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# **TECHNICAL ASSISTANCE REPORT**

## **TOGO**

### **National Accounts Statistics**

**JANUARY 27-31, 2020**

**PREPARED BY**

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## Glossary

AFRISTAT	Economic and Statistical Observatory for Sub-Saharan Africa
AFRITAC	Regional Technical Assistance Center for West Africa
ANA	Annual National Accounts
BCEAO	Central Bank of West African States
BOP	Balance of payments
DSF	Statistical and Tax Declaration
EHCVM	Harmonized Survey of Household Living Conditions
ERE	Supply and Use Balances
ERI-ESI	Regional Integrated Survey on Employment and the Informal Sector
FC	Final Consumption
GDP	Gross Domestic Product
GFCF	Gross Fixed Capital Formation
IC	Intermediate Consumption
IMF	International Monetary Fund
INSEED	National Institute for Statistics and Economic and Demographic Studies
NFC	Non-Financial Corporations
NSOs	National Statistical Offices
QNA	Quarterly National Accounts
QUIBB	(Survey on the) Unified Basic Welfare Questionnaire
<i>SNA</i>	<i>System of National Accounts</i>
SUT	Supply and Use Tables
TA	Technical assistance

## SUMMARY OF MISSION OUTCOMES AND PRIORITY RECOMMENDATIONS

1. **A technical assistance (TA) mission led by Mr. Fahd Ndiaye, Resident Adviser in Real Sector Statistics for AFRITAC West, visited Lomé from January 27 to 31, 2020, to assess the national accounts for the new base year 2016 with the National Institute of Statistics and Economic and Demographic Studies. (INSEED).** These accounts were prepared in accordance with the *System of National Accounts 2008 (2008 SNA)*. The proceedings took the form of a workshop with representatives of the World Bank, the United Nations Economic Commission for Africa (ECA), the African Development Bank (AfDB), the Statistical and Economic Observatory of Sub-Saharan Africa (AFRISTAT), the Commission of the West African Economic and Monetary Union (WAEMU) and the Central Bank of West African States (BCEAO). This report is largely based on the aide-memoire signed with the country and partners.
2. **The mission recommended that INSEED wait until it had the accounts for the year 2017 in addition to those for the base year 2016 before releasing estimates.** The transition to a new base year and the development of high-frequency indicators (HFIs) are essential for improving the quality of Togo's national accounts and implementing the *2008 SNA*. The current data revision concerns the new base year 2016, the year 2017 and back casting. The recommended improvements are essential to reflect economic and financial reality by incorporating recent changes in the structure of the economy and to ensure comparability of results by complying with new international standards. The new sources collected include household consumption, the agricultural census, the business census, the informal economy, trade, among others. The last base year of the National Accounts (NA) according to the *1993 System of National Accounts (1993 SNA)* is 2007.
3. **The rapidly developing 2019 Coronavirus pandemic (COVID-19) at the time of writing was adversely affecting the work of national statistical offices (NSOs) around the world because of containment measures or restrictions hampering the work of statisticians at a time when data needs were increasing in order to measure the impact of this major global crisis.** This is why the IMF Statistics Department prepared recommendations to assist countries in responding to this exceptional situation.. A summary of these measures is provided in this report. In addition, AFRITAC West remains willing to support INSEED through this period.
4. **The main objective of this mission was to review the SUT of the 2016 base year of the National Accounts (NA) and the improvements to be made.** INSEED already had an SUT compiled at an aggregate level that was reviewed during the September 2019 mission. INSEED has consolidated these results by shifting the trade-offs to a more detailed analysis within the supply and use balances (ERE). INSEED has also implemented recommendations from the September 2019 mission.
5. **The mission focused on two lines of work that should contribute to the finalization of a new set of national accounts (NA).** These lines of work are as follows:

- **The SUT of the base year 2016:** The mission noted INSEED's efforts to mobilize data sources and prepare appropriate methodologies. However, improvements have been recommended for some treatments. The main recommendations concern the treatment of non-financial corporations, the integration of the latest data on household consumption, the refinement of trade margins and the calculation of intermediate consumption (IC). A list of recommendations to be implemented was agreed with INSEED and the technical partners present at the Lomé workshop. Proposals for corrections have been left to the national accountants.
- **The 2017 accounts and outlook:** the mission recommended that INSEED prepare the 2017 accounts before validating the calculation methods and results obtained. Additionally, the issue of back casting of the national accounts' series will be handled by INSEED. The discussions also insisted on the regular production of high-frequency indicators for the compilation of quarterly national accounts (QNA).

**6. To encourage progress in the above areas of work, the mission made the following priority recommendations with a particular impact on the timeliness of the new series of national accounts:**

**Table 1. Priority Recommendations**

Target date	Recommendations	Agency
June 2020	Carry out checks and finalize the accounts for the base year 2016	INSEED
June 2020	Prepare and release the 2016 and 2017 final accounts with documentation	INSEED
December 2020	Begin back casting the National Accounts series over the period 2007-2015	INSEED
June 2021	Identify available quarterly data sources for the compilation of QNA	INSEED

**7. The details of the priority recommendations and the resulting measures/milestones, as well as the follow-up of the implementation of the recommendations of the last mission are included in the *Detailed Technical Assessment and Recommendations*.**



## DETAILED TECHNICAL ASSESSMENT AND RECOMMENDATIONS

8. The action plan presented below includes the work plan for the 2017-2022 Cycle validated in February 2017 by the AFRITAC West Steering Committee and the recommendations of this mission.

Table 2. Action Plan

Priority	Actions	Target Completion Date
<b>Outcome: The data sources are appropriate for the transition to the new base year 2016.</b>		
M	Take into account the latest censuses and surveys in the base year revision exercise	June 2020
<b>Outcome: A new dataset is compiled and disseminated in accordance with the 2008 SNA</b>		
H	Finalize the 2016 accounts, in accordance with the 2008 SNA [Priority recommendation]	June 2020
M	Implement the relevant techniques of the 2008 SNA	June 2020
H	Finalize the 2017 accounts, in accordance with the 2008 SNA	June 2020
H	Finalize back-extrapolated series in accordance with the 2008 SNA	December 2020
H	Document methodologies and work processes	June 2020
M	Have at least two managers who can compile national accounts	September 2020
<b>Outcome: Quarterly national accounts in line with the 2008 SNA are compiled and regularly published.</b>		
M	Train managers to develop reliable QNA	April 2020
H	Identify available quarterly data sources for the compilation of QNA	June 2021
H	Collect QNA indicators	June 2021
M	Produce and release QNA in a timely manner	June 2022

### A. The 2016 SUT

9. INSEED has taken into account the recommendations of the September 2019 mission based on the first version of the 2016 SUT. In September 2019, an IMF and World Bank mission reviewed the first version of the SUT produced by INSEED. The recommendations provided were particularly focused on the integration of surveys on household final consumption, trade margins, and the informal sector.

**10. The mission highlighted INSEED's efforts to use data sources and implement appropriate methods.** Several sources of information could be used as part of the rebasing process. This is the case for the 2018 Integrated Regional Survey of Employment and the Informal Sector (ERI-ESI) and the 2018/2019 Harmonized Household Living Conditions Survey (EHCVM), for which the results of the second phase are now available<sup>1</sup>. The 2015 Unified Basic Welfare Questionnaire (QUIBB) survey is another source for Household Final Consumption Expenditure (HFCE).

**11. Following the workshop with technical partners and INSEED, recommendations were given to INSEED, which could change the GDP level.** They mainly relate to Statistical and Tax Declarations (DSFs), household consumption, the informal sector, intermediate consumption, trade margins and employment.

**12. The treatment of DSFs has been improved with the General Census of Enterprises, however, inconsistencies are noted in the industry accounts.** While DSFs source production rose from CFAF 1688 billion to CFAF 1709 billion, roughly CFAF 421 billion (20 percent) more production was added to the formal non-financial corporations' sector thanks to the general census of enterprises. It is advisable to document the proportion of new units or existing units that do not file DSFs that account for this increase. It is also useful to specify the overlap with the scope of units known by the Togolese Revenue Office (OTR). Before the general census of enterprises, there was no business directory in Togo. A comparison was made between the DSFs made by INSEED and the OTR database, and additions were made where necessary. A comparison was made between the DSFs made by INSEED and the OTR database, and additions were made where necessary. Regarding the inconsistencies noted within the industry accounts, they pertain to undeclared employees with no wages, very high average wages or, on the contrary, very low wages. This is possible because within the DSFs, seasonal employees classified as undeclared can be found without the distribution of wages being provided. Thus the total number of employees and the total wage bill are correct, but the distribution of the wage bill has not been done correctly. These inconsistencies should be corrected.

**13. The mission recommended that INSEED continue the analysis of household final consumption and take into account the latest EHCVM data.** There are two sources of data on household final consumption: the QUIBB survey and the EHCVM. The differences between some products are significant. In general, the preferred source is the one that is most consistent with other data sources. However, for those products for which the differences are significant, it is advisable to use the final results from the EHCVM, which are now available, instead of the provisional results. This applies in particular to products for which differences of more than CFAF 20 billion are noted, excluding agricultural products. A table summarizing the adjustments made by product (QUIBB, EHCVM, CN) should be prepared. Furthermore, for products for which it is possible to produce an SUT in physical quantities, the mission recommends that INSEED examine per capita consumption ratios to confirm the plausibility of the estimates.

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<sup>1</sup> At the end of the Ouagadougou workshop held from January 13 to 24, 2020 with the World Bank, WAEMU and all WAEMU countries.

**14. For the informal sector, the mission recommended that INSEED carry out additional investigations to better assess the impact of the ERI-ESI.** Assuming no change in inventories, the measurement of trade margins and purchases of raw materials is affected. With respect to trade margins, the previous mission had noted the potential discrepancy between the purchase and sales period, which partly explains the relatively low ratio of goods purchased to goods sold (33 per cent). The mission suggested that in order to assess the allocations made, the current result should be compared with the overall margins (turnover\*margin rates) where the margin rates would come from the margin survey and the turnover figures from the general census of enterprises. For some sectors (transport, restaurants, financial services, etc.), the mission recommended comparing the productivity obtained from ERI-ESI with that obtained from the corresponding sector accounts, either after adjustments or by using data other than ERI-ESI. It is also advisable to prepare a note on the main sectors behind the adjustments to the ERI-ESI source data. The ERI-ESI source data made it possible to estimate a production of 1,624 billion FCFA. In total, the estimated output of the informal sector is CFAF 2,846 billion for the new base compared to CFAF 1,749 billion for the old base.

**15. The review of trade margins was recommended** As a general rule, trade margin rates should be applied only to the marketed portion of jobs. This should apply, in particular, to gross fixed capital formation (GFCF), businesses which directly import their machinery should be excluded. For agricultural products, assumptions should be taken into account to separate the part concerning direct transactions between producers and intermediate and final consumers. In particular, there should be no margins on production for own final consumption.

**16. Employment data by industry need to be better established to support the analysis of industry accounts.** At the end of the mission, it was agreed that the results of the first phase of ERI-ESI, which relates to the employed workforce as a whole, should be used. As confusion may arise from the notion of employment in the various surveys (permanent employment, current employment), it is recommended to work using the full-time equivalent in the absence of hours worked.

**17. The mission recommended that the notes on the methodological work for the current year (preparation of sources, adjustments made in the ERE) be prepared.** The mission drew the attention of the technical team to the need to record notes in parallel with the work in order not to lose track of the decisions taken and the processing carried out. It is also recommended that the GDP revision rate be broken down by factors that are conceptual, statistical, methodological, etc. In particular, it is important to quantify revisions due to changes in data sources and better coverage of economic activities.

#### ***Recommended Measures:***

- Finalize the accounts for the base year 2016 (June 2020);
- Draft the methodological note for the base year (June 2020);
- Prepare a detailed analytical note on the 2016 National Accounts (June 2020);
- Conduct audits on the 2016 accounts (June 2020).

## B. The 2017 Accounts and Outlook

**18. Back casting the National Accounts is the next step after the compilation of the 2016 and 2017 accounts.** INSEED plans to retrospectively extrapolate the National Accounts series to 1986. First, the 2007-2015 series could be recompiled for the needs of users who require long series, in particular for the compilation of quarterly national accounts (QNA).

**19. The establishment of a business register is desirable.** The general census of enterprises produced a snapshot of many of the companies operating in Togo in 2017. Over time, this snapshot loses its relevance. INSEED should also take advantage of this source of information to set up a business directory and establish management rules to keep it up to date. This register can be used to extrapolate the sample of collected DSFs but also for all statistical operations involving businesses. With regard to the latter, INSEED should consider mechanisms to streamline and harmonize business data collection, thereby reducing the burden on respondents.

**20. Regular production of cyclical activity indicators is recommended to help support the implementation of QNA.** The previous mission in September 2019 had recommended that steps be taken to address the delay in the release of the Harmonized Industrial Production Index (HIPI) rebased to 2007. INSEED should also accelerate the implementation of the HIPI, as well as the Industrial Renewal Production Price Index, and the Turnover Index. The mission also recommends INSEED to regularly collect OTR's monthly turnover figures pursuant to a data sharing agreement.

**21. The forthcoming rebasing of national accounts and the regular production of national accounts are also encouraged.** With regard to the production of national accounts, INSEED had managed to recover its backlog with respect to the former series. With the current rebasing, the final 2018 and provisional 2019 accounts are expected in 2020. Catching up with this backlog is essential to maintain the usefulness of national accounts statistics for users who need recent data. INSEED has encountered some difficulties in obtaining detailed government finance statistics, particularly the budget execution statement. The mission stresses the importance of having this information to improve the processing of public investment transactions. For several projects, the data communicated to INSEED make it difficult to identify the national accounting operations or products concerned. As regards the next rebasing of the national accounts, it is recommended by the 2008 SNA to change the base year of the national accounts on a regular basis. In addition, WAEMU countries made a commitment in Ouagadougou in 2018 to change the base year every five years.

### ***Recommended Measures:***

- Prepare the accounts for the initial current year of 2017 before the results are disseminated (June 2020);
- Simultaneously publish the documentation on data sources and methods for compiling national accounts (June 2020);
- Initiate work on the back casting of national accounts (December 2020);
- Ensure regular and up-to-date preparation of national accounts and publish them on the

Internet (December 2020);

- Take necessary steps to ensure the regular production of cyclical activity indicators (December 2020);
- Establish and maintain a business register for statistical purposes (December 2020);
- Identify available quarterly data sources for the elaboration of QNA (June 2021).

## C. Note on the Continuity of National Accounts Activities in National Statistics Institutes (NSI)

**22. Although the mission took place before the COVID-19 pandemic, the magnitude of this global crisis and its impact on the economy requires rapid action by NSOs.** Therefore, in addition to the general considerations outlined below, AFRITAC West remains available to INSEED to provide specific remote assistance on operational, conceptual, and technical aspects. Detailed practical and methodological recommendations for the collection, preparation and dissemination of macroeconomic statistics (national accounts, prices, government finance and external sector) are available via the following link: <https://www.imf.org/en/Publications/SPROLLS/covid19-special-notes#STA>.

### General Operational Issues

**23. The outbreak of COVID-19 (Coronavirus) and the measures implemented to limit its spread could have an impact on the compilation and regular dissemination of national accounts and their source data.** Problems and challenges include higher non-response rates in surveys, temporary closure of businesses, delays in providing data sources and compilation, and movement restrictions.

**24. In order to cope with partial or even total closures or to integrate the teleworking arrangement for their staff, NSOs should develop plans to ensure the continuous dissemination of national accounts and other statistics.**

**25. For NSOs that are developing plans or that have already started teleworking, the situation in each country will dictate the practical arrangements.**

Some issues to consider:

- Computer access - staff will need desktop laptops or personal computers to work remotely;
- Software - laptops must be equipped with all necessary software and documentation to support compilation;
- Data security - protocols need to be developed to ensure data security and confidentiality;
- Management of computer capacity - It is necessary to prioritize publications and allow only essential staff on the network;
- Designation of the key personnel (in limited numbers) needed to access the head office to

process and publish the indices;

- For countries that compile national accounts using Excel: procedures should be developed to ensure that final spreadsheets are shared with more than one staff member to limit problems resulting from equipment failure or illness in the event that only one staff member has access to them;
- Establishing communication channels - It would be useful to organize a WhatsApp group for staff to communicate;
- Data Dissemination - procedures need to be developed for remote approval and dissemination of data.

## National Accounts Source Data

**26. National Accounts staff should contact the providers of the main data sources to monitor factors such as delays and declining response rates.** Where source data are collected via administrative processes, e-mail, telephone or the Internet, data collection may continue. However, respondents may have reduced reporting capacity and follow-up may become more difficult. Therefore, national accountants should only request the essential information required for key aggregates. Furthermore, in some countries, governments are easing or providing extensions for the submission/compliance of key administrative declarations, particularly tax declarations. Therefore, delays in the collection of source data should be expected and alternative imputation techniques should be considered.

**27. Collection should also focus on key respondents and the impact of COVID-19 on major industries.** An alternative to regular collection processes is to contact key respondents (in terms of economic activity) directly by telephone and ask if they will respond to the survey by telephone. In such cases, estimates of their activity are acceptable as they may not be able to provide precise amounts. For example, although a company may not be able to provide an accurate sales figure for the quarter or month, it may be able to provide an indication of the percentage decline in sales. This information can be used to estimate sales for the current period by multiplying this percentage by the amount of sales for the previous period.

**28. Faced with growing non-responses or delays in responses, it is important to contact respondents to ensure their cooperation and continued reporting.** Metadata on the number of missing respondents is considered good practice. These data are particularly important in the current circumstances as they will improve transparency and enhance user confidence.

## The Compilation of National Accounts

**29. A delay in the availability or lower quality of the main data sources will raise the question of whether the regular publication cycle should be delayed.**

Consultation with key users on their priorities is essential, and delays should always be discussed and notified in advance.

**30. Priorities need to be discussed in order to focus on key variables and parameters.**

Additionally, analytical information will be provided at a later date. Early indications of the extent of the economic slowdown and recovery will be crucial during this period, so quarterly national accounts and other monthly and quarterly indicators could be in strong demand.

**31. It is essential to make users aware of any increase in confidence intervals in the national accounts.** Press releases and metadata should highlight any problems identified in the data sources. It would also be useful to highlight any potential bias or error.

**32. Users can seek the assistance of national accounts statisticians to quantify the effect of COVID-19 on economic developments.** To the extent that certain data sources can help identify changes, particularly affected activities such as health and tourism could be monitored. Seasonal adjustments will be used to identify the irregular component of the quarterly data, although the separation of the trend and irregular components for the last quarter is subject to some uncertainty. National accounts compilers will also be able to provide technical information to assist analysts making estimates of the COVID-19 effect. It is essential to note that any estimate would have a high degree of uncertainty.

**D. List of Officials Met**

Name	Institution
KOUASSI Koame	Managing Director / INSEED
HEVI Kodzo Dodzi	Director of DCNEE
ADOLI Koffi Mepanou	National Accountant / INSEED
DUYIBOE Abravi	National Accountant / INSEED
OTCHAKPA Amey	National Accountant / INSEED
NATOR Kodjovi Djigbodi	National Accountant / INSEED
FAROUH P'lanam Germain	National Accountant / INSEED
DJENGLE Wiyao	National Accountant / INSEED
TAZOU Dadjia Tassondi	National Accountant / INSEED
ASSOGBAVI Komlan Dodji	National Accountant / INSEED
AMEDODZI Mawufe	National Accountant / INSEED
TOKI Sinam Hyppolite	National Accountant / INSEED

## E. List of International Organizations

Name	Position
Eric Metreau	Senior Economist, World Bank
Charles Sessede	African Development Bank
Emmanuel Ngok	United Nations Economic Commission for Africa
Ibrahima Sory	National Accounting Expert, AFRISTAT
Adama Seck	National Statistics and Demography Agency of Senegal / AFRISTAT
François Ramdé	National Institute of Statistics of Burkina Faso / AFRISTAT
Abraham Biaou	National Institute of Statistics of Benin / AFRISTAT
Namaro Yago	Head of the WAEMU Statistical Center
Ayi Kouevi Selom	Statistician, BCEAO National Directorate of Togo