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## **A Regional Statistics Office for the Pacific**

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# Preface

This report was prepared for the Pacific Islands Forum Secretariat (PFIS) in Suva, Fiji Islands. The report is one output of an Asian Development Bank (ADB) technical assistance project (TA 6226 REG): “Developing and Implementing the Pacific Plan for Strengthening Regional Cooperation and Integration.” The Commonwealth Secretariat provided funding to the project.

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The report is published in three volumes. Volume 1 is the Executive Summary. Volume 2 is the main report. Volume 3 contains the working papers commissioned for the report—a series of independent studies assessing potential benefits and costs of implementing a variety of possible regional initiatives. Volume 3 has been printed in hard copy in only limited numbers. However, it is available on the websites of ADB ([www.adb.org](http://www.adb.org)) and at [www.pacificplan.org](http://www.pacificplan.org).

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## I. OPTIONS FOR STRUCTURE

There are two basic options for a regional statistical organization. The first option would include all aspects of statistics, from collection of base data including implementation of censuses and surveys, compilation of “middle level” statistics (such as migration, employment, external trade, and consumer price index [CPI]), to compilation of economic statistics required for the General Data Dissemination Statistics system managed by the International Monetary Fund (IMF), as well as social statistics required for poverty studies and the measurement of progress towards the Millennium Development Goals.

A second, and possibly more realistic, development option in the near term may be the creation of a “Specialized” regional statistical office. The center would be responsible for “high level analytical” economic and social statistics such as national accounts and balance of payments data, price indexes, and productivity measurement as well as major social and economic surveys and data indicators such as the data required for the Millennium Development Goals presentations. The organization may also advise on basic data collection methodology, including developments of censuses and household or industry surveys. Provided it was properly funded, the organization may take over some statistical activities, particularly balance of payments data, now undertaken by central banks.

Establishment of either organization would require attention to a number of issues, many of which relate to the national and regional structure and responsibilities that would need to be resolved (a partial list of which is shown in Appendix 1).

## II. POTENTIAL BENEFITS AND COSTS

A number of benefits could flow from either of the organizational options listed, including:

- Greater comparability across countries in the region reflecting the opportunities to apply consistent methodologies, classifications, legislation, revisions policy, etc, where appropriate.
- The publication of such data on a common web site may raise the quality (accuracy, consistency, timeliness) and dissemination of major economic and social statistics both to national policy makers and the general public thus improving the economic and social debate in the Pacific.
- The standard of administration of statistical organizations in the Pacific may also be improved by greater attention to priority setting, staff recruitment and training and career paths of national statisticians.
- The organizations would also provide donors with a clearer mechanism to provide coordinated assistance to the development of statistics on the Pacific.

A summary measure of these benefits may be assessed via their assumed impact on a broad measure of economic welfare such as gross domestic product (GDP). For the 15 member countries of the Pacific Forum, the aggregate GDP in 2003 was about United States dollars (US\$)7 billion (see Appendix 2) (excluding Australia and New Zealand). Therefore, if improved statistical data contributed to an improvement in decision-making

that, in turn, increased GDP by only a 0.1%, the annual flow of benefits to the developing Forum countries would be about US\$7million.<sup>1</sup>

The *costs of existing national statistics offices* in the region are about US\$4-5 million per year, dominated by Papua New Guinea (PNG) and Fiji Islands. This includes all costs, statistical and support staff, office expenses, travel. Staff costs constitute around 70 to 80% of the total costs, most travel is paid for by outside donors. The cost of existing external technical assistance to national statistics offices (NSOs) in the region is unknown, but may be in the range of US\$3-4 million per year (excluding population censuses). In addition, in some countries, some macroeconomic statistics are compiled by other agencies, notably the balance of payments by central banks and government finance statistics by ministries of finance (estimated costs approximately US\$0.5-1million). In total, the costs of existing statistical services may be in the order of US\$7.5-10 million, of which about 60% is funded by the Pacific Island Countries (PICs) themselves (see attached worksheet at Appendix 3I).

The costs of a *comprehensive new regional statistical office* depend considerably on the structure and configuration that was agreed. However, it seems clear that the costs of a comprehensive regional statistics office would increase considerably from that of the existing offices even if the existing offices are subsumed into the regional office and continued to operate in each country and were linked by high-speed communications. This would follow from the need to standardize the activities and approaches to statistical development in each country, and to bring those which are lagging behind the average up to the level of statistical development of the better PICs. On an approximate basis this might add, say 50% or US\$4-5 million to the present operation of PIC statistical offices, especially if an allowance is included for some increases in average salaries to permit offices to retain quality staff. This increase in costs would take place over several years and would be matched by improvements in the quality of data. (NB. To bring all countries up to the standard of say, Australia and New Zealand, would require a further major increase in spending.)

If the regional statistical office was located in one or two countries and existing staff had to move to these new locations and/or there were other changes to the configuration of offices the increase may be greater.

There are a number of reasons to favour a *specialist regional office*. Most importantly, it is likely to achieve quality improvements in economic and social statistics more quickly.

There are two ways the statistical operations could be organised, either:

1. A team could be assembled for each country, comprising experts in such topics as national accounts, balance of payments, price data and government finance statistics as well as social data. There would also be survey design and operation specialists. Because of the variation in size, some countries would need larger teams than others and, for example, one team could cover several smaller countries. This approach would develop and facilitate maximum use of existing staff and capacity building, and provide local knowledge of the economy.

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<sup>1</sup> Forum membership: Australia, Cook Islands, Federated States of Micronesia, Fiji Islands, Kiribati, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu.

2. Another possibility is the development of separate teams for each specialty (for example national accounts, balance of payments, social statistics and survey design and operation). Each team would then provide services to all countries.

Given the difficulty of coordinating all data collections, the second option may prove more practical and this option is costed in Appendix 4. Note that Papua New Guinea may need to be treated separately due to its size.

Under either option there would be a decision to be made about whether to have all statistical staff based in one (or two) location. There are clear advantages in this approach as it would allow interaction and standardization in statistical compilation but it would also require a significant travel and subsistence budget (with some staff on mission travel for perhaps 3 to 6 months per year) as well as installation of high speed communications to facilitate data transfer. Alternatively, one could locate teams in countries where most of the services are provided and needed. A mixture of in-country work and work in the regional organization's base as training attachments, etc, is likely to be used.

By way of example, the estimated cost of operating a specialist regional center in Fiji Islands (or Samoa) is estimated at US\$5-6million (refer Appendix 4). Note that this is an incremental cost estimate which would be matched in a considerable increase in the average quality of major statistics produced in the region. It must also be noted that to the extent that personnel for the regional centre were recruited from existing national offices there would be a need to find replacements for the NSOs.

## **APPENDIX 1: CHALLENGES AND ISSUES**

- Legislation and management issues – confidentiality, compulsory supply of data, ownership of source and output data; regional vs. national priority setting; coordination with donors and TA providers; solutions to statistical problems involve organisations other than NSOs (administrative data, etc).
- Diversity of countries (size, physical characteristics, etc) and existing statistical operations (size, capability, spread across different organisations, etc) may require a number of solutions. Cultural differences/national priorities and independence.
- Staffing – skilled staff are scarce and in high demand, higher salaries are available in other agencies. Resourcing a regional statistics office with existing NSO staff would have serious implications for the NSOs ongoing operations.
- Existing TA providers. Strong affinity with SPC, with regional statisticians recently requesting SPC create more economic statistics positions.

## APPENDIX 2: GROSS DOMESTIC PRODUCT AT CURRENT PRICES, 2003

	<u>US\$ million</u>
Cook Islands	166
Fiji Islands	2,036
Kiribati	55
Marshall Islands	106
Micronesia, Federated States	243
Nauru	28
Niue	6
Palau	126
Papua New Guinea	3,182
Samoa	268
Solomon Islands	253
Tokelau	1
Tonga	163
Tuvalu	14
<u>Vanuatu</u>	<u>283</u>
<b>Total</b>	<b>6,930</b>

Sources: National Statistics Offices' websites  
World Development Indicators Database

### APPENDIX 3: EXISTING STATISTICS OFFICES COST ESTIMATES

Existing NSO costs	US\$4-5million
Existing costs for macroeconomic statistics (BOP, GFS, NA) of other government agencies	US\$0.5-1million
Existing TA costs	US\$3-4million
<b>Total</b>	<b>US\$7.5-10million</b>

**APPENDIX 4: INDICATIVE RESOURCE NEEDS FOR SPECIALIST REGIONAL  
STATISTICAL ORGANISATION**

Assumes locally recruited staff:

<b>Cost Item</b>	<b>No of Staff</b>	<b>Costs (US\$'000)</b>
Supervisor and deputy	2	150
Managerial advisors (stats law, planning, advocacy, etc)	2	80
Source data specialists – (survey design, processing systems development, supervision of survey staff, logistics, survey validation and analysis, etc)	10	400
National accounts specialists	3	150
Balance of payments/IIP specialists	3	150
Publications and publicity specialists	1	40
Social statistics specialists	5	250
Support staff	4	80
Steering committee		50
Communications		4
Travel		200
Other		6
Sub-total	30	1,560
External advisors		4,000
<b>Total</b>		<b>5,560</b>