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**PROGRESS ACHIEVED IN THE FIELD OF STATISTICS
SINCE THE NINTH SESSION OF THE STATISTICAL COMMITTEE**

ECONOMIC STATISTICS, INCLUDING ENERGY AND ENVIRONMENT STATISTICS

Summary

This report highlights the progress achieved in each of the priority areas in the field of economic statistics, mainly the implementation of the 1993 and the 2008 versions of the System of National Accounts, the International Comparison Program and price statistics, trade and industry statistics, energy and environment statistics and accounts, in addition to information and communication technology indicators.

The Statistical Committee is invited to take note of the progress achieved in those areas and provide guidance for the future action of the Committee and the Economic and Social Commission for Western Asia (ESCWA) in the field of economic statistics. In addition, the Committee is invited to review the concept note for a study on short-term economic statistics that is planned under ESCWA programme of work for 2013. The concept note is presented to the current session in document E/ESCWA/SD/2012/IG.1/CRP.3.

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Introduction

1.   The Statistics Division of the Economic and Social Commission for Western Asia (ESCWA) focused in its activities on priority areas of economic statistics that were agreed upon at the ninth session of the Statistical Committee: the implementation of the 1993 and the 2008 System of National Accounts (SNA); the International Comparison Program (ICP) and price statistics; external trade in goods and services and industrial statistics; energy and environment statistics and accounts; and information and communication technology (ICT) indicators.

2.   An independent evaluation of subprogramme 5, "Statistics for evidence-based policymaking", undertaken in 2011, indicated that the increased demand of ESCWA member countries for technical assistance services in that field depends on strengthened expertise in the economic pillars, in line with the comparative advantages of the Statistics Division.

3.   Throughout the ESCWA region, the Statistics Division has provided workshops, training activities, technical advisory missions and study visits. It has also issued reports, in close collaboration with member countries and other international and regional institutes and organizations, to publicize and disseminate international standards and classifications, concepts and definitions, and recommendations in economic statistics. Examples include 2008 SNA, the International Standard Industrial Classification of all Economic Activities (ISIC Rev. 4), the International Recommendations for Industry Statistics (IRIS), the Central Product Classification (CPC Ver. 2), the Manual on Statistics of International Trade in Services (MSITS 2010), the System of Environmental-Economic Accounting (SEEA) 2012, the International Recommendations for Water Statistics (IRWS), the International Recommendations for Energy Statistics (IRES), and the methodologies for Core ICT Indicators 2010.

4.   In order to complement regular budget activities and cover important areas of economic statistics, four extrabudgetary projects are being implemented by ESCWA: (a) ICP 2011; (b) project on the strategy of implementation of 2008 SNA, which will be conducted through implementing it in four pilot countries and holding workshops and expert meetings to share technical expertise and develop a manual on national accounts for the countries of the region; (c) regional project for strengthening statistical capacity of ESCWA member countries in energy statistics and balances;[1] (d) joint project between the five regional commissions on the informal sector, led by the Economic Commission for Africa.

I. THE SYSTEM OF NATIONAL ACCOUNTS

A. IMPLEMENTATION

5.   In 2011, ESCWA submitted a report to the United Nations Statistical Commission, setting national accounts as the first priority for implementing official statistics in the region.[2] ESCWA has then followed up on the implementation strategy and pursued its efforts in capacity-building and methodological developments in that field.[3] It organized an expert group meeting on national accounts and economic statistics in Amman, from 12 to 14 July 2011, in coordination with the Arab Institute for Training and Research in Statistics (AITRS), and the United Nations Statistics Division (UNSD). The meeting followed up on the regional seminar that was held in Oman, from 23 to 26 May 2010,[4] and came up with the following main recommendations: to establish a statistical register with a systematic updating mechanism and proper

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[1] More information about the project is available from: http://web.escwa.un.org/esab/.

[2] Economic and Social Council, forty-second session, *Report of the Economic and Social Commission for Western Asia on regional statistical development in Western Asia* (E/CN.3/2011/20), p. 3.

[3] ESCWA, ninth session of the Statistical Committee, *Strategic issues related to official statistics in the Western Asia region: Strategy of implementation of the system of national accounts* (E/ESCWA/SD/2010/IG.1/4(Part II)).

[4] More information is available from: http://unstats.un.org/unsd/nationalaccount/workshops/2010/oman/lod.asp.

cooperation between the concerned parties; to increase the use of administrative records, exhaustively covering all economic activities through separate or integrated surveys; to assess the feasibility and relevance of collecting a core set of short-term indicators for the region; and to develop a national strategic plan for the improvement of the availability and quality of basic data sources for national accounts. ESCWA convened a meeting for national accounts focal points on 19 October 2011, as a side event to the International Comparison Program (ICP) regional meeting, to discuss the peer review of the Arabic translation of 2008 SNA prepared by the Central Statistical Office of Kuwait. The recommendation of that meeting was that ESCWA should review the glossary of terms and send the draft to all statistical offices in member countries. ESCWA undertook needed actions to have the Arabic version finalized, according to United Nations standards, by the Arabic Translation Service in New York in coordination with UNSD.

6.   Regarding methodological documents, ESCWA published a study in 2011 of available data sources for national accounts estimates in member countries.[5] It was based on a survey conducted by the Commission, that tackled the extent of implementation of 1993 SNA and methodologies used for estimation, statistical coverage and quality of economic statistics required for compilation of national accounts. The study also presented the main challenges in implementing 2008 SNA and emphasized the importance of developing and updating statistical business registers, and conducting integrated economic surveys to increase accuracy and improve coverage of economic activities. The study showed that member countries relied mostly on field surveys for 66 per cent of total data sources and on administrative records for 16 per cent (of which 90 per cent were from governmental public services and 40 per cent from electricity and water utilities).

7.   At the institutional level, the study highlighted the benefits of establishing statistical units in ministries and public institutions, under the technical supervision of statistical organizations, that would ensure harmonization of data with statistical definitions and classifications.

8.   Finally, the study called for the definition of priority short-term economic indicators based on the general framework developed by the United Nations,[6] with a view to providing the needed information to analyse the economic cycle, monitor economic performance and forecast the repercussions of financial crises and economic shocks.

9.   In addition to the normative and analytical work presented above, the operational work was enhanced during 2011 and 2012 through 15 technical assistance missions to seven member countries, led by the regional advisor of the Statistics Division. Those missions were part of a strategic plan for improving statistics and meeting the requirements of 2008 SNA implementation. The development of that strategic plan was based on the assessment by the regional advisor of the status of economic statistics in the ESCWA region. Work plans were designed and follow-up missions were held to improve the implementation of national accounts in member countries. Those missions focused on several important themes, namely:

(a) The development of an operational plan to improve the quality of economic surveys and meet growing needs, especially those related to the implementation of SNA. The evaluation revealed that most member countries had not updated their statistical frames on a yearly basis and noted that those frames did not include sufficient data to achieve a compilation of national accounts. Although countries recognized the fact that the problem was an impediment to the implementation of 2008 SNA, they had not taken sufficient measures to identify its extent and find a solution for it. The development of the statistical frames would help member countries achieve additional objectives and may substitute for field coverage of small businesses and various economic activities;

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[5] ESCWA, *Study on Economic Statistics in the ESCWA Region: Sources and Methods* (E/ESCWA/SD/2011/10), available from: www.escwa.un.org/information/pubaction.asp?PubID=1158.

[6] Documentation of that process is available from: http://unstats.un.org/unsd/nationalaccount/workshops/2009/ottawa/AC188-5.PDF.

(b)   The improvement of resources and work methodologies relating to price and volume indices, since that type of data is considered as one of the most important sources to compute national accounts estimates at constant prices;

(c)   The enhancement of the periodicity and frequency of national accounts compilation, which requires the development of the statistical system specialized in compiling quarterly estimates of gross domestic product (GDP) at current and constant prices, through both the production and expenditure approaches. That would help meeting the needs of most important users of statistics;

(d)   The development of mechanisms to identify the drawbacks in basic source data and determine the extent of its weakness. The main focus was centred on supply and use tables, because they are the main tool for that purpose and are essential for elaborating input-output tables and social accounting matrices. The regional advisor worked with Jordan on preparing those tables for the most recent year depending on available data and in-house expertise. Basic steps were also undertaken by other member countries to prepare supply and use tables on a yearly basis;

(e)   The development of a new segment in economic statistics on the release of real estate price indices, which is considered crucial for certain countries where real estate is the leading economic sector.

B. RECOMMENDATIONS

10.   Many member countries are in need of capacity-building within the national accounts departments. Capacity-building efforts will thus continue to be supported by ESCWA at both the national and regional levels. The main recommendations for the activities in that field in the next two to five years are the following:

(a)   To develop a complete sequence of accounts covering all economic activities. Institutional sector accounts are often incomplete;

(b)   To provide estimates for major macroeconomic aggregates of quarterly national accounts;

(c)   To advocate the use of national accounts for economic and social analysis and its significance for policymaking;

(d)   To improve the timeliness of the release of national accounts by national statistical offices;

(e)   To set calendars for data dissemination and clarify revision policies followed;

(f)   To reduce the frequent turnover of staff in the relevant statistical offices;

(g)   To revise the questionnaires of economic surveys according to the definitions of production and capital formation in 2008 SNA and to regroup industry and product classifications in a suitable way for a better presentation of final estimates to users;

(h)   To improve the overall availability and quality of constant price estimates, especially on the demand and income sides, and the availability of data for the production estimates;

(i)   To increase the use of technology and advanced software for compiling accounts, such as sequential accounts and supply and use tables.

11.   The estimation of capital stock and the use of a perpetual inventory method to obtain data on the consumption of fixed capital are particularly weak in the region. Moreover, the development of a system of

core short-term economic statistics for the indirect estimation of the principal macroeconomic aggregates of quarterly national accounts is at a very preliminary stage.

II. INTERNATIONAL COMPARISON PROGRAM AND PRICE STATISTICS

12.   The 2011 ICP round in Western Asia is progressing according to the global timetable of deadlines set by the World Bank for the submission of price data.[7]   In its role as the regional coordinating agency, ESCWA was assiduous about data quality and was very keen to submit clean and valid data to the World Bank. The ICP regional office at ESCWA also ensured that deadlines were timely met. The regional office introduced the participating countries to the different price surveys of the programme, with a view to supporting its goals, and provided them with training in data entry, storage, validation and average computations to facilitate the use of the ICP Kit. In addition to several regional workshops to perform data validation and training sessions in member countries, extra rounds of intracountry and intercountry validation were performed at the regional office to ensure the validity and reliability of submitted data.

13.   The regional office organized several events and activities to ensure proper implementation of the project in Western Asia, among which were two high level meetings. Those activities included one Regional Advisory Board meeting, five regional workshops, one special national accounts meeting, a double mission to Egypt to support ICP implementation in Egypt and the Sudan, training missions to Bahrain, Iraq, Kuwait and Qatar and meetings for the regional coordinators.

14.   By the end of July 2012, the regional office had computed and reviewed the preliminary national annual price average data for household consumption for all participating countries in Western Asia and sent it to the ICP global office as per the assigned deadline. Western Asia was therefore ranked as the first region to submit the data according to ICP timetable. The next submission will include final revisions of the latest year of national accounts data in the Model Report on Expenditure Statistics (MORES) format and special surveys such as machinery and equipment, housing rentals, private education, construction, water tariff, government compensation, volume of housing and government expenditure data. As for the national accounts weights for the year 2011, statistical offices will be providing the regional office with the final data beginning 2013.

15.   Among the initiatives of the regional office to support the implementation of ICP in the ESCWA region was the provision of financial support to four countries (Iraq, Jordan, Palestine and Yemen), in order to maintain the implementation of their national ICP surveys. Extensive training on the ICP Kit followed the circulation of the software which was provided to countries with different modules and guidance in both English and Arabic. The ICP regional office at ESCWA was also the first to publish a monthly ICP regional newsletter, in addition to developing the ICP website and the online REAL Currency Converter. A page and group for ICP were created on Facebook to increase awareness and ICP experts from other regions have recently joined that group, making it a wide discussion forum. In addition to technical assistance missions, regular follow-up was also sustained by the regional team through daily email correspondence and phone calls, enabling participating countries to inform the regional office of problems and obstacles they encountered during the implementation of the programme and allowing for a faster resolution of pending issues.

III. TRADE AND INDUSTRY STATISTICS

16.   Detailed and frequent trade and industrial statistics are instruments for economic and business policymakers to make reliable and timely decisions. They help them understand business cycles and allocate investments to their most active and productive economic uses. Within the strategic framework, those areas of statistics were identified as priorities that require the attention and focus of ESCWA and member

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[7] The project is fully described in document *Projects in Progress* (E/ESCWA/SD/2012/IG.1/CRP.2), presented to the Statistical Committee at its current session.

countries. The region still needs to develop reliable and detailed statistical databases on industrial activities and their relevant indicators, and to quickly disseminate such statistics. Among the challenges facing member countries is the implementation of the latest industrial and economic classifications and international recommendations.

17.   ESCWA has cooperated with a number of international and regional organizations on capacity-building activities in the area of industrial statistics. Those activities include the collection and dissemination of data, raising awareness of modern standards and techniques and training officials from national statistical offices on relevant issues. ESCWA and the Arab Industrial Development and Mining Organization jointly publish a biannual bulletin on industrial statistics for all Arab countries to promote that important area of the field. Recently, cooperation between ESCWA, UNSD, the United Nations Industrial Development Organization and the League of Arab States culminated in organizing two activities on the latest classifications including ISIC Rev. 4 and CPC ver. 2, and the use of business registers as a sampling frame for economic surveys. Furthermore, work on industrial production indices is anticipated with respect to short-term and early warning indicators.

18.   As for the statistics of international trade, ESCWA continued working with main partners from UNSD, the World Trade Organization, AITRS and others to build capacity in the region in SITS. With the introduction of MSITS 2010, it became necessary for the region to implement the recommendations in view of the increasing number of revisions of related classifications and standards, such as the extended balance of payments services classification. Priority issues for ESCWA include assisting member countries in establishing national working groups to coordinate collection and dissemination of SITS, conducting regular surveys of foreign direct investment and Foreign Affiliates Statistics and assisting in hands-on training on the compilation of SITS using the forthcoming guide.

19.   The use of modern ICT solutions and quality assurance frameworks remains a priority issue in trade and industrial statistics and data collection and sampling methods. In addition, ESCWA assisted in the translation of the most relevant classifications into Arabic, in response to the delay in disseminating the official Arabic version. Recent examples include the MSITS 2010 and related questionnaires.

IV. ENERGY STATISTICS AND BALANCES

20.   Reliable and exhaustive energy statistics are essential for government planning and policymaking in the ESCWA region and for private sector planning, assessment of business activities and opportunities. Nevertheless, energy statistics are still not comprehensive and do not follow standard definitions and methodologies for compilation. There are major data gaps on the consumption of energy products by sector.

21.   ESCWA is currently implementing a capacity-building project for the compilation of statistics on supply, transformation and consumption of all energy sources (oil, gas, electricity and renewable energies) by sector, according to international standards, in order to prepare yearly energy balances and accounts and derive energy indicators for policymaking. ESCWA is coordinating the project with regional and international organizations such as UNSD, MEDSTAT, the International Energy Agency (IEA), the Organizations of Arab Petroleum Exporting Countries (OAPEC) and the Regional Centre for Renewable Energy and Energy Efficiency.[8]

22.   Within the scope of that project, ESCWA convened an expert group meeting, organized study visits and technical assistance missions, undertook an in-depth needs assessment for four member countries to evaluate energy data availability and internal data flows, and began to prepare a manual on estimating energy consumption in the transport sector in the Arab region. A workshop on energy statistics and balances will be held in the United Arab Emirates in February 2013, in coordination with IEA and UNSD.

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[8] The project is fully described in document *Projects in Progress* previously mentioned.

23.   Although there are statistical laws in all member countries ensuring the provision of data by various stakeholder units, confidentiality restrictions on important data sets, such as oil and gas reserves and sales and exports from the oil companies and the ministries, prevent the development of a comprehensive reliable system for energy statistics. Two other drawbacks are the lack of funding for energy surveys and the need to disaggregate current economic surveys and include more questions on the use of specific energy products in volumes and values.

V. ENVIRONMENT STATISTICS AND ACCOUNTS AND SUSTAINABLE DEVELOPMENT INDICATORS

24.   The lack of reliability and timeliness of environment statistics is still a major impediment in formulating appropriate environment policies for sustainable economic and social development.[9] At the global level, SEEA, first developed in 1993 following the Earth Summit held in Rio de Janeiro, Brazil, in 1992,[10] provided a tool to link environment and natural resources statistics to national accounts and determine the impact of the environment on economy and vice versa, through a series of tables on physical supply and use, emissions accounts, monetary accounts, hybrid accounts and assets accounts.[11]

25.   Since 1993, SEEA has been revised and its central framework was adopted by the United Nationns Statistical Commission at its forty-third session (New York, 28 February – 2 March 2012) as the initial version of the international standard for environment and economic accounts, subject to further revision. The Commission urged the Committee of Experts on Environmental-Economic Accounting to continue to develop an implementation strategy for SEEA based on regional and subregional coordination and advocacy to engage users, and requested international agencies and other donors to make resources available for technical assistance in the implementation of SEEA and the production of basic economic and environment statistics, particularly in developing countries.[12]

26.   Parallel to SEEA, the United Nations Statistical Commission established an expert group to revise the Framework for the Development of Environment Statistics (FDES) which was first developed in 1983, enabling it to reflect changes in methodologies and lessons learned.[13] Therefore countries are encouraged to develop a national framework for environment and natural resources statistics that can be linked to the economic data following SEEA and that can be extended to cover other environmental domains described in FDES.

27.   At the regional level, ESCWA completed the project for strengthening the national capacity of member countries in environment statistics, indicators and accounts in 2010 with the Economic Commission for Latin America and the Caribbean, in coordination with UNSD and MEDSTAT. The focus was to strengthen the capacity of national officials in developing comparable environment statistics and accounts, mainly the System of Environmental and Economic Accounting for Water (SEEAW) 2008 that guides policymakers in integrated water resources management (IWRM).

28.   At the end of the project, six out of 14 ESCWA member countries developed pilot physical supply and use tables for SEEAW and are further developing the monetary and hybrid accounts of the system. Hybrid accounts combine physical and monetary accounts and are very important because they determine the cost associated with production, investment in and maintenance of the infrastructure, fees paid and subsidies

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[9] United Nations Environment Programme (UNEP), *Global Environment Outlook 5: Environment for the Future we Want*, Summary for Western Asia (New York: UNEP, 2012), p. 7.

[10] United Nations, *Agenda 21*, (New York: United Nations, 1993), section 1, chapter 8.

[11] United Nations, *Integrated Environmental and Economic Accounting 2003* (New York: United Nations, 2003), para. 1.42.

[12] United Nations Statistical Commission, *Report of the forty-third session* (E/CN.3/2012/34), resolution 43/105.

[13] More information available from: http://unstats.un.org/unsd/environment/fdes/fdes_egm.htm.

received and the instruments used for resource management. Assets accounts determine the produced capital and the natural capital to allow the nation to assess the status of its natural resources over time and their value in the economy. The project was highlighted by the United Nations Development Account as a success story among the projects in the fifth tranche.[14]

29.   In addition to capacity-building in environment statistics and accounts, ESCWA continued its cooperation with the League of Arab States and the United Nations Environment Programme in technical assistance and methodological documents on the sustainable development indicators of priority to the Arab region. The manual for sustainable development indicators on social, environmental and economic themes has been finalized and distributed to Arab countries in English and Arabic to guide them on the compilation and derivation of indicators. A meeting for the working group on sustainable development indicators was held in Cairo, from 11 to 13 November 2012, to follow up on the compilation of indicators in the Arab countries.

VI. ACTION REQUIRED OF THE STATISTICAL COMMITTEE

30.   The Committee is invited:

(a) To take note of the progress made since its ninth session in the area of economic statistics, including energy and environment statistics;

(b) To review the list of recommendations for the work of ESCWA on national accounts and economic statistics in the coming two to five years, as outlined in paragraphs 10 and 11, and approve final recommendations that will guide the work of ESCWA in that area;

(c) To review the concept note for a study on short-term economic statistics and make recommendations for publishing the study in 2013 (E/ESCWA/SD/2012/IG.1/CRP.3).

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[14] http://www.un.org/esa/devaccount/about/impact.html