Kenya & Ethiopia : ICP Capacity

- Forms sent in advance: basis of evaluation

- Sources of data for 2005 submission

- Status of NA (summary indicators)

- Identification of "important" products in list

- Commodity balance compilation capability

- Integration of ICP/CPI prices in NA work

- Government expenditures by level of Govt

- Employment and earnings data for selected professions

BIPOLAR CASES?

General Impression:

- "POLES APART" may be an appropriate description

- Kenya: "ring" country in 2005 ICP ;

- Ethiopia not

- NA well organized and strengthening in Kenya

- Struggling in Ethiopia (staffing an issue)

- Coherence in NA & Price collection in Kenya

- Somewhat disjoint operations in Ethiopia

Identification: important products

- Not much of a difference in evaluation of National Account Division (NAD) and Consumer Price Index Division

- Much closer cooperation between NAD/CPID

- More frequent consultations on work

- Quite different to Ethiopia situation

Some SPD problems

- Both NAD & CPID found problems with products in "Africa list" (NB: global list provided)

- Pharmaceuticals: generic names: price collectors go by product availability in pharmacies (brand names etc)

- SPD for electricity was mentioned as another problem area: the product is not that clear

- Presumably: trying to identify low, medium and high end users

- CPI using price/Kwh consumed

Consumption

- More disaggregated data exist for each category in the NA

- When top down approach used: CPI weights used to breakdown to obtain basic heading level variables

- Issue: current weights based on 1997 HHBS

- New results available for KIHBS of 2005-06

- Will have to integrated these results into next round of calculations

Gov consumption

- Broken down into 3 categories

- Health (COFOG 07)

- Education (COFOG 09)

- All others

- Consumption of fixed capital distributed to:

- Health, education, public administration only

Other ICP requirements

- Government salaries (Completed)

- Dwelling survey (Completed)

  - From household budget survey (KIHBS) conducted in 2005/2006

  - Had relevant data for completing the dwelling questionnaire

- Prices: machinery & equipments (completed)

- Prices: construction of buildings and civil works (completed)

Commodity flow approach

- Discussed the relevant forms with NAD (sent in advance of visit)

- The forms under focus (in excel format)

- In Kenya NA compilation, emphasis has shifted to commodity flow approach

- Project under way to compile close to 100 commodity balances

- Expected to complete by 2010/2011

- Technical assistance through capacity building project of WB

Commodity Balance Approach

- A key feature: commodity flow table is attached to each production account

- Breakdown of flows for domestically produced goods & imports

- Output (including margins & taxes)

- Uses: intermediate consumption, final consumption, GCF & exports

- Generally, not much information on stocks

Kenya

- One implication of the use of commodity flow approach in Kenya:

- Independent estimate on expenditure side

- Independent estimate on product side

- For the moment, these do not match exactly

- Some significant errors in recent years recorded

- Large discrepancies in recent years: said to be due to foreign trade data reconciliation issues

Kenya: discrepancies

	2004	2005	2006	2007	2008
Discrepancy	-2.6	-0.6	0.1	-2.0	4.3
between					
Expenditures					
Product					

Kenya : Commodity flows

- One key feature:

- A large number of benchmarks & assumptions – this is one of the corner stones of the method

- Advantage: facilitates easy compilation – a reliable estimate from a previous survey

- Disadvantage: when the surveys are done with large intervals and benchmarks are not updated regularly

Key data requirements

- Benchmarks (as updated as possible)

- Various markups may be problematic

- VAT estimates for products (known rates)

- Imports by product (available)

- Exports by product (available)

Capacity considerations

- Staff availability : NA unit currently operating with 4 statisticians

- No staff changes since 2006: stable

- All have had some training in NA

- Short-term consultant helping with commodity flow estimation

Kenya : Price collection part

- Well organized: well functioning

- Recently revised CPI (N0vember 2009)

- ICP price collection : well integrated with CPI

- Retail price collection : 430 items

- CPI items: 234

- ICP items: 130 (common to CPI & ICP)

CPI prices and NA estimates

- Commodity flow examples show, many cpi based prices together with assumptions about margins used to derive basic prices needed for NA work

- NA also use cif prices on imports and fob prices on export products

- NB: Kenya was a ring country in 2005 ICP

- Kenya reported prices for more products than a standard country

Compensation of Gov Employees

- Can be provided

- However, extraction needs time

- Civil Service Commission need to be consulted

- "In kind" category poses problems

- Subsidized housing, transportation, etc not readily available in govt accounts

- May need to be estimated for selected occupations

Govt expenditure by level

- Can be easily provided for "central" (federal) level

- However, local is more difficult to extract

- Regional + municipalities data are not readily available

- Time lag in availability of such data

Handling constraints

- Good communication with COMESA, which appears to be the direct link to regional work

- Technical assistance to NAD for ICP related NA work may still be needed

- Some outside help to get the key ICP tasks done

- Training for staff required

- For commodity balances: may be ICP can utilize the work done so far.

- Commodity balances project deadline 2012. Unlikely to be available fully for ICP work

Kenya: ICP & NAD Plans

- So far: good prospects for ICP to benefit from Kenya's own initiatives

- However, new ICP demands appear to be substantial even for a well organized statistical operation such as Kenya.

- Political considerations are also important

- ICP work has to be fitted into this framework

- Finding the right balance for the 2011 round: not a trivial task even for Kenya

Ethiopia : BH for 2005 ICP

- Not much could be learned from National Accounts Division (NAD) about the 2005 experiences:

- entire team brand new (1 person had done some small work for ICP, but cannot recollect any details)

- Not even submission copy available to present staff (vague about an existing copy)

- Different story with prices: copy of submission and subsequent submission details available at Central Statistical Agency (CSA)

Identification: important products

- Asked both NAD and CSA separately

- Responses tabulated & compared

- Interesting perspectives:

- CSA: 1) mostly price collection convenience 2) but, had consideration to availability and representativeness 3) criterion of 0.05% cutoff for CPI purposes

- NAD: more adhoc approach – whether product was "seen" in markets (essentially in Addis)

Comparison of 2 responses

- Both NAD & CSA identified 214 common products as important (out of 850 +)

- For 21 products, CSA said important, while NAD said not important

- So, largely there is a substantial degree of agreement on "important" products

Comparison

- CSA also indicated important products "missing" in Africa list

- Mostly local products, but probably not that common even in the immediate neighbor countries

- Inclusion of these could lead to expansion of empty cells in regional matrix

Some SPD problems

- Like in Kenya, Ethiopia pointed out pharmaceutical product list has generic names: price collectors go by product availability in pharmacies (brand names etc)

- SPD for electricity was mentioned as another problem area: the product is not that clear (Kenya also)

Commodity flow approach

- Discussed the relevant forms with NAD (sent in advance of visit)

- The forms under focus (in excel format)

- Apparently, only a very limited use of "commodity flow" approach (for some agriculture products)

- NAD was not able to provide a single example for at least some major homogeneous commodities

- The forms are in "presentation" or "summary" mode

- The calculation process has to be in place to fill the forms

Commodity Balance Approach

- Potential there for development of approach

- Production volumes, prices, values reported for large number of agriculture products (Agriculture surveys). In "crops" alone >50 products data published

- Large and medium scale enterprise survey reports similar data for industrial products

Commodity flows

- Processed food groups alone cover > 20 items

- Rich database: covers both domestic production and imports

- Main issue: commodity flow method not well articulated in the NA

- A step-wise approach seems appropriate to adopt

Price Formation

- Interesting features

- For some agricultural commodities

- Both purchaser prices and producer prices are reported

- Agriculture surveys

- NAD use these

- Thus, challenge : to get transport margins, trade margins and taxes for price derivations

Constraints

- Staff availability (7 in ICP team out of 15 in NAD)

- Skill levels

- Other resources

Price collection part

- Similarities with Kenya

- Well organized: well functioning

- Recently revised CPI

- ICP price collection : well integrated with CPI

- Retail price collection : 11 regions

- Commodities: roughly 150 for each region

- Addis = 190 items

- 3 price quotations for each of the items from 3 different outlets

ICP Surveys

- ICP main survey (main household consumption items)

- Health Survey

- Pharmaceuticals survey and;

- Education Survey

ICP price reporting

- Price surveys at national level in 2005 and 2006

- Work discontinued in 2007 and 2008

- In 2009 & 2010 – AfDB has re-initiated activity, but restricted to capital city (Addis) only

- In 2009 – price data collected for only a few months

- 2009 – focus on price collection for common products (cpi and icp)

- 2010 – one price survey already conducted for February

- 3 more in May, August and November 2010 scheduled as agreed with COMESA

- For other months – monitoring of only common products prices

Other surveys

- NAD assigned the task of conducting surveys on compensation of employees and construction and equipment surveys

- Latter scheduled for May 21010 (to be conducted in all regions of the country)

Compensation of Gov Employees

- Can be provided

- However, extraction needs time

- Civil service commission (different branches) need to be consulted

- Lot of data on compensation of employees

- "In kind" category poses problems

- Subsidized housing, transportation, etc not readily available in govt accounts

Govt expenditure by level

- Can be easily provided for "central" (federal) level

- However, local is more difficult to extract

- Local in Ethiopia = regional + municipalities

Handling constraints

- CSA-NAD coordination through AfDB-COMESA financial and administrative arrangements appear to be a problem

- Technical assistance to NAD for ICP related NA work (a survey in June on GFCF scheduled)

- Training for staff

- Some outside help to get the key ICP tasks done

ICP Program & NAD Plans

- "Business process engineering" objectives of Gov

- improve quality of NA both current & constant price (including methodologies, new & additional data sources, benchmarks revisions at regular intervals)

- Expand scope of NA: add income accounts, new series on quarterly NA

- Producing regional NA for 9 federal governments for analytical use

- Full plate : dictated by political considerations as well

- ICP work has to be fitted into this framework