Importance of PPP, existence of integrated systems, when strengthening National Statistics Office's Role: In a point of view of a National Accounts Compiler

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Abstract:

National Statistical Office is mainly responsible for the collection and dissemination of statistical data requirements of the government and other data users. It collects demographic, agriculture, industrial & socio-economic data covering all sectors of the country. Among them, National Accounts Estimates(NAE) are one of major official Economic Statistics category. Since National accounting framework offers an exhaustive picture of the economy, NAE are compiled by based on number of data sources covering the entire economy. These data mainly comprised by primary data from NSO and administrative data records from other institutions mainly public, semi-public and private institutions. Quality of NAEs are basically based on the level of accuracy and reliability of these data sources it used.

This study aims to understand the importance of the Public-Private partnership (PPP) when strengthening NSO capacity and how PPP can contribute to improve the quality of official statistics with reference to the experiences of Department of Census & Statistics (DCS), Sri Lanka. In addition, study focusses of the usefulness of the existence of integrated systems and coordination between NSO and other data generating institutions to improve the quality of NAEs. As a whole, the paper looks at this matter, in a point of view of national accounts compiler.

Keywords: Official Statistics, Primary data, National Accounts Estimates, Administrative data records, Other Institutions

1. Introduction:

1.1 National Statistics Office (NSO) Role in preparing Official Statistics

National Statistics Office (NSO) plays a crucial role in the National Statistical System of a country. It is the authorized government institution for providing relevant, timely and reliable Official Statistics and Information for evidence based decision making of the Government to support in the process of economic development. Hence, its role is important in the decision making of policy formulation process.

NSO usually conducts Censuses and surveys covering all sectors of the economy. In addition, NSO is the authorized institution for compiling major and leading indices and indicators for the country.

1.2 How important the National Accounts Estimates (NAE) in the preparation of Official Statistics

National accounts data provide information covering both different types of economic activities and the different sectors of the economy. It is possible to monitor the movements of major economic flows such as production, household consumption, government consumption, capital formation, exports, imports, etc., in both value and volume terms, United Nations (2009, p.5). National Accounts are an essential tool for evaluating, analysing and forecasting economic phenomena. Their existence is justified by

economic necessities, because they measure what needs to be developed and highlight the size and structure of the economy and all its components, EuroStat (2014, p.21).

In most of the countries, the NSO is the authorized institution for preparing NAE. Many economic decisions are made based on these NAE. The main aggregate produced under the NAE is the Gross Domestic Product. The GDP is measured the size of the economy and is an estimated value for the total production undertaken in the economy in a specific period of time. The data sources used to estimate the GDP should cover all the economic activities of agriculture, industry and the services. Therefore, the NSO collects primary data covering all these economic activities, through surveys and censuses and administrative data collected from the secondary data sources from other institutions.

1.3 How important the Public-Private Partnerships (PPP) in improving NAE?

PPPs are typically characterized as long term agreements (see PPPLRC, 2018). In the case of statistics PPP is an important requirement for data sharing. PPP for statistics is defined as a voluntary collaborative agreement between the public and private sectors which is aimed at increasing NSO's capacity to provide new or better statistics, Robin, Klein, & Jutting, (2015).

By building up the partnerships between NSO and the private sector community, there is an opportunity to expand the capacity of the NSO. PPPs in statistics can help NSOs produce new indicators and improve current processes without being liable to important upfront cost, Robin, Klein, & Jutting, (2015).

Surveys are the most popular and important data collection technique in NSOs all over the world. They conduct household surveys, establishment surveys as well as crop estimate surveys to capture the production of all economic activities. In the national accounts compilation process data collecting from establishment surveys are more important segment than the household surveys since establishment surveys covers both sectors of Industrial and services. Establishments surveys basically deal with the semi-public and private sector community. Conducting establishment surveys are bit harder than household surveys. Generally, through an establishment survey, NSO collects data on their production processes such as turnover, expenditures, purchase of fixed assets, inventories, etc. These are the most sensitive and confidential data a business entity has. Usually, a business entity does not reveal these type of information to a third party, unless having a prior agreement.

NSO needs to conduct successful enterprise surveys in order to compile quality industrial and services sector statistics for compiling national accounts. So PPP can contribute to build up the know-how between the NSO and the private sector to prepare quality statistics as in a way both parties can have benefited.

1.4 How important the existence of Integrated systems for the compilation of NAE?

National accounts concepts are based on different systems of an economy. Such as business accounting, production, employment, productivity, monetary policy, inflation, budgetary policy, government finance, personal income, wealth and consumption and balance of payment, etc., EuroStat (2014, p.23). These describes different aspects of the economy. In the NAE framework these systems combine into a single accounting framework and describes the economy as a whole and show all the interactions between the systems.

These systems provide more reliable administrative data for national accounts compilation process. However, these administrative data have not been generated to fulfil statistical purposes. Therefore, when NSO is going to use these for statistical purposes, it has to be more careful about the conceptual base, classifications and the time reference, EuroStat (2014, p.103) However, administrative data sources are really important data source for national accounts. It helps to improve the quality of NAE.

Objective of this study is to recognize the importance PPP and the existence of integrated systems in order to improve the quality of NAE. This is helpful to strengthen the NSO role in the compilation of official statistics. The author looks at this matter as a national accounts compiler and expect to use own experience gained through by working nearly 6 years for the National Accounts Division at the NSO in Sri Lanka. The rest of the paper is organized as follows. Section 2 of this paper discusses the Methodology which is going to apply to show the importance of PPP and the existence of integrated systems to improve the quality of NAE. The Section 3 presents results and the discussion. The last section discusses the conclusion and the recommendations.

2. Methodology:

The Department of Census and Statistics (DCS) is the NSO in Sri Lanka. The DCS produces quality statistics for the users and always take necessary steps to upgrade entire statistical framework and infrastructure system. This study aims to recognize the importance of the PPP and existence of integrated systems in order to improve the quality of NAE by using DCS experiences.

2.1 A DCS example to show Public Private Partnership

The DCS recently launched a new establishment survey on IT and IT enabled technology services industry in Sri Lanka. The objective of this survey was to measure the real value addition of IT industry to the GDP of the economy since it may did not reflect its actual contribution in the current GDP estimates.

Currently, IT and IT enabled technology services industry is playing an important role as an emerging industry to the Sri Lankan economy. However, in current GDP estimates share percentage of this industry to the GDP is just 0.1 to 0.2 percent. This may not the reality. Therefore, DCS decided to conduct a survey covering this industry and collect information specially related to their output from the IT companies and recompile the NAE of this industry in the ongoing national accounts rebasing (Base year = 2015) exercise to capture the real contribution of this industry.

This survey is a very good example to show how DCS developed PPP to make the survey success from the planning stage until the data collection stage. Several discussions had in between two parties the NSO and the heads of relevant associations in different stages of this survey. So in this study, basically discusses the background and objective of the survey, how DCS obtained the private sector's involvement in the planning stage of the survey, how we designed the survey questionnaire, how we developed the survey frame with their support and ultimately how DCS was able make the survey success by reaching good response rate.

2.2 Improving the coordination between NSO and other data generating institutions

To improve the accuracy of national accounts, existence of integrated systems is important, because in the national accounting framework it uses many administrative data sources from information generating systems. This study presents successful achievements so far reached by the DCS in keeping the coordination with these external stakeholders and some targets to be achieved in the future to improve further the quality of data systems.

3. Result & Discussion:

3.1 How PPP helped to make the IT and IT Enabled Technology Services Survey, success?

DCS planned the survey to cover only the large and medium scale IT and Business Process Management (BPM) companies operating in the country. This was the first ever survey in DCS history which planned

to cover only the IT industry in a survey. Therefore, DCS decided to get the help of leading IT industry associations in the country when designing the survey. This is how DCS started to develop PPP through this project. There are two main leading IT industry associations in Sri Lanka. Those are the Sri Lanka Association of Software and Service Companies (SLASSCom) and the Federation of Information Technology Industry Sri Lanka (FITIS). All these associations have formulated by gathering the all private sector IT and BPM companies. They took part in this process and other than that collaborative support from the Information Communication Technology Agency (ICTA) of Sri Lanka, was extended to make this event success.

In the year 2018 DCS started planning of this survey. DCS conducted several round table discussions with the participation of representatives from SLASSCom, FITIS & ICTA. In the planning stage, the challenge that the DCS faced was updating the sample frame. Since DCS didn't have a Statistical Business Registry (SBR) it was a challenge to get an updated frame. The latest frame that the DCS possess was 2013/14 Economic census listing frame on IT companies. To overcome this issue, all the associations agreed to share their updated company member lists with DCS. So data sharing between NSO and the associations were resulted in developing the successful survey frame.

In addition, they gave their fullest support for design the survey questionnaire. Their view was just to include only the most required questions in a simple way as the respondent can understand. Further, DCS required to conduct this survey through a web based approach. Associations very much appreciated this online survey system since its convenient for them to follow. Accordingly, the DCS developed highly secured online survey system and in the testing rounds associations gave their fullest support.

Finally, DCS launched the IT survey in first week of January 2020 as the first web based survey for the enterprises sector in DCS history and kept the survey opened until first week of March 2020. In addition, upon DCS request, all association took necessary arrangements to send an encourage email to all their member companies requesting their fullest support for the survey.

DCS was able achieve nearly 45%-50% of survey response. The best thing is many of major and popular IT and BPM companies in the country gave their positive response. However, out of the large scale IT and BPM companies nearly 70% to 80% companies responded to the survey. Therefore, when considers output value of IT and BPM industry, DCS was able to capture more than 70% through this survey. Since it is the first ever survey in IT industry, this success is really at satisfactory level.

The best lesson here is by building up the PPP among NSO and private sector, DCS was able make the survey success and through that NSO will be able to generate accurate and quality statistics. This will lead to show the real share of IT industry to the GDP.

3.2 Coordination and integration between NSO and the other institutions

In the national accounts compilation process in Sri Lanka, DCS uses many administrative records from different systems of other government institutions. Such as Value Added Tax (VAT) data from Inland Revenue Department (IRD), government accounts data from State Accounts Department (SAD), export and import data from Sri Lanka Customs, financial data and balance of payment data from Central Bank of Sri Lanka (CBSL), etc., as administrative records for the compilation of national accounts.

Administrative data sources are carrying many advantages. They are cheap or almost for free. Also they are complete records. No survey errors. Having high response rate. It reduces the response burden on business. Administrative data sources carry advantages as well as disadvantages. The most serious issue is sometimes the NSO does not have authorization to obtain administrative data records from those systems. In some cases, it is notified that the data carries in administrative records do not directly correspond to the statistical definitions. Classification systems used in administrative records do not in

line with statistical classifications. Timeliness also a serious matter. Sometimes administrative data may not be available to meet statistical needs, EuroStat (2014, p.103).

In the compilation process, DCS heavily relies on administrative records of VAT data from IRD. There is no issue in obtaining data since DCS has signed a MOU with IRD to obtain the data for the GDP compilations. Fortunately, IRD and DCS follow same ISIC R.4 in identifying economic activities. Also, no issue in the time frame. However, DCS is always having follow up discussions with IRD officials to improve the quality of their data.

DCS use government accounts data from SAD to compile value addition estimates of General Government activities. There is no issue in obtaining data. However, there are some classification issues. Major issue is still SAD follows cash basis accounting standards for their accounts.

Central Bank of Sri Lanka provides external sector statistics following Balance of Payment Manual (BPM) 6. However, they have not yet implemented International Transaction Recording Systems (ITRS) for recording transaction with the external sector. If it's available, quality of external sector statistics will be improved further. This is directly affected in improving NAE too.

The DCS takes every possible actions to keep the coordination and integration between these data generating institutions, in order to obtain their administrative records for the national accounting compilation system. In addition, currently DCS is constructing the Statistical Business Registry (SBR) system to Sri Lanka, since it's an essential tool in the construction and maintenance of an integrated economic information system.

4.   Conclusion and Recommendations:

This paper examined the importance of PPP and how helpful the existence of the integrated systems to improve the quality of NAE and ultimately how it affects in strengthening NSO role in preparing official statistics.

This study clearly showed how PPP contributed to make success the IT and IT enabled technology services survey conducted by the DCS with private sector's involvement. This directly results in generating high quality statistics by the NSO. Finally, it improves the quality of the GDP and other NAE of the country.

As well as primary data, administrative records from other institutions have considerable level of effect on making accurate NAE. As far as administrative sources are accurate and reliable, it directly affects in making GDP and other NAE more accurate. When there is a proper coordination and integration between the NSO and other institutions, it also helps the other organizations to generate more accurate data.

Therefore, finally this study concludes that PPP and the existence of the integrated systems effect on strengthening NSO's capacity in preparing official statistics.

In addition, this study presents some recommendations in order to improve the NSO's capacity.
- Should take necessary actions to make popular further the NSO among the business community.
- Should increase the trust of Business community on NSO
- NSO always inform to the business community about the NSO's assurance on confidentiality on their data. However, some business firms do not believe this. Therefore, it is necessary to take actions on this about improving belief on NSO.
- Should conduct statistical awareness programs for the public sector as well as for the private sector.

- Should conduct awareness programs on GDP, other NAE and the way of compiling those indicators specially for the other public and semi-public organizations who provide administrative records for GDP compilation.

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