PFTAC's support to PIC's statistics takes place in the context of the Ten Year Pacific Statistics Strategy (TYPSS) created as a result of a regional statistical benchmarking study. National accounts statistics are the main current focus of PFTAC TA with additional advice and training having been provided in external statistics and price indices. PFTAC coordinates closely with the Secretariat of the Pacific Community (SPC) which has a large program of support for social/demographic statistics and some support for economic statistics. PFTAC is increasingly coordinating its TA with the Australian Bureau of Statistics for the development of national accounts in particular.
7. PFTAC's main objective in statistics is to assist with the production of more timely and reliable macroeconomic datasets based on enhanced source data. Two statistics advisors stationed in Fiji deliver TA and training programs, mostly in national accounts statistics, to all PFTAC member countries except Papua New Guinea, Nauru, Niue and Tokelau where NSOs are currently supported by other

development partners. Depending on the needs, two TA missions per year or more are delivered in most of these countries. More frequent TA missions have enabled the development of regional best practice and guidance resulting in substantial improvements in national accounts statistics. A training seminar in June 2013 built on the earlier (February 2012) seminar to develop capacities in the compilation of GDP estimates by expenditures.

8. With PFTAC, the IMF combines strategic advice from its Headquarters (HQ) with local expertise and on-the-ground capacity building. Broad TA needs are identified and work plans are prepared in conjunction with 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 center's advisors, country authorities, APD country teams and the respective TA departments at IMF HQ. All TA is integrated with the core lending and surveillance operations of the IMF, as well as coordinated with that of other providers.
9. The IMF HQ has also significantly stepped up its statistical TA to the Pacific. The IMF Statistics Department (STA) has accessed Japanese finance to fund four projects that make substantial resources available to the Pacific Island Countries that are members of the IMF: external sector statistics (ESS), government finance statistics (GFS), general data dissemination system (GDSS), and the international comparison program (ICP).
10. Supported by the Government of Japan, the objective of the ESS program is to improve the accuracy, availability, comparability, and timeliness of external sector statistics for selected countries<sup>1</sup> in the Pacific region. The three-year program overseen by STA was launched in October 2012. The project includes an advisor stationed in Fiji to coordinate and deliver assistance; short-term expert assistance and training programs. During the opening workshop, work plans and tentative milestones<sup>2</sup> for improvement were agreed upon to arrive at each country's desired and feasible state of ESS. The delivery of at least four weeks of TA per country, one of the main assumptions of the action plans, will enable following-up on the implementation of actions toward improvement, reassessing schedules and goals as needed, and conducting capacity-building activities on specific topics of the ESS. At May 2013, at least one TA mission had been delivered to each beneficiary country, and have resulted in enhancements to data collection practices and cross-sector data consistency. STA is conducting a regional workshop on practical aspects of international investment position (IIP) statistics and external debt statistics (EDS) compilation in Suva, Fiji, during 15-25 July, 2013.
11. Also supported by the Government of Japan, through the Japan Administered Account for selected IMF activities, the GFS project aims to assist Asia Pacific countries to migrate their fiscal statistics to the standards embodied in the *Government Finance Statistics 2001*. It is expected that the project will assist up to ten Pacific countries and began with a Pacific regional training conducted jointly with the ABS in June 2012. Another ABS-IMF joint course on GFS was conducted in June 2013 with a focus on debt and aid statistics. This seminar was aimed at technical staff involved in the compilation and dissemination of GFS and government debt statistics; the participants represented both national statistics offices and ministries of finance. The project also builds on improvements to central government financial management systems underway in many countries.
12. Capacity building and training are integral to PFTAC and IMF's work. It is recognized that high-quality technical advice is not sufficient to achieve results. The advice is tailored to country circumstances and

---

<sup>1</sup> The Pacific Island beneficiary countries are: Fiji, Kiribati, Marshall Islands, Micronesia, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu, and Vanuatu.

<sup>2</sup> Although possibly not attainable for all countries, the milestones to be achieved are the timely dissemination of quarterly balance of payments and international investment position (IIP), participation in the Quarterly External Debt Statistics (QEDS) database, and participation in the IMF Coordinated Direct Investment Survey (CDIS).

is accompanied by ongoing support to assist implementation. On-the job trainings are integrated into technical missions to countries to complement more formal regional workshops which are usually organized annually.

13. PFTAC has been working closely with the ESS and GFS advisors to coordinate the statistical developments across the different but related frameworks. A close collaboration between these projects also enables to manage the workload on counterparts and to ensure, as much as possible, consistency between the statistical systems.
14. The GDDS is one of the most important strategic projects for the IMF in the area of statistics, where a long-standing objective has been the improvement of data and statistical practices among the membership. The purposes of the GDDS are to encourage member countries to improve data quality, provide a framework for evaluating needs for data improvement and setting priorities in this respect; and guide member countries in the dissemination to the public of comprehensive, timely, accessible, and reliable economic, financial, and socio-demographic statistics.
15. Among the principal potential beneficiaries of the GDDS are national statistical agencies, the users of data, and the providers of technical assistance. National statistical agencies can benefit by adopting the GDDS framework to systematically evaluate and improve their statistical systems in a comprehensive and prioritized way, across a broad range of data and statistical agencies. From the perspective of the user community, the GDDS can provide a valuable body of information regarding the state of statistical development and plans for improvement of participating countries. The detailed metadata also provide users with a tool to better assess the usefulness of the data for their own particular purposes.
16. The GDDS is also a valuable resource of information for bilateral and multilateral providers of technical assistance, and it can be a tool to enhance cooperation between such providers. The IMF disseminates the GDDS metadata of participating countries on its website<sup>3</sup> as a service to its members and the user community at large. National agencies may also and indeed are encouraged to disseminate metadata on their own website and/or in hard copy.
17. The International Comparison Program (ICP) is being implemented as a true global initiative for the second time, with the reference year 2011. It builds on well programmed activities of a wide network of national and bi- and multi-lateral institutions that will engage in methodological research and review, survey activities and data processing and analysis in the areas of price statistics and national accounts and related fields with a view to estimating purchasing power parities (PPPs) of the world's principal economies. The ABS has been assisting Pacific island countries with their participation in the 2011 ICP. The project also has funds for training, which the Pacific benefitted from in early 2012 through a joint IMF/PFTAC national accounts training course.

### **Progress on economic statistics**

18. The overall objective of the IMF's result based management framework is to assist with the production of more reliable and timely economic statistics. The framework which has been adopted by PFTAC is based on the following outcomes:
  - *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.* The compilation of two independent measures of GDP at current and constant prices enables data confrontation and identification of inconsistencies. The resolution of these inconsistencies contributes to the improvement of both estimates of GDP. Vanuatu developed and published GDP estimates by

---

<sup>3</sup> See <http://www.dsbb.imf.org/pages/gdds/home.aspx>

expenditure for the first time in 2012 with TA from PFTAC. The methodology development of GDP estimates by expenditures is underway in Kiribati and a review of the existing methodology has started in Fiji, Palau and Timor-Leste. Methodological improvements have been achieved in Tuvalu and are now continued with assistance by Secretariat of the Pacific Community (SPC). Improvements in Tonga have been achieved with assistance from a resident advisor supplemented by guidance from PFTAC;

- *Rebased constant price GDP estimates by production and by expenditures.* The rebase of constant price GDP estimates from 2005 to 2008 prices has been completed in Fiji. The rebase of GDP estimates from 2005 to 2010 has started in Vanuatu and is expected to be finalized in early 2014. Following a series of PFTAC missions to plan the rebase, train counterparts and to establish a benchmark business survey, the rebased annual and quarterly GDP estimates in Samoa has been implemented by a peripatetic advisor managed by Samoa Bureau of Statistics within an Institutional Strengthening Programme (ISP), funded by donors and the Government of Samoa;
- *Compilation of regular annual Gross National Income (GNI), Gross National Disposable Income (GNDI), saving and net lending/borrowing aggregates by at least eight member countries.* GNI and GNDI are compiled for Palau, FSM and RMI by US-funded consultants and in Timor-Leste by a resident advisor. Kiribati is now publishing GNI and GNDI as well as Tuvalu with assistance from the SPC;
- *Production of quarterly national accounts (QNA) in four member countries.* Development of QNA estimates began in the Cook Islands during 2012 and is nearing completion. The development of QNA estimates has also started in Fiji. Samoa's QNA methodology has been improved by the ISP consultant;
- *Compilation of PPI and trade price indexes by four countries.* PFTAC contributed to the development of PPIs and redevelopment of export and import price indexes in Fiji which will lead to improved GDP estimates over next few years. This development continued with IMF's ICP project in January 2013 with a follow-up mission planned for August 2013. PFTAC has also coordinated TA from the IMF on the development of a core inflation index in the Solomon Islands.
- *Regular compilation of annual balance of payments estimates for countries that currently have irregular compilation and improvement in the coverage, quality and timeliness of current account estimates.* The STA ESS project started in 2012 will improve balance of payments and IIP statistics as well as participation in the Quarterly External Debt Statistics (QEDS) and IMF Coordinated Direct Investment Survey (CDIS) databases.

## Main challenges

19. Six NSOs in the PICs comprise five or less staff. Limited number of staff makes specialization of staff in specific statistical areas very difficult and increases reliance on external TA. Insufficient resources also require TA missions to assist with regular compilation tasks which also limit methodological developments and capacity building. It should be noted that the STA projects on ESS and GFS now enable PFTAC to focus on TA in national accounts statistics. PFTAC will continue to support the compilation and development of ESS for countries not participating in the STA's project.
20. Most NSOs in the PICs also have very limited financial resources to collect good quality source data. Very few countries conduct regular business surveys which are key data sources for the compilation of GDP estimates by production and by expenditures. As a result, compilers often rely on outdated source data combined with a limited number of indicators used to extrapolate time series. Because of the limited resources, the main source data used for national accounts statistics and ESS are existing administrative data.
21. Microsoft Excel-based compilation systems are used in most NSOs for the compilation of economic statistics. In some countries, Microsoft Access-based systems are also used for data extraction. Good data management is a key component for the production of quality statistics. Unfortunately, in many PICs, there is no active policy in place to develop and maintain good data and metadata management practices. Poor data management practices reduce efficiencies and significantly increase the business

continuity risk. Developing best practices for data and metadata management has been encouraged during recent workshops and TA missions on national accounts statistics and GFS. Efforts to improve data management should be continued in order to increase the robustness of the compilation systems and facilitate business continuity through proper documentation.

### **Issues for discussion**

22. Administrative data are usually available in large amounts, at a low cost and with a better coverage compared to survey data collected by NSOs. However, data quality and concepts do not always meet the standards required for the compilation of economic statistics. Despite these shortcomings, due to the lack of survey data availability in the PICs, it is often necessary to use administrative data and in particular tax records to supplement business data. Access to these data is sometimes hindered by legislative, technical or practical issues and NSOs should actively try to overcome these barriers with the relevant administrations.
23. NSOs should engage with the statistical community to promote the use of economic statistics and the adoption of agreed statistical standards including classifications. The promotion of statistical standards across stakeholders would facilitate data sharing, consistency between data producers and improve efficiencies in the national statistical systems.
24. Household income and expenditure surveys (HIES) are currently underway or have been just been completed in a number of PICs. These surveys provide the main source of information for the compilation of household final consumption expenditure (HFCE) estimates as well as estimates for the informal and subsistence sectors used in national accounts statistics. In addition, HIES data are used to determine the weights of the products included in the consumer price index (CPI). In conjunction with other key source data such as business survey or population census data, HIES data should be used to derive benchmark years for the compilation of national accounts statistics. Periodic benchmarking enables regular reconciliation of extrapolated data with more accurate and detailed but less frequent data. The incorporation of HIES results in economic statistics should be included in national economic statistics plans. Periodic benchmarking should be planned in the long term for better coordination of statistics developments.

### **Key discussion points**

25. The meeting is invited to discuss the following points:
  - Review the utilization of administrative data and particularly tax records to improve the quality of economic statistics;
  - Promote the use of economic statistics and standards in national statistical systems;
  - Consider the integration of periodic benchmarking in national economic statistics plan.