

BMB - LDK

Programme Monitoring Consultants to the
Office of the Minister of State for Administrative Reform
Beirut - Lebanon

Memorandum

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From: Dimitrios Sfikas, PMC Team Leader

Date: 9 April 2002

Subject: Progress Report on the short term mission to CAS.

Please find attached for your review and approval the Mission Report of the Short term Statistics Expert Mr. Sten Johansson from March 22 – April 7, 2002.


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Document for discussion and not binding OMSAR/PMC or EU

**Assistance to Central Administration of Statistics
(CAS)**

**Progress report on the Sixth Short-Term Mission
March 22 – April 7, 2002**

Programme Monitoring Consultancy

Professor Sten Johansson

Short term Institutional Development Expert

Beirut, April 2002

Summary:

Most of the time during this mission has been spent on assisting the CAS (that has been waiting for the budget approval) to meet the many actors – foreign and domestic - on the statistical policy scene, who have conflicting views about the short term and long term role of the CAS, most specifically on the implementation of the November 2000 strategy plan. CAS is controversial on this scene because its Director-General, Dr. Maral Tutelian - is trying to build a modern statistical system for Lebanon against many odds. The support to CAS by the European Union and Eurostat under the ARLA program and her own energy and professional integrity has made it possible to proceed with program implementation successfully against the many odds – until now.

The odds against CAS program to build a modern system of statistics for Lebanon became overwhelmingly high when the EU-Delegation in Beirut – against technical advice from Eurostat - decided to stop the program of assistance to CAS – immediately! The consequences are:

1. That the implementation of the November 2000 strategy plan to establish modern National Accounts for Lebanon will be delayed one year, regardless of the outcome of the high-level meeting at the end of April.
2. CAS is ready to proceed with preparations for the census and survey operations to go into the field according to a very tight time plan in the summer. Without technical assistance by Dr. Khalil, Mr. Dabbagh and Dr. Lennblad and equipment budget on hold, there will be no possibility to conduct the economic surveys this year. Without Dr. Khalil the preparations for the household survey will stop. Also the time plan for census of buildings, dwellings and establishments will be jeopardized;
3. Two of the consultants are dismissed without legal, contractual or proper notice periods in blatant disrespect for their work and needs, which is not in accordance with the labor standards upheld by the European Union.

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1. Background

The implementation of the November 2000 strategy plan started effectively at the end of January 2002, when all the previous obstacles had been removed. The ARLA technical assistance team was finally fully operational with the local expert Dr. Zoha Khalil in place and three parallel and one partly overlapping mission by international experts in the period from January 25 to March 15. Dr. Khalil started the preparations for the household survey. Mr. Dabbagh helped draft the questionnaire for the census update and started the preparations for the first round of economic surveys. During the mission, time plans for the planned operations, staffing plans, budgets, designs, questionnaires, etc. were all discussed and provisionally specified in "plenary" meetings between the ARLA team and the CAS team. In his report on his 2-week mission he presents and discusses the main technical issues involved.

Dekker & Brown completed their work with reports that clarified a number of technical issues and provided solutions that can be implemented by the staff of CAS. Dr. Dekker reviewed the existing database and the needs for equipment and training. Dr. Brown and CAS staff later tested the procedures to digitalize the ilot borders and buildings with the help of GPS handhelds. The results of the field tests made them suggest that satellite images be used instead of the handhelds to digitise ilot borders and buildings. This requires a change in Dr. Dekker's specification of equipment needs. The purchase of 200 handhelds should be changed into purchase of satellite images for approximately the same amount. While in Stockholm, I discussed their reports with them and found Dr. Dekker in agreement with Dr. Brown's recommendation to this change.

In that mission, there was also the study and initial discussions of the Tranap report to the Lebanese Government, as documented in my mission report.

While in Stockholm I had frequent contacts with Dr. Maral to follow up on work and other developments, with Mr. Marten in the PMC, and with Eurostat on the implications of the Tranap report. Dr. Maral was every week waiting for the authorization of the budget for the census update and the first round of economic surveys. Mr. Marten encountered some difficulties with further mobilising the ARLA technical assistance to CAS due to differences of opinion between main stakeholders on the implementation of the ARLA assistance to the CAS.

However, Eurostat arranged a meeting in Luxembourg on March 18, to which Mr. Idilio Freire, Mr. Alain Tranap and myself were invited to discuss the situation at CAS. This meeting ended with a recommendation by Eurostat to the EU-Delegation in Beirut that the technical assistance to CAS continues for the time being, pending a clarification of the role of CAS in the longer-term statistical policy of the Lebanese Government. The technical reason for this recommendation was that stopping technical assistance in progress according to the decision in November would have serious consequences. The implementation of the statistical program to establish National Accounts for Lebanon would be delayed one year. I was therefore asked to proceed with my 2-week mission as planned, to call on Mr. Hilmi Dabbagh to come for his 5-week mission and to start the planning for Dr. Anna Lennblad's mission in May. Mr. Marten obtained clearance from OMSAR for my mission as well as that of Mr.

Dabbagh's. So, I arrived in Beirut on Friday morning on March 22 and Mr. Dabbagh two days later.

2. My Terms of reference

My Terms of Reference (in Annex 1), as usually, specify three main activities:

1. Follow-up, together with the business survey expert, on the implementation of the recommendations by the database and the GIS missions and on the general implementation of the November 2000 strategy plan and propose the changes that may be needed;
2. Assist the CAS in the preparations of the household survey and provide input to the discussion on survey and questionnaire design by CAS with the Ministry of Social Affairs;
3. Assist the CAS further in developing a proposal for a new staff structure for the CAS, eventually to be regulated in a new government decree on CAS;

Most of the time of this mission has been spent on general institutional development issues, specifically to assist the CAS to meet the many actors on the scene, who have conflicting views about the short term and long term role of the CAS, most specifically on the implementation of the November 2000 strategy plan. Below, I give a brief overview of main events during the mission. The reader is referred to the relevant annexes for more information.

3. Meetings with the various actors

1. The activities of CAS

In my meetings with CAS I found out that CAS is proceeding with the implementation of its November 2000 strategy plan with the support of the ARLA team but with the budget for the census update and the first round of economic surveys still on hold by the Government. Mr. Dabbagh and CAS staff have drafted the questionnaires for the census update and for the surveys. CAS is proceeding with the implementation of the recommendations of Dr. Dekker and Dr. Brown on the database and the digital maps with the staff resources available. The pace of work cannot be high until CAS is authorized to recruit additional staff on project contracts and start their training. The ARLA team for CAS (Dabbagh, Khalil, and myself) and Dr. Maral and her team (Daher, Nader, Najwa and Ziad) repeatedly had to postpone our "plenary" meeting to specify the plans for the coming months, because of the other pressing concerns.

2. Activities concerning the reports by Mr Tranap and Mr. Freire

The Tranap report recommends parallel activities to CAS by an expert team on National Accounts creating confusion on the role and mandate of the CAS but also Mr. Tranap recommends that CAS program should be supported. Since the report is still very much on the agenda for many actors, I have – together with Ms. Yacoub and Mr Dabbagh, studied his report in depth as well as Mr Freire's report, including his annexes, to reconstruct his argument that gaps and inconsistencies in available sources are too serious to allow for compilation of National Accounts time series 1997-2000.

3. First meeting with Dr. Maral

On the first day of my mission, Dr. Maral reported that the Prime Minister, H.E. Rafik Hariri, has adopted Mr. Tranap's recommendation to set up an expert team to compile National

Accounts for 1997-2001 and postponed his authorization of the budget for the census update and the economic surveys, pending technical advice from the Minister of Economy and Trade, H.E. Dr. Bassil Fleihan. Dr. Maral had met Dr. Fleihan and agreed with him to have a meeting, some time after the Summit, to inform him about the work of CAS. This meeting was later scheduled for Tuesday, April 2 after the Easter holiday;

4. Meeting with an IMF-Delegation assessing the Lebanese statistical system

Parallel to our mission, there has been a delegation from the IMF to assess the Lebanese statistical system in the framework of the GDDS – the General Data Dissemination System – that is an IMF program to improve the statistical systems worldwide, but particularly for countries with less developed statistical systems. Three of the 8-member delegation visited the CAS on Tuesday, March 26, for a 3-hour meeting, in which they were given a full presentation of CAS strategy plan for National Accounts, using an updated version of the overheads presented to Eurostat, with some discussion of the Tranap recommendations. Two of the three members came back for additional meetings to get further information, most specifically on the CPI but also on the strategy plan, meetings in which I did not participate. However, I provided some written input to one of their meetings, on the discussions I had with Mr. Freire on the recommendation to abandon the effort to compile the National Accounts time series for 1997-2000. The draft report was given to Mr. Dabbagh and myself by Dr. Maral to provide comments before a meeting, in which the IMF-Delegation presented their report. Mr. Dabbagh drafted our comments.

5. Meeting with Mr. Joseph d'Olmo from the EU-Delegation in Beirut

On Monday, March 28, I was contacted by Mr. Joseph d'Olmo, Programme Director at the EU Delegation of Lebanon, who asked me to arrange a meeting with Dr. Maral and her team. A 4-hour meeting took place on Thursday, March 28 after an official request to Dr. Maral from Mr. Patrick Renauld, the Head of the EU-Delegation. Dr. Maral presented the history of the CAS and its structure and I presented the strategy plan using a further updated version of the overheads. Mr. D'Olmo made us very aware of the difference of opinion between the EU-Delegation in Beirut and Eurostat on how to proceed in the short term, pending a clarification by the Lebanese Government of the role and mandate of the CAS.

6. Meeting with the Minister of Economy and Trade

Late Tuesday afternoon, Dr. Maral, accompanied by Mr. Dabbagh and myself, had a 1.5 hour meeting with the Minister of Economy and Trade, H.E. Dr. Bassil Fleihan. The minister, having an American PhD in economics and experience of constructing an economic statistics database with very poor statistics in Yemen, thus has technical qualifications to advise the Prime Minister on the technical aspects of the CAS strategy plan. Mr. Dabbagh presented status of and plans for the census update and the set of economic surveys based on prepared overhead handouts and the draft questionnaires for both these operations. I made a brief – now standard – presentation, based on the set of prepared overhead handouts, again updated and extended with a set of tables from Mr. Freire's report to illustrate the gaps and inconsistencies of available Lebanese sources for 1997-2000. These are the basis for Mr. Freire's recommendation to Dr. Maral to abandon work on National Accounts compilation of the historical data in favour of consistent and reliable data for 2001 and following years.

Dr. Fleihan asked many questions on methods for quality control. His special concerns were with the willingness and capabilities of Lebanese enterprises and households to provide true and accurate economic data to CAS for statistical purposes, not trusting legal and other safeguards for data confidentiality against leakages to tax and other authorities. Mr. Dabbagh

discussed with him the internationally practiced methods for quality control that will be implemented. The Minister said that he needed a few days to absorb the material we gave him and find time for an appointment with the Prime Minister to discuss the decision to authorize the budget. He would make his best to not unduly delay the decision by the Prime Minister.

7. Preparations for the household survey

Dr. Zoha Klalil has continued the preparations for the household survey, discussing the design of the design of the survey and proceeding to develop the questionnaires for the different modules. During my mission we had informal discussions on the design on the basis of Dr. Zoha's study of the most recent literature on whether to have panel design or not for the household budget. Dr. Zoha, together with Ms. Lara Badr had prepared drafts on several modules, which were discussed. The indicators and questions in the modules for Household and family composition, education, health, housing and labor force were reviewed and brought considerably forward.

8. Meetings on labor force statistics

The work on the labor force module in the household survey got a boost by the mission by Mr. Farhat Mehran, a former ILO chief statistician. Two meetings were held with him and representatives of the regional ILO office, the Lebanese Employment Office and the Ministry of Labor to discuss the possibilities to provide labor statistics. The Labor Force module in the household survey seemed to all participants to be the solution for the coming year. The final meeting to discuss a draft by Mr. Mehran was held after the end of my mission.

9. Notes on the recruitment situation

The 13 new recruits that came to CAS in October is a welcome addition to CAS but this addition does not go any long way to meet the staffing needs of CAS. Currently the CAS is waiting for the recruitment of up to 22 assistant statisticians, who are needed for the regional fieldwork organization and quality control throughout the survey process.

10. Preparations for UNSD and ESCWA seminar in Oman

Late Wednesday afternoon Dr. Maral, who was very pressed by other meetings, asked me to assist her on one of her papers - on "Restoring the statistical system of Lebanon – with negative legacies from the past". She had two other papers to write on the IT Department and Environment Statistics before going on Friday afternoon to an ESCWA seminar in Oman.

11. Stop work immediately!

I worked on this report and that draft until Friday morning when CAS received a letter from the Minister of OMSAR. This letter referred to a decision by the EU-Delegation to stop all funding of the assistance program to the CAS - except for my missions – on institutional development without statistics production! This decision was discussed in a rather brief meeting and not favourably received.

4. Consequences of the decision by the EU-Delegation:

1. That the implementation of the November 2000 strategy plan to establish modern National Accounts for Lebanon will be delayed one year, regardless of the outcome of the high-level meeting at the end of April.

2. CAS is ready to proceed with preparations for the census and survey operations to go into the field according to a very tight time plan in the summer. Without technical assistance by Dr. Khalil, Mr. Dabbagh and Dr. Lennblad and equipment budget on hold, there will be no possibility to conduct the economic surveys this year. Without Dr. Khalil the preparations for the household survey will stop. Also the time plan for census of buildings, dwellings and establishments will be jeopardized;

3. Two of the consultants are dismissed without legal, contractual or proper notice periods in blatant disrespect for their work and needs, which is not in accordance with the labor standards upheld by the European Union.

Annèx 1. Terms of Reference for the Institutional Development Expert

Background Information

The functions of the institutional development expert is to assist the CAS management to reconstruct the system of official statistics and the statistical organization of Lebanon with priority in the short term for a system of economic statistics sufficient for the compilation of modern National Accounts. The expert has agreed to a series of short-term missions to assist the CAS in developing strategies and plans and to follow-up on their implementation. This includes in particular also the technical assistance plan.

The first mission of the expert in November 2000 assisted the Central Administration of Statistics (CAS) in developing a strategy plan for statistical system building. In the second mission to CAS, 18 April – May 4, 2001, the main institutional development issues were identified and a work plan detailed for the period July 2001 – June 2002. A second task of that mission was to make a first follow-up of the strategy plan for statistical system building in the years 2001-2003 and to propose a technical assistance plan for the CAS within the ARLA work plan for July 2001-June 2002.

The third and fourth missions, resp. July 27 – August 12 and October 8-16, 2001 did further follow-ups of the November strategy plan and the May technical assistance plan. The delays in the implementation of the plan were analyzed and consequences in terms of modifications of the strategy proposed. Five issues for Government consideration were identified in the short run to remove barriers for the CAS to implement the November strategy plan. The technical assistance plan was modified to take into account the resignation of the resident adviser for the National Accounts effective from August 21.

Of the five main domains for institutional development identified in the May mission report "Human resources development" was the priority task for the third mission but also "Organization Development" and "Legislative framework" was discussed. Main outputs were (1) a general analysis of staff capacity and capability needs of modern statistical agencies, (2) a detailed survey of staff capacity and capabilities at the CAS to establish baseline data, and (3) identification of the needs for technical staff to implement the November strategy plan.

In his fifth mission the expert followed-up on the implementation of the November strategy plan, particularly the issues listed for Government consideration, and continued the implementation of the work plan for institutional development. He helped organize the input of the technical assistance experts as a team. Preparatory work has been done by the expert working in Stockholm communicating by phone and e-mail with the CAS management.

Proposed specific objectives

The main purposes of the next mission are to further support the implementation of the strategy plan and the technical assistance plan and to proceed with the implementation of the institutional development plan with priority for supporting CAS in developing a new human resources structure to be implemented in a revised Government Decree on CAS.

Main activities to be undertaken

3.1. Preparations in Stockholm

- 3.1.1. Collaborate with the CAS management to discuss the contents of the various mission reports of the international experts and liaise with the experts as needed;
- 3.1.2. Collaborate with the PMC and ARCADIS BMB in planning the subsequent missions of the international experts to the CAS;
- 3.1.3. Be available for discussions by phone or e-mail with the CAS management on other up-coming issues in the implementation of the strategy plan;
- 3.1.4. Prepare for further discussions and decisions by the CAS on a new staff structure to be eventually implemented in a revised Government Decree on the CAS;

3.1. Activities during the mission to the CAS

- 3.2.1. Follow-up, together with the business survey expert, on the implementation of the recommendations by the database and the GIS missions and on the general implementation of the November 2000 strategy plan and propose the changes that may be needed;
- 3.2.2. Assist the CAS in the preparations of the household survey and provide input to the discussion on survey and questionnaire design by CAS with the Ministry of Social Affairs;
- 3.2.3. Assist the CAS further in developing a proposal for a new staff structure for the CAS, eventually to be regulated in a new government decree on CAS;
- 3.2.4. Assist the CAS in developing a strategy for staff capacity and capability building sufficient for a modern system of official statistics for Lebanon;

Location

Central Administration of Statistics in Beirut, with preparatory work in Stockholm.

Expected duration and start date

1.75 Month, to be split into two, of which six days for work in Stockholm. The mission to Beirut to start on 21 March 2002, for approx. 3 weeks.

Expected outputs

Memos on various issues, progress reports and a final mission report on the tasks fulfilled.

Reporting arrangements

The report should follow the guidelines for mission reports of Short Terms Experts. Deviations are possible, provided that these are discussed with the PMC Team Leader.

Annex 2. Notes on brief meeting with Dr. Maral Friday March 22

I informed Dr. Maral about the meeting at Eurostat in Luxembourg to which Mr. Alain Tranap of INSEE, Mr. Idilio Freire of the National Statistical Institute of Portugal and myself had been invited. Participants from Eurostat were Mr. Daniel Byek, Mr. Gilles Rambaud-Chanoz, and Ms Aline Bouzergan. Unfortunately, I did not have the official minutes of the meeting. I could only give my unofficial summary of the consensus of the meeting.

The main decision taken at the meeting was a recommendation to the EU-Delegation in Beirut that the implementation of the technical assistance program should continue as outlined by the Eurostat mission in November 2000, including the release of the budget for equipment and training.

I was asked to go Beirut for my 2-week mission starting at the end of the week and to call on Mr. Hilmi Dabbagh to come for his 5-week mission starting at the same time. I should also plan for the mission by Dr. Anna Lemblad, who is available for her first mission by the middle of May.

However, there would be a qualification on these decisions pending a "high-level" meeting in Beirut with Eurostat, the EU-Delegation and high representatives of the relevant ministries to sort out the conflict - or may be better – the confusion created by Mr. Tranap's mission as to the short term and longer term statistical policy of the Lebanese Government. If the Lebanese Government was intent on following his recommendation to set up a semi-permanent expert group supported by the Ministry of Finance, the Ministry of Economy and Trade and the Central Bank of Lebanon to do official National Accounts estimates for 1997-2001 this might jeopardize the central long term role of the CAS in the reconstruction of the whole statistical system for Lebanon and in particular economic statistics for National Accounts. This expert group would evolve into a permanent institute for National Accounts compilation taking over the mandate from the CAS or dissolve after some years with resources wasted on a non-sustainable project.

Dr. Maral then informed me of her first meeting with the Prime Minister of Lebanon, H.E. Rafik Hariri, who is also the minister responsible for CAS. She had been informed of his decision to set up the expert group and been invited to participate in the group. The Prime Minister has postponed his decision to authorize the budget for the census update and the first round of annual economic surveys with 2001 as reference year, pending advice on the technical issues involved. For the technical discussions on the plans of the CAS he referred her to the Minister of Economy and Trade, H.E. Dr Bassel Fleihane. She had met the minister and they had agreed to have a meeting at some time after the Arab League Summit and Easter to inform him on the work of CAS on economic statistics.

We agreed that this meeting must be very well prepared with a dossier of documents of plans and work done. To assist her and her team in these preparations would have to be priority tasks for Hilmi Dabbagh and myself.

Annex 3. Other engagements by the CAS

CAS was still waiting for the approval of the budget for the census update and the first round of the economic surveys. However, there was intensive activity to finish two other projects that CAS has been involved in; the Multi-Indicator Cluster Survey (MICS) that is supported by Unicef worldwide and the census of youth and sports clubs commissioned by the new Ministry for Youth and Sports. Dr. Maral explained the situation in our meeting on Saturday.

Several reports had already been released from the MICS. Remaining was to finish the final report. Social science professors at Lebanese universities had drafted the various chapters of the report. Since the report would be issued in the name of CAS the final review by CAS of each chapter had to be done to make them reasonably consistent and to keep the types and kinds of speculation and interpretation offered by the different authors within the bounds allowed for a statistical agency.

The second activity to do a census of sport clubs may seem innocent enough but that would only be the opinion of someone who does not know much about sports clubs in Lebanon. The reason why the new ministry had commissioned CAS to do the census was that a totally independent and objective agency would have to do the census for the results to be credible. There are associations for the different sports (basketball football, swimming etc.) and politics is involved in the registration of clubs. Some club will not be registered to preserve the existing majority in the association.

So the CAS found out in the final phase of the census that there was no "margin of error" allowed as in a normal sampling survey. CAS really had to establish whether registered clubs really existed and whether non-registered clubs were really entitled to registration. This turned the verification process into a very delicate operation. The credibility of the census results (and of CAS) was at stake. One or two errors would be enough to discredit the census. This is why the census operation could not be ended as planned by the end of February but had to be extended for almost a month, towards the end of March.

Dr. Maral was aware that CAS work with these surveys had caused some concerns as to her priorities. This kind of critique was obvious and implicit in Mr. Tranap's report. *Why was she doing these surveys instead of concentrating all energies of her staff on the implementation of the strategy plan?*

Dr. Maral explained that all the surveys are within the mandate of the CAS according to the 1997 Law on statistics. According to the Law all ministries can ask for technical assistance with surveys that they need and all such requests go through the Prime Minister. If they are endorsed by him, CAS, of course, has to do them and wants to do them. A few surveys have been initiated by the CAS but CAS cannot do any survey unless they are within the mandate and the Prime Minister has to authorize the survey plan and the budget. These procedures have been followed in all cases, of course.

Sub-annex. Activities of the CAS, authorized by the Prime Minister

2001: ▶ :

The Situation of Children in Lebanon;

The Census of Buildings and Establishments in the Liberated Zone;

The Situation of Transport in Tripoli requested by CDR;

The Survey of Building Licenses;

2002:

The Health System Responsiveness Study with the cooperation by the WHO;

The Census of clubs and associations of sports and scouts, requested by the Minister of Youth and Sports;

Study of the demographic and employment and unemployment needs and possibilities in the Liberated Zone, requested by the Ministry of Labor;

The survey for Balance of Payments purposes with the foreign embassies and consulates with the cooperation of the Central Bank of Lebanon;

Geographical Atlas for Lebanon requested by the National Council for Scientific Research.

Annex 4. Brief notes on the meeting with the IMF Delegation

Present: Dr. Maral, Najwa, Nader, Ziad, Daher from CAS, Hilmi, Zoha and myself from the ARLA team and B.R.H.S. Rajcoomar, Thomas Alexander and Omar Hakouz from IMF.

Mr. Alexander explained that the purpose of the mission was to assess the statistical system of Lebanon and to make recommendations on how to develop it. In her introduction Dr. Maral gave a brief history of the CAS and its organization.

Dr. Maral asked me to present the ARLA program of support to CAS with its three main activities under the current work plan based on the standard set of overheads on paper. My presentation was complemented by brief interventions at relevant points by Dr. Maral, Ms. Najwa Yacoub and Mr. Hilmi Dabbagh.

The questions from the delegation were on the delays in the implementation of the November strategy plan; eight months to recruit 13 new staff, ten months to approve the agreement with the army and the delays in the implementation of the technical assistance plan during 2001 until end of January 2002. The CAS is now waiting for the approval of the budget for the census update and the first round of economic surveys.

On the last point the delegation wanted to know why approval was needed of a budget that was already adopted. Dr. Maral explained the process and that this process is not unique for the CAS.

I explained that the Government seems to be considering a change in statistical policy on the basis of recommendations by Mr. Alain Tranap of INSEE that will have short term but most likely also long-term consequences for the mandate of CAS. His recommendation is to set up a semi-permanent expert group to compile national accounts for 1997-2001 supported by the Ministry of Finance, the Ministry of Economy and Trade and the Central Bank of Lebanon. This group may evolve into a permanent institution that compiles the National Accounts for Lebanon, which would be an institutional set up for economic statistics that is not in accordance with best international practice.

Mr. Najcoomar made some positive comments to the approach by the CAS and emphasized that annual surveys are needed for time series to be at all useful.

After the plenary meeting, Thomas Alexander and Omar Hakouz continued to meet with Ms. Najwa Yacoub on the details of the consumer price index, which I did not participate in.

Dr. Maral hosted a late "picnic" lunch in the office for the two from IMF, Hilmi, Zoha and myself from ARLA and Najwa, Nader and Ziad from her team.

Annex 5. Further meetings with the IMF

Mr. Thomas Alexander and Mr. Omar Hakouz came back for further meetings on Wednesday and Thursday, in which I did not participate. They surprised Najwa and Hilmi by seeming to favour short-term approaches with available data. Some countries don't do annual enterprise surveys and they still publish annual accounts, they were reported as saying. CAS can publish preliminary estimates and revise these as many times as it wants. They also asked some specific questions about Idilio's report. In this memo I give (1) some notes on the GDDS as applied to Lebanon and (2) attach a memo written to answer their primary question on Idilio's report that was given to them by Najwa and Hilmi.

It seemed very odd to me that an IMF-delegation in introducing the GDDS to Lebanon's statistical authority in their first assessment of the Lebanese statistical system were favouring a short-term approach to a country at Lebanon's economic level. Below, I give some notes on the IMF work to establish international standards and to give a kind of certification to countries that meet those standards.

1. The GDDS

Since 1995 the IMF has worked to establish standards for the compilation and dissemination of economic and financial data for member countries. It has adopted a two-tier approach, comprising a General Data Dissemination Standard (GDDS) intended to guide all member countries and a Special Data Dissemination Standard (SDDS) for countries that have or may seek access to international capital markets. The special standard, intended to satisfy the standards of the actors on the international capital markets, was developed first. It was opened for subscription by member countries in April 1996. The general standard was opened about one year later in April 1997. By now most of the developed countries have adopted the SDDS and many countries with less developed statistical systems have adopted the GDDS.

The general standard (GDDS) addresses three key areas – the quality of data; development plans for the statistical system; and the dissemination of data. The quality of data has three dimensions; accuracy; comparability; and documentation of methodology and data sources, so-called metadata. The dimensions are the same for the special standard (SDDS) but the criteria to be satisfied are higher set for the SDDS than for the GDDS.

Member countries have been invited to participate in the GDDS even if they cannot yet satisfy all the standards, provided that they commit themselves (1) to use the IMF system as a framework for the development and dissemination of the covered data, (2) to designate a country coordinator to work closely with IMF staff, and (3) to prepare metadata comprising (a) descriptions of current practices and (b) plans for short- and long-term improvement that could be disseminated by the IMF to the public.

The development plans in the GDDS cover (a) a diagnosis of the current situation and the formulation of a strategic vision of future directions; (b) the elaboration of a detailed plan that identifies all the resources that are required to achieve the desired objectives; and (c) the tracking of progress under these plans.

The IMF will publicly acknowledge the name of countries that have made those commitments and may provide technical assistance to countries in need of such assistance. The decision to participate is not for the national statistical institute to take but for the Government. It will commit the Government in the long term to finance a high quality system of economic statistics and it will help to get donor funding in the short run.

2. Quotes from the current IMF document on the GDDS

"The GDDS fosters sound statistical practices with respect to both the compilation and the dissemination of economic, financial, and socio-demographic statistics. It identifies data sets that are of particular relevance for economic analysis and the monitoring of social and demographic developments, and sets out objectives and recommendations relating to their development, production, and dissemination."

"The primary objective of the GDDS is to ensure that statistical systems are developed and maintained in ways that permit statistics to be produced and disseminated in accordance with principles and practices that ensure high standards of excellence."

"The GDDS is not intended to address cases where timeliness is of the essence – rather it focuses on building the capacity to disseminate statistics of the highest quality, which is an appropriate long-run objective for all statistical systems. Moreover, the attainment of this objective should ensure that, in the future, data that must be used in cases where timeliness is the main priority will be far more useful than would otherwise be the case."

Against this background I find it odd that the IMF representatives gives such casual comments and recommendations to Lebanese representatives, particularly in the present delicate situation, in which lots of confusion has been introduced by the Tranap report.

3. Revisions in developed countries – and in Lebanon at the present

In developed countries, the Ministry of Finance needs a preliminary estimate from the national statistical institute of GDP for the *current* year as early as October or November, that is, before the end of the current year, to be used in the preparations of the budget for next year. These estimates are based on the quarterly enterprise surveys and short-term indicators for the first two or three quarters of the current year. The estimates are then revised when the quarterly data for the full year are available in the first quarter of next year (as currently in the United States) and again revised towards the end of that year when the final data from the enterprises for the whole year are available. In such countries, no one is surprised that the estimates based on final data are slightly different from the preliminary estimates. The reputation of, and trust in the National Statistical Institute is not at stake by these revisions unless they are large repeatedly. If the preliminary estimates are repeatedly way off the mark, the trust is eroded and they become less useful for the Ministry of Finance and the Government.

These international practices are not relevant for the situation of Lebanon and the CAS at the present, when there are no official GDP estimates and everyone, Government, media, and international organizations are crying for such an estimate. The first official estimate, which is released for Lebanon, will have a very strong impact and will immediately come into wide circulation, whatever reservations have been made. It will be quoted in Government documents, used in debates in Parliament, discussed in the media, etc. There will be consternation – to say the least – if the CAS comes back soon after that with a revised figure that is substantially revised upwards or downwards.

Annex 6. The problem with sources for National Accounts compilation 1997-2001

There may be a problem with Idilio's report in the explanation of why he came to the conclusion that it was not possible to compile time series of National Accounts for the years 1997-2000. We discussed this issue at length before I included a brief summary of the arguments in my reports in English from my mission July 27 – August 11, 2001 (See annex). I now realize that the argument in Idilio's report in French is almost solely based on the comparison of level and structure of private consumption in the 1994/1995 exercise with the 1997 living conditions survey. Our discussion and our conclusions were not based mainly or even primarily on that comparison but on all the material that is in his annexes, primarily the overview in Annex 11. I suppose that he did not have time to include them in his own report.

Why did Idilio compare 1997 survey result on level and structure of private consumption with the estimates from the 1994/95 National Accounts estimates? The brief answer is: He needed something to compare the 1997 survey results with because he did not know whether he could trust them. He had extrapolated the results from the household budget survey for Beirut to the national level using some retrospective questions in the living conditions as "bridges". The 1994/95 estimates on private consumption were in an official CAS report by the former Director-General of the CAS. There was no documentation of methods, procedures or sources for these estimates but an experienced national accountant had made them (Mr. Kasparian). I think he felt that since the estimates were in an official report he had to take them into account.

However, in the discussions with me, when I was to summarize the arguments in my report, the inconsistencies were indeed mentioned. However, the main argument was that the 1997 results (on which he had reservations) could possibly be extrapolated into 1998 but for the following years they would be just "guestimates". He could possibly use imports as "bridges between the years but his comparison in Annex 9 of OECD and EU export data with Lebanese customs data for imports suggested to him that the "bridge" between years would be shaky. According to my summary he said that he had not been able to do a deep-going analysis of the quality of the foreign trade data because data were available only in Arabic.

However, his conclusion and my acceptance of his conclusion were mainly based on the overview of sources for National Accounts provided in his Annex 11, in which he illustrates the appalling gaps in data sources for the production side, particularly the lack of data for the services that constitute more than 60 per cent of the GDP according to the 1994/95 National Accounts exercise. One should also note his analysis of the surveys of manufacturing industry done by the Ministry of Industry in 1995 and 1998 in his Annex 3 based on a comparison of number of establishments in the surveys with the number of establishments in the Establishment census of the CAS done in 1996, resulting in serious concerns with the sampling frame of Ministry of Industry.

Sub-annex

The arguments for discontinuing the exercise to compile provisional National Accounts for 1997-2000 as given in my report

"The first task in the strategy was accomplished by August 2001 with a report by Mr. Idilio Freire on his work to inventory existing data sources for provisional National Accounts estimates. His conclusion was that the gaps in the data and the large inconsistencies between the available data sources make it impossible for the CAS to produce any National Accounts statistics that reach even the lowest international standards for official statistics. The main problems that he has identified as the basis for his conclusion are the following:

1. To use the 1994-95 National Accounts exercise one must accept, for instance, that private consumption is 106 percent of GDP which is rather strange but possible for a country with unusually large transfers from abroad.
2. The 1994-95 estimates of level and structure of private consumption are quite inconsistent with the 1997 data from the living conditions survey (See Annex 2.1). A private consumption estimate could possibly be made for 1998 using the 1997 data as baseline but for the following years estimates would be "guestimates" with little basis in real data. Since private consumption is a very large component in the GDP – if not 106 per cent – the estimates of GDP as a whole would be a "guestimate", which is not acceptable as official statistics and not even as provisional official estimates.
3. The gaps on the production side are equally appalling (See Annex 2.2). There are no real data for any year on construction and the large services sectors (domestic trade, transport, hotels, restaurants, etc.). The statistics from the 1998 surveys of manufacturing industry are very inconsistent with the 1996 CAS registration of number of enterprises and thus (probably) also of number of employees as well as of value added in manufacturing industry.
4. The reasonably acceptable statistics may be on public consumption and on foreign trade although deep-going quality analysis has not been possible because crucial information in adequate detail has been available to the expert only in Arabic.

The result of Mr. Freire's exercise only served to reinforce the decision by the CAS to implement the strategy by the book in order to get a firm base for the future. However, this has proved much easier to say than to do."

Annex 7. Notes on CAS meeting with Mr. Joseph Piazza d'Olmo

Participants for the first part: Dr. Maral, and myself from the ARLA team.

The meeting had been officially asked for by the EU-Delegation to give Mr. Joseph Piazza d'Olmo, the Director of the EU program for Lebanon in the EU-Delegation in Beirut, an opportunity to introduce himself and to become familiar with the CAS, its activities and its management team.

Dr. Maral warmly welcomed Mr. Joseph to CAS and made a comprehensive 40-minute presentation of the history of CAS, its legal mandate and its organizational structure, complete with its present official organigram and numbers of staff. At the suggestion of Mr. Joseph her presentation was made in French, a suggestion that was also followed in the second part of the meeting. This seriously handicapped my understanding of the discussions and my ability to make detailed notes. (My training in French is from two years in high school 43 years ago.)

For the second part of the meeting Nader, Nadjwa, Daher and Ziad from CAS, and Dr. Zoha, and Hilmi from the ARLA team were invited.

In his introductory Mr. Joseph explained that he had taken up office at the EU-Delegation since only two months, that he had read my last mission report, Tranap's report, and that he understood that there was a crisis because CAS did not want to make provisional GDP estimates for 1997-2001. At this occasion he wanted to hear CAS' version in a meeting face to face. He explained that he was not a statistician or a technical expert in the field so he could not evaluate the technical arguments from either side.

Dr. Maral made some comments on the Tranap report as to his assertions

- that CAS will not have any National Accounts estimates until 2005 although the planned output from CAS strategy was first estimates based on the first round of economic surveys with 2001 as reference year to be released at the end of 2002;
- that CAS had refused an order or a request from the Prime Minister to do National Accounts estimates for 1997-2001. It was CAS that had initiated the work to inventory available sources for NA-statistics 1997-2000 already in the November 2000 strategy plan. No such request "to do whatever could be done" had been made after she had submitted her annual report for 2001 explaining her reasons to abandon work on the historical data in favour of work to lay a firm basis for the future;
- that CAS priorities were ill-considered, participating in Unicef surveys and a census of sport clubs instead of working with economic statistics. All CAS' work in 2000 and 2001 were within CAS legal mandate and had been authorized by the Prime Minister, most of them after requests by other ministries.

Mr. Joseph explained the views of the EU-Delegation on the short term and the long term development of statistics. In the short term it is understandable that the Lebanese Government wants National Accounts statistics as soon as possible, which may conflict with the interest in the long term to build a reliable and sustainable statistical system for modern National Accounts.

If the Government decides to set up and finance an expert team to make estimates for 1997-2001 and move the mandate to compile National Accounts from the CAS in the longer term, the EU interest to support the CAS under the ARLA program would stop.

On the other hand, if the Government decides to leave the CAS mandate unchanged and requested ARLA support for an effort to build a sustainable system for the long term, the EU would not hesitate to provide all the needed technical assistance. The EU would not discuss some maximum of five or ten man months but be willing to consider 2-3 long-term resident experts and all the equipment and training that was needed.

For the time being, the EU-Delegation has frozen all funding of technical assistance to the CAS with the exception of Professor Johansson's present mission.

The EU needed to know what will be the statistical policy of the Lebanese Government and what will be the role allocated to the CAS. There must be clarification before any more spending can be done.

At some point in the meeting I made a partial presentation based on the paper overheads that had been prepared for Mr. Joseph. He was invited to come back with any questions he may have after studying the material.

All the members of Dr. Maral's team and also Dr. Zoha and Mr. Hilmi were given opportunities to present their views.

Annex 8. Work on the household survey

The household survey is one of the major elements in the November 2000 strategy plan. It will be carried out during calendar year 2003 with fieldwork continuously over the whole year. The preparations include at least one fairly large pilot in the fall. Dr. Zoha Khalil has been in charge of the preparations.

While in Stockholm I gave some input to the discussion between her and the UNDP expert, Dr. Bakr on the sampling design. Her recommendation and mine have been to distribute the sample over the whole year, equally per week, 2-week period or month, a design that will capture seasonal effects, including peak expenditure weeks like Ramadan and Christmas. This design makes life easy for fieldworkers and fieldwork logistics as well as for data entry, data processing and reporting. It is good enough for the macroeconomic estimates from the survey for the National Accounts. And it can be improved upon with possible enlargement of the sample for weeks when the variance between population groups increase. Dr. Bakr has recommended another alternative, namely that some kind of panel design be used.

However, Dr. Zoha Khalil has made a study of the most recent literature and found one major new argument, that a panel design is better for the micro-analysis of poverty for instance, although it is not needed for the macro-estimates that CAS needs for the National Accounts. Dr. Khalil has come up with a very interesting idea of her own on how the design of the retrospective questions can be more tightly coordinated. Her idea seems good in theory but may be more problematic in practice. Further penetration of the idea is needed.

The preparations for the questionnaire have continued by Dr. Zoha and Ms. Lara Bakr. During my mission the modules on household and family, education, housing and health were discussed and the first three 95 per cent finished. Also the labor force module was discussed. However, the discussion on this module became particularly productive when Mr. Farhat Mehran, a former ILO chief statistician, proved to be in Beirut on a mission.

Preparations have thus been proceeding but have now brought to a complete stop by the continued contracting problems for Dr. Khalil.

Annex 9. Meetings on questionnaire for Labor Force Module

On Thursday, April 4, representatives of the National Employment Office, the regional ILO Office and the former ILO Chief Statistician, Mr. Farhat Mehran, visited CAS. Mr. Mehran is assisting the Employment Office to look at the possibilities to establish a system that would regularly give statistics on employment and unemployment.

Mr. Mehran reported that he had looked at the existing sources with information on Lebanon's labor force. He has found them fragmented and uncoordinated with questionnaires that cannot give the internationally recommended data on employment and unemployment.

Dr. Maral presented CAS strategy plan supported by the ARLA program under OMSAR. The strategy plan includes (a) an update of the sampling frame for sample surveys of households and establishments, (b) an integrated system of annual economic surveys, and (c) an integrated multipurpose household survey, that will include a module for the labor force. She also mentioned the 1997 Living conditions survey and the recent survey of "Children in Lebanon" using Unicef's MICS design as model. Dr. Zoha presented the labor force questions in the MICS questionnaire.

Dr. Zoha and myself stressed that the intention was that the labor force module in the integrated household survey should follow exactly the ILO recommendations in order to capture internationally comparable data on employment and unemployment and also to be used in Lebanon whenever a regular labor force survey is started.

Mr. Mehran explained that the minimum number of questions just to capture employment and unemployment was 7-8 questions and that a further 7-8 questions would be needed to capture variables on the characteristics of the jobs. He exemplified with the need to find out about the method of seeking work, the possibilities to combine a labor force survey with register data from the employment exchange, whether to release public use tapes, etc.

The household survey will give employment, unemployment and characteristics of jobs and the employed continuously over calendar year 2003 with possibilities to release quarterly survey data based on ca 10 000 in the sample for each quarter. For the longer term the ideal would be to run the multi-indicator survey with the household budget survey as its core. Then there would be a choice between two options; (1) to continue with a living conditions survey but without the household budget survey, and (2) to widen the labor force module as the core of the future survey system. The survey would have a big sample, rotating over a 2-year period in a panel. The LFS can be used as a vehicle to which modules for social sector modules are attached depending on user interests.

Mr. Mehran suggested that the main users of and interested parties in labor statistics should form a group to discuss various technical issues that will arise. The group was immediately constituted and met for its first meeting on Saturday, April 6, chaired by Dr. Zoha, with a larger group from the Ministry of Labor present. Initially Mr. Mehran listed the problems with earlier attempts in previously used questionnaires to precisely capture labor force data.

The basis for discussion was the diagram that illustrates the standard ILO concepts, which can then be formulated as questions. A very lively discussion started, in which specifics of the Lebanese conditions were listed.

It was agreed that the group would meet for a third time while Mr. Mehran was still in Beirut. Mehran would present a draft questionnaire to be included as one of the modules in the multipurpose survey.

Annex 10. Recruitment situation

There was very little time to discuss the issues in recruitment. The 13 new recruits that came in October 2001 have, of course, not solved the shortage of staff at the CAS.

The two analysts and three programmers who were recruited clearly improved the situation in the IT-Department that before had only its statistician acting and the elderly ladies, who do data entry and have been in CAS since before the civil war.

Now it is the Fieldwork Depart that is in the worst situation with only its statistician and also some elderly staff from before the civil war. The regional offices with coordinators and supervisors that should give the structure to the fieldwork organization have no staff at the present time.

Dr. Maral has submitted a request to the Council of Civil Services that 22 vacant posts as assistant statisticians are filled. The 1980 decree provides for 27 positions but five are filled at the present. The decree has two possibilities; (1) that holders of the baccalaureate level, second stage, are invited to compete for a position, but then go through a preparatory 2-year course, and (2) baccalaureate second stage and then a 2-year training at a university. Dr. Maral has suggested that the second option is use because the Science Faculty of the Lebanese university has suitable courses that lead to relevant exam for the job as assistant statistician.

However, even if there are suitable candidates for all the 22 positions, CAS has an urgent need to get the temporary project staff for the two big operations this year; the Census of buildings, dwellings and establishments and the first round of the economic surveys. The census requires some 700 fieldworkers to visit every single building in the country, to mention just one example. Also the IT-Department needs temporary project staff to digitise ilots and buildings.

A second request from Dr. Maral submitted to the Council of Civil Services is for the promotion of the four young statisticians from grade 3 to grand 2 and then formally qualified to take up the position of head of department.

Government of Lebanon
Central Administration of Statistics (CAS)

Restoring the statistical systems of Lebanon – with negative legacies from the past

By

**Dr. Maral Tutelian
Director General of the CAS**

Paper to be presented at the seminar on "Organization and Management of Statistical Systems" arranged by UNSD and ESCWA April 7-9, 2002 in Muscat, hosted by the Ministry of National Economy of the Sultanate of Oman.

Acknowledgements: My thanks to Dr. Hasan Abu Libdeh for his support, freely letting CAS use the experiences and achievements of the PCBS in our work and Dr. Hussein Shakhtrah for the questionnaires he provided.

1. The legacies from the past

Before the civil war, there was a directorate of statistics in the Ministry of Planning. In 1975 its office and all its archives were destroyed in the war.

In 1979-80 the Lebanese Government did a first restoration attempt by creating a Central Administration of Statistics directly under the Council of Ministers with the 1979 Law on statistics regulating its mandate as the central statistical agency and the 1980 decree on CAS regulating its structure. This restoration attempt was thwarted by lack of resources, continued civil war and the 1982 invasion by Israel.

During 1994-1998, a second restoration attempt was done by the CAS under Mr. Kasparian, who made the 1994-95 National Accounts exercise with the very few data sources available, the 1996 Registration of buildings, dwellings and establishments, and the 1997 Living conditions survey. Also this second restoration attempt was thwarted by lack of resources. The data collection activities did not continue.

Taking up office on January 6, 2000, after two previous interim Director-Generals in 18 months, I am in the process of making the third restoration attempt, struggling with inadequate resources and the many actors on the present statistical policy scene of Lebanon, who have different views on the role and mandate of the CAS.

2. Establishing the fundamentals for the statistical system of Lebanon

One of the priorities, when establishing the statistical systems of a new country or a country ravaged by war, is to do a population census, often combined with a housing census and later also independent censuses of establishments and agricultural holdings. No population census has been done in Lebanon since 1932! There have been proposals from various parties but never anything like a consensus among the important population groups to do such a census. I want to underline that CAS has no legal mandate to initiate a population census.

However, CAS has a way to fulfill one of the central functions of a population census, namely the very important one to establish a sampling frame for establishments and household surveys. For this function, we do a registration of buildings, dwellings and establishments. The first one was successfully carried out in 1996, which I now regard as the only positive legacy from the past.

This year – in 2002 - CAS will do a new registration, aiming to establish a system to make possible frequent updates of the sampling frame, every second or third year. The infrastructure for such updates will consist of a modern Geographic Information System (GIS), which will make possible the production of close to perfect maps of enumeration areas with buildings identified by coordinates and their shapes, enabling identification of new buildings by remote sensing. The GIS database is connected to an Oracle database via numbers of Enumeration Areas and the coordinates of buildings. In this database, the characteristics of buildings, dwellings and establishments, needed for stratified sampling of dwellings and establishments, are stored.

When up-to-date satellite images become continuously available at affordable prices, field-workers sent to the new buildings, which have been identified by office work can update the sampling frame of dwellings for household sample surveys. Deletion of erased buildings and

their dwellings from the sampling frame can also be done by office work. The sampling frame of dwellings is, of course, the sampling frame of households.

Continuous updates of the sampling frame for establishments will be possible from administrative records as they increasingly become available with the ongoing modernization of the Lebanese administration. However, the two approaches for updating the register that were adopted after the 1996 registration (building licenses survey and registrations of new enterprises at the Ministry of Justice) have proved to be failures, when CAS tried them in 2001.

In the short run it is obvious that the only way to update the statistical business register that the CAS must have is to provide for updates by fieldwork every two or three years. The role of the statistical business register is crucial for the quality of estimates in the annual economic surveys and consequently in the National Accounts. Therefore we think that a reasonable share of the total cost for economic statistics and National Accounts should be devoted to keep the statistical business register updated. Firm control of the sampling errors can be done with a good sampling frame. The non-sampling errors in our economic surveys must be controlled by other methods.

An update in the future will entail that the fieldworkers have precise maps of the Enumeration Areas from the geographic database. They have lists of buildings, number of dwellings and economic establishments for each Enumeration Area from the Oracle database. The fieldworkers locate the buildings (in tricky cases with a GPS handheld), validate the information on number of dwellings and update the information on establishments that are still there. They will add the new buildings in the Enumeration Area to the list and record the information on number of dwellings and the information on the economic establishments in those new buildings.

Personally, I have come to regard our registration approach not just as a miserable default option, when a population census cannot be done. It seems to me as a viable alternative to a conventional approach with infrequent and very expensive population and establishment censuses, *nota bene*, if our registration approach is combined with large household sampling surveys for the system of social statistics.

3. The strategy plan for the system of economic statistics

In November 2000, CAS adopted a strategy plan for economic statistics system building, sufficient for the compilation of modern National Accounts for Lebanon. It is based on the "ABC" of economic statistics system building: A accurate sampling frame established, B build and integrated system of annual economic sample surveys covering all economic activities (with 2001 as first reference year), and C conduct a household budget survey (in 2003) to capture level and structure of private consumption and household production enabling Supply and Use Tables to balance data on production with data on consumption to improve quality of GDP-estimates.

Unfortunately, we have encountered many delays during all of 2001 that were not in our power to control. However, CAS is now ready to start the operations, pending authorization of the budget for the new sampling frame and the first round of economic surveys.

4. Developing the system of social statistics

In the meantime, CAS has started to respond to requests by ministries to do various censuses and surveys and also initiated some social surveys on the situation of children and a health responsiveness survey. CAS cannot develop an integrated system of social statistics by responding to such requests, which by their nature cannot be very coordinated.

Neither can CAS, with its limited resources, plan for a social statistics system built on the normal set of special surveys of labor force, demography, housing conditions, education, family, crime and victimization, etc.

Instead, CAS is planning the household budget survey as a comprehensive living conditions survey that will include modules to capture data for a selection of core indicators for each of the main social sectors; labor force, education and schooling, health and medical care, housing, household and family structure, crime and victimization. We know, of course, that this is not a unique design of the social statistics system. Many countries are adopting this model.

Ideally, we would like to at least two successive rounds of the Living conditions survey, including the household budget survey, to test the stability of results. After that we will have two options: (1) to continue with an annual Living conditions survey without the household budget and (2) to concentrate on Labor force survey and using it as the vehicle to which we attach occasional modules to capture data for social indicators that are in high user demand.

Annex 12. Presentation for the Minister of Economy and Trade



Central Administration of Statistics

Presentation of CAS and the program to build economic statistics sufficient for modern National Accounts

Beirut, April 2, 2002

Prepared for the meeting with the Ministry of Economy and Trade

History of the CAS:

Before the war, a directorate in the Ministry of Planning;
1975 Office and all archives destroyed in the war;
1979-80 Restoration attempt (1): Central Administration of statistics was created with new law and decree on CAS;
1994-97 Restoration attempt (2): GD Mr. Kasparian made 1994-95 National Accounts exercise, 1996 Registration of buildings and establishments, and 1997 Living conditions survey;
2000- Restoration attempt (3): Dr. Tutelian adopted the November 2000 strategy plan and started work with surveys.

Survey activities of the CAS, authorized by the Prime Minister

2001:

The Situation of Children in Lebanon;

The Census of Buildings and Establishments in the Liberated Zone;

The Situation of Transport in Tripoli requested by CDR;

The Survey of Building Licenses;

2002:

The Health System Responsiveness Study with the cooperation by the WHO;

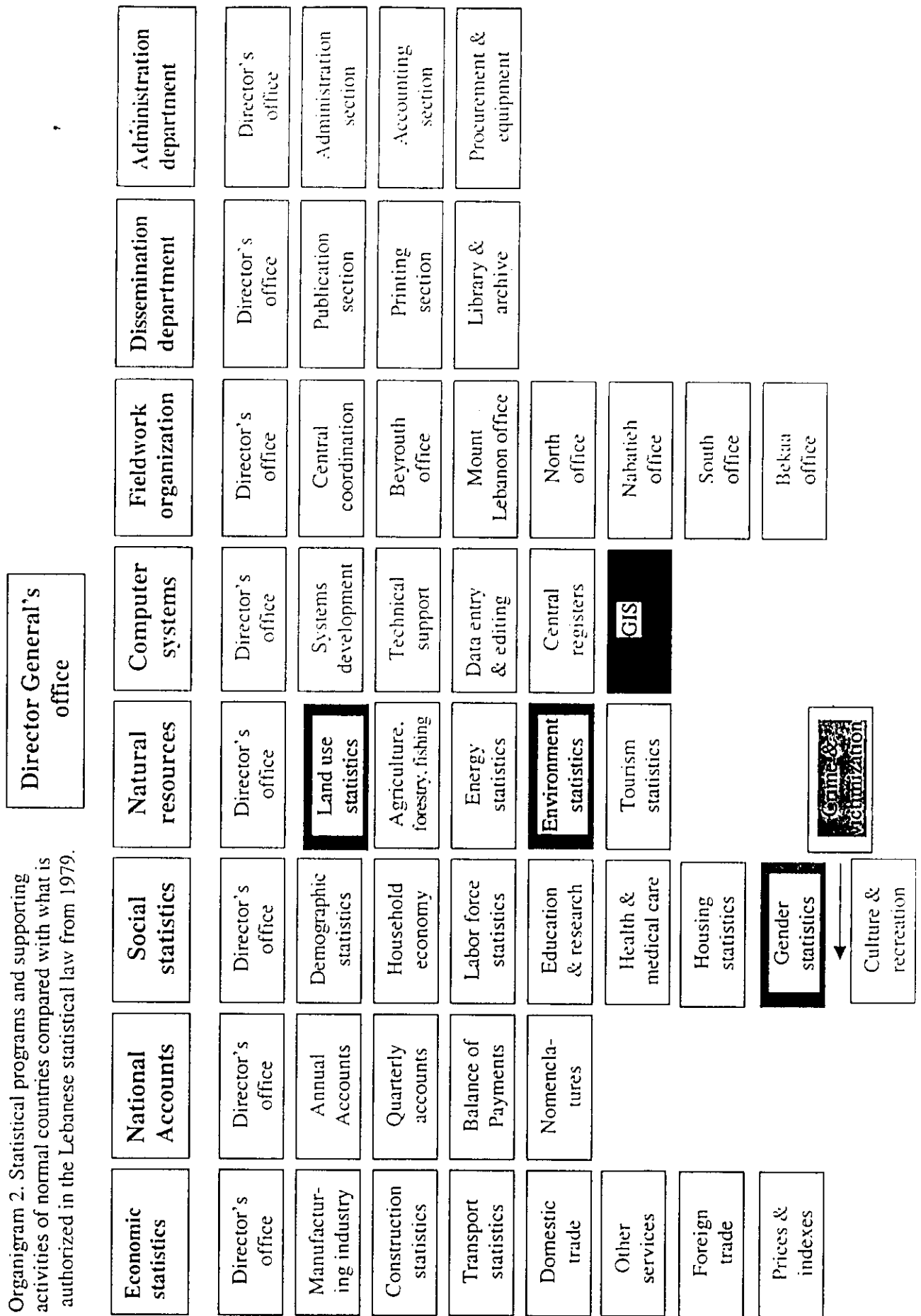
The Census of clubs and associations of sports and scouts requested by the Minister of Youth and Sports;

Study of the demographic and employment and unemployment needs and possibilities in the Liberated Zone requested by the Ministry of Labor;

The survey for Balance of Payments purposes with the foreign embassies and consulates with the cooperation of the Central Bank of Lebanon;

Geographical Atlas for Lebanon requested by the National Council for Scientific Research.

Organigram 2. Statistical programs and supporting activities of normal countries compared with what is authorized in the Lebanese statistical law from 1979.

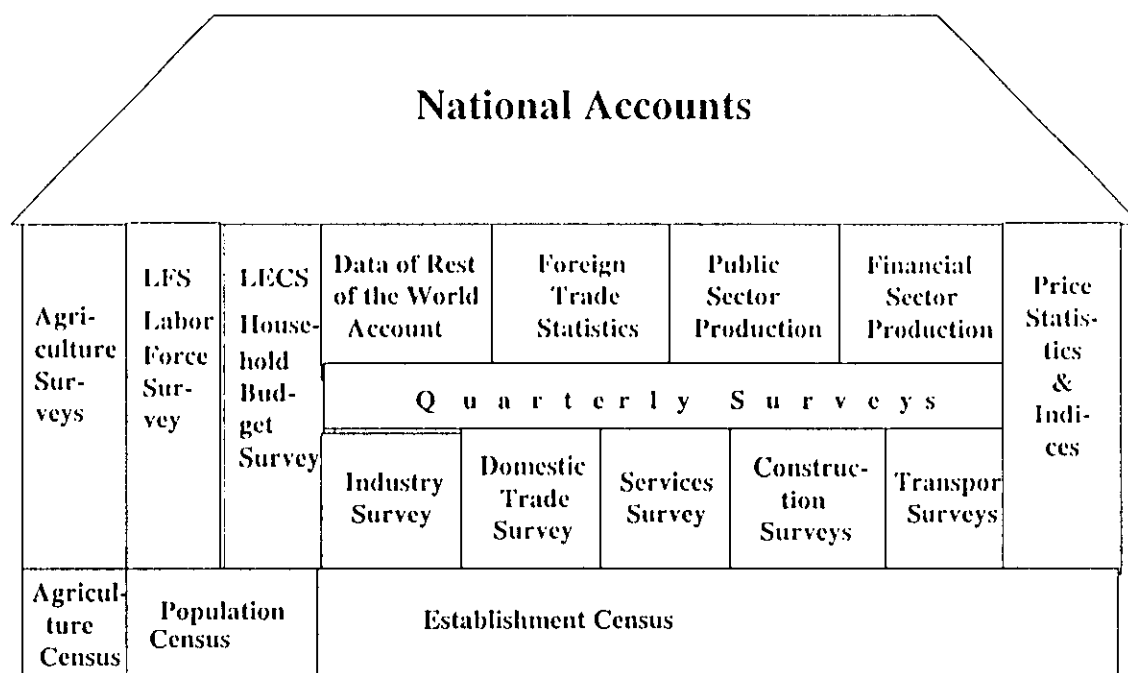


Why National Accounts?

The System of National Accounts is

- the “bookkeeping of a nation,”
- recording the production and the income of economic actors in the different sectors of the economy,
- how this income is used for public and private consumption, investment etc.
- economic exchange with other countries
- as well as the value of the nation’s productive assets

“A country without reliable economic statistics and National Accounts is like an enterprise without bookkeeping in relation to its owners, its managers and to potential investors.”



CAS strategy for statistical system building:

- 1. Inventorying sources for National Accounts 1997-2000 and attempting to compile NA time series;**
- 2. Updating the 1996 database on buildings, establishments and dwellings to be used as sampling frame for household and economic surveys;**
- 3. Establishing a set of annual economic surveys of enterprises in all branches of production, with 2001 as first reference year;**
- 4. Establishing a household budget survey on household production, expenditure and consumption for 2003;**

5. Compiling the first National Accounts based on improvised sampling methodology and near complete data on the production side of the economy with 2001 as reference year, to be released before end of 2002;
6. Improved National Accounts for Lebanon based on updated sampling frame and more complete data on production with 2002 as reference year, to be released before the end of 2003;
7. NA 2003 based on near complete data for both the production and the use side of the economy enabling supply-and-use table methodology, to be released before the end of 2004.

Critical assumptions:

1. Recruitment of higher-level and medium level technical staff to fill the gaps in the staff structure;
2. Increasing compliance with the 1979 Statistical Law and the Government's memorandum issued enabling all government institutions to cooperate with CAS in a coordinated effort to establish a modern statistical system for Lebanon.

Status of the November 2000 strategy plan

Activity 1:

Compilation of provisional National Accounts for 1997-2000 abandoned after completion of report on available data.

Activity 2-4:

Preparations for the three major data collections in the strategy plan have now started after very serious delays.

Critical assumption not fulfilled:

Staff capacity building very slow. Staff on temporary contracts for specific projects will have to do.

Cooperation with and support for CAS not good enough.

University trained technical staff at CAS by department

Department	Number of posts	Staff in Nov 2000	Staff at present	Vacant posts
Economic Statistics	13	2	4	9
National Accounts	13	4	5	7
Social Statistics	14	3	3	11
Computer System	20	1	6	14
Fieldwork	6	1	1	5
Administration	4	4	4	0
Total	70	15	22	48
Recruitments in progress		13	22	

The delays in strategy implementation

1. It took the Government 8 months in 2001 to complete recruitment of 13 new staff, following normal procedures;
2. It took until end of September to approve a May agreement on digital maps between CAS and the Lebanese army, and then until early December to get the maps;
3. In October the technical assistance plan was put on hold so that recruited experts for November took other jobs;
4. Authorization of household survey submitted at the end of September, given at the end of January;
5. Presently, CAS is waiting for the Government's authorization of the budget for the Census and the first round of annual economic surveys for 2001.

Provisional National Accounts 1997-2000

GDP from use side:

Private consumption + public consumption +
investment + change in stocks + export – imports

GDP from production side:

Production in primary, secondary and tertiary sectors –
intermediate consumption

Sources for National accounts from use side

✓ - Official information is available
E - Credible estimations can be done

e - Very provisional estimations can be done
X - "Guestimates" can be done

	1995 ¹	1996	1997	1998	1999	2000	%GDP
Private consumption	✓	X	✓	e	X	X	108
Public consumption ²	✓	✓	✓	✓	✓	✓	10
Investment	✓	e	e	e	e	e	36
Exports - imports	✓	✓	✓	✓	✓	✓	- 54

Other statistics needed: Foreign trade (✓), taxes and subsidies (E), labor force (X), price and volume indexes (E), informal sector production (X)

¹ Information available in: "CAS, L'état des comptes économiques 1994-1995 - Octobre 1997"

² General Accounting of the State (Ministry of finances).

Production Side Activities by Sector

Primary sector	Secondary sector	Tertiary sector
Agriculture	Mining	Domestic trade
Forestry	Manufacturing	Hotels & Restaurants
Fishing	Construction	Transport
	Water	Communications
	Electricity	Financial services
		Domestic services
		Public administration
		Health services
		Education services

Sources for National accounts from production side

<i>Production:</i>	1995 ³	1996	1997	1998	1999	2000	%GDP
Agriculture	√	X	X	X	X	X	13
Forestry		X	X	X	X	X	
Fishing		X	X	X	X	X	
Mining	√	X	X	X	X	X	17
Manufacturing		e	E	√	e	e	
Construction	√	e	e	e	e	e	9
Water	√	E	E	E	E	E	0
Electricity		E	E	E	E	E	

³ Information available in the last National Accounts exercise: "CAS, L'état des comptes économiques 1994-1995 -- Octobre 1997"

	1995	1996	1997	1998	1999	2000	%GDP
Domestic trade ⁴	√	X	X	X	X	X	34
Transport	√	X	X	X	X	X	
Communications		E	E	E	E	E	
Hotels & Restaurants ⁵	√	e	e	e	e	e	27
Financial services ⁵		E	E	E	E	E	
Domestic services ⁵		X	X	X	X	X	
Public administration ⁵		E	E	E	E	E	
Health services ⁵		e	e	e	e	e	
Education services ⁵		e	e	e	e	e	

⁴ Including commercial and transport merges, taxes net from subsidies and costumes duties.

⁵ All of these activities are aggregated in only one item, in the 1994-95 National Accounts exercise.

Inconsistencies between available sources:

- 1. Structure of private consumption;**
- 2. Manufacturing industry 1995 and 1998;**
- 3. Employment in manufacturing industry – 1998 industry survey versus CAS 1997 Living conditions survey;**
- 4. Establishments and employment – 1998 Industry survey and CAS' 1996 Registration of establishments;**
- 5. Construction indicators;**
- 6. Imports to Lebanon versus exports to Lebanon from OECD countries.**

Tableau 1 - Comparaison de la consommation des ménages milliards LL

Nomenclature 1995	Résultats de l'exercice CN(1995)	Résultats des enquêtes 1997	Différence (en %)	Structure des dépenses (%)	
				1995	1997
Produits agricoles	3454	1350	-60,9	17,6	7,5
Produits de l'élevage	742	199	-73,2	3,8	1,1
Energie et eau	689	1338	+94,2	3,5	7,5
Produits agro-alimentaires	3603	3722	+3,3	18,4	20,8
Produits textiles	1760	1260	-28,4	9,0	7,0
Produits minéraux non métalliques	216	1	-99,6	11,0	0,0
Métaux, machines	2249	1510	-32,8	11,5	8,4
Produits chimiques et du bois	1285	858	-33,2	6,6	4,8
Meubles	817	184	-77,5	4,2	1,0
Produits divers	713	411	-42,3	3,6	2,3
Bâtiment et travaux publics	0	366		0,0	2,0
Transports et communications	678	1086	+60,2	3,5	6,1
Services	3383	5619	+66,1	17,3	31,4
Commerce	0	0		0,0	0,0
Total 1	19589 ⁶	17905	-8,6	100,0	100,0
Total 2	19155 ⁷	17905	-6,5		

⁶ En toute rigueur, cette valeur-là comprendre 434 milliards de LL qui sont consommation des Administrations Publiques et ne pas des ménages. De toute façon, les conclusions et divergences des résultats continuent toujours valables.

⁷ Le total 2 exclut les 434 mentionnés auparavant.

Tableau 2.a. L'état des comptes économiques, 1994 (milliards de LL)

Secteur	Product.	Cons. Intermed.	Val. Ajoutée	CI/Prod (en %)	VAB/Prod (en %)	Pois relatif (en %)		
						Prod	CI	VAB
Ind. Agro-alimentaire	1 562	1 061	501	68	32	26	31	19
Ind. Textile	852	471	381	55	45	14	14	14
Minerais non métalliques	967	410	557	42	58	16	12	21
Métaux et machines	1 002	568	434	57	43	17	17	17
Bois et prod. Chimiques	691	347	344	50	50	11	10	13
Meubles	588	322	266	55	45	10	9	10
Divers	363	216	147	60	40	6	6	6
Total	6 025	3 395	2 630	56	44	100	100	100

Tableau 2.b. Enquête sur l'industrie (ministère de l'industrie) 1998(millions USD)

Secteur	Product.	Cons. Intermed.	Val. Ajoutée	CI/Prod (en %)	VAB/Prod (en %)	Pois relatif (en %)		
						Prod	CI	VAB
Ind. Agro-alimentaire	1 046	607	439	58	42	27	27	26
Ind. Textile	424	246	178	58	42	11	11	10
Minerais non métalliques	552	290	262	53	47	14	13	15
Métaux et machines	798	496	303	62	38	20	22	18
Bois et prod. Chimiques	485	269	216	55	45	12	12	13
Meubles	328	169	159	52	48	8	8	9
Divers	303	159	144	53	47	8	7	8
Total	3 936	2 236	1 701	57	43	100	100	100

Tableau 2.c. Enquête sur l'industrie (min. de l'industrie) 1998 «prix de 1994»⁸
(milliards de LL) *

Secteur	Production	Consum. intermediaire.	Val. Ajoutée	Taux de variation (%)		
				Prod	CI	VAB
Ind. Agro-alimentaire	1 757	1 020	737	12,5	-3,8	47,1
Ind. Textile	712	414	298	-16,4	-12,2	-21,6
Minerais non métalliques	928	487	441	-4,0	18,8	-20,9
Métaux et machines	1 341	832	509	33,9	46,6	17,3
Bois et prod. Chimiques	814	451	363	17,8	30,1	5,5
Meubles	551	284	267	-6,3	-11,9	0,4
Divers	509	267	242	40,2	23,7	64,3
Total	6 613	3 756	2 857	9,8	10,6	8,6

⁸ Conversion des valeurs de 1998 (en USD) en Livres Libanaises corrigées de la taux de change LL/USD entre 1994 et 1998.

Tableau 3. L'information disponible sur l'emploi

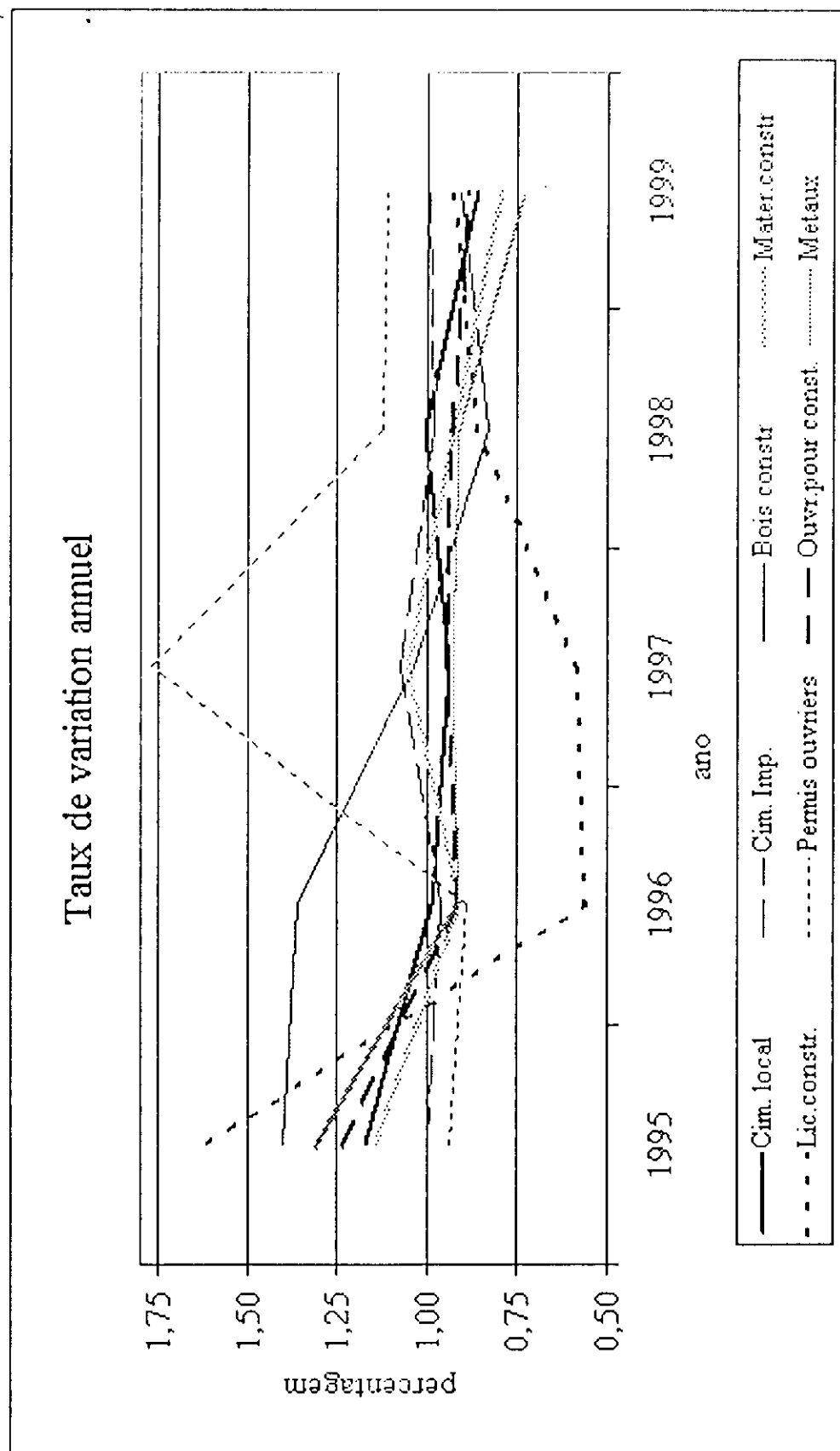
	ACS-Cond. de vie des ménages (1997)	Ministère de l'industrie (1998)		Différence		ACS – Recen- sement (1996)
		Perma- nents	Saison- niers	Total	Numéro	%
Alimentaire	34 876	27 979	9 777	37 756	-2 880	-7,6
Habillement et tissage	29 893	20 715	4 994	25 709	4 184	16,3
Métallurgie	23 666	19 570	3 694	23 264	402	1,7
Amueblement	33 630	18 001	3 330	21 331	12 299	57,7
Autres industries	58 541	27 843	6 020	33 863	24 678	72,9
Total Industrie	180 605	114 108	27 815	141 923	38 682	27,3

Tableau 4.

ISIC	N° d'établissements		ACS-MI ((2)-(1))/(1)	Employés		ACS-MI (4)-(3)/(3))
	MI 1998 (1)	ACS ⁹ (2)		MI (3)	ACS (4)	
14	121			756		
15	4 428	5 162	+17%	26 389		
16	1			1 589		
17	804	5 469	+25%	3 670		
18	2 262			10 560		
19	1 292			6 481		
20	2 246	2 264	-6%	6 933		
21	165	1 159	+48%	2 944		
22	782			4 818		
23	36			311		
24	323	2 843	-14%	2 797		
25	416			2 776		
26	2 528			13 377		
27	6	5 673	+59%	417		
28	3 554			14 492		
29	389			2 773		
31	208	919	+42%	1 589		
32	7			106		
34	24			152		
35	18			44		
36	2 350	5 793	+147%	11 068		
Total	21 960	29 282	+33%	11 402		

⁹ Recensement des immeubles et des établissements (1996)

Contraction sector indicators



Annexe 9 - Comparaison du commerce extérieur de l'OCDE vers le Liban

ANNÉE	Total des Importations				Pays Communs			
	OCDE - 29		Douanes		OCDE		Douanes	
	10 ⁶ USD	Variat.	10 ⁶ USD	Variat.	10 ⁶ USD	Variat.	10 ⁶ USD	Variat.
1993	3 053		4 939		2 840			
1994	3 783	23,9	5 990	21,3	3 598	26,7		
1995	4 576	21,0	7 293	21,7	4 328	20,3	5054	
1996	4 754	3,9	7 575	3,9	4 635	7,1	5060	0,1
1997	4 752	-0,1	7 468	-1,4	4 646	0,2	5336	5,5
1998	4 291	-9,7	7 070	-5,3	4 201	-9,6	4962	-7,0
1999	3 695	-13,9	6 208	-12,2	3 621	-13,8	4339	-12,6
2000	3 489	-5,6	6 155	-0,8		14,2		

**ARLA support to
the Central Administration of Statistics (CAS).
July 2001 – September 2002**

- 1. Strengthening the administration**
- 2. Building Economic Statistics for National Accounts,
according to November 2000 Strategy plan;**
- 3. Inventorying sources and attempting to establish
provisional National Accounts 1997-2000**

(1) Strengthening the administration

1.1. Human Resource Development

1.2. Organization Development

1.3. Legislative Framework

1.4. Financial Flexibility and Responsibility

1.5. Computer System Development

ARLA team for CAS until September 2002:

Professor Sten Johansson, ID expert, former director of Stat Sweden;
 Mr. Hilmi Dabbagh, business survey and National Accounts expert with
 extensive experience from international projects in the region;
 Dr. Arij Dekker, database expert, former UN statistics adviser;
 Dr. Robert Brown, GIS expert, EU consultant in transition countries;
 Dr. Zoha Khalil, local statistics expert, household survey expert;
 Dr. Anna Lennblad, National Accounts, Balance of Payments and
 economic modelling expert with extensive international experience.

<i>Short term experts:</i>	<i>Man/months</i>	<i>Other support in Euro:</i>
GIS expert	1	Hardware & software 130 000
Database expert	1	<u>Training</u> 70 000
Business register expert	2	Sum 200 000
Economic survey design	4	
NA & BoP expert	1,5	
<u>Institutional development</u>	<u>2,5</u>	
Sum	12,0	

Factors causing confusion in the current situation:

- 1. CAS has its strategy with budget on hold;**
- 2. The Tranap report recommends parallel activities;**
- 3. Prime Minister adopting Tranap's recommendation, expecting technical advice from MoET.**
- 4. EU-Delegation versus Eurostat, both asking for Government clarification;**
- 5. OMSAR advocating ARLA support to CAS;**
- 6. IMF Delegation assesses LSS in GDDS framework;**

The Tranap report:

Criticizing the Freire report harshly and the decision by CAS to stop work on NA series for 1997-2000;

Claiming that CAS strategy plan would give NA data only in 2005, however, also recommending that support to CAS should continue;

Recommending the PM to set up a semi-permanent expert team to compile NA series for 1997-2001; Easy to do NA series for Lebanon!

He requires at least 5 statisticians or economists, one computer technician and 3-4 assistants with “good conditions of work and level of wages”;

To be supported by ministries of Finance, Economy & Trade, the Central Bank and the CAS;

Evolving into permanent institute for National Accounts compilation?

Critique of the Tranap report

CAS strategy gives first National Accounts according to international standards for 2001 at the end of 2002 if economic surveys are done;

Tranap gives “Virtual” National Accounts and endorses outdated methodology in 1994/95 exercise;

Not fully understanding the basis for CAS decision to postpone the analysis of history in favour of building a firm basis for the future statistical system;

Suggests major change in statistical policy and in the legal mandate of CAS;

Implies a long term institutional set up for economic statistics not in accordance with best international practice;

Misrepresents CAS other activities.

“Virtual” GDP growth estimates for Lebanon:

	1995	1996	1997	1998	1999	2000	2001
Bank Audi			4,0	3,0	1,0	0,0	
CDR							
Info City in hotel		10,6	12,8	8,5			
IMF	6,5	4,0	4,0	3,0	1,0	0,0	
World Bank							
Arab Fund							

(to be filled out with available data)

IMF Article IV Consultation with Lebanon:

“Directors regretted that the paucity of hard economic data seriously hindered Fund surveillance and policy design, and could affect market confidence. Accordingly, they welcomed the ongoing administrative rehabilitation of the Central Administration of Statistics, and noted the need for quick progress, particularly in the areas of national accounts and balance of payments data.”

SDDS for countries, intended to satisfy the standards of the actors on the international capital markets, GDDS is for countries with less developed statistical systems.

GDDS requires governments to commit themselves;

- (1) to use the IMF system as a framework for the development and dissemination of the covered data,
- (2) to designate a country coordinator to work closely with IMF staff, and
- (3) to prepare metadata comprising
 - (a) descriptions of current practices, and
 - (b) plans for short- and long-term improvement that could be disseminated by the IMF to the public.

“The GDDS fosters sound statistical practices with respect to both the compilation and the dissemination of economic, financial, and socio-demographic statistics. It identifies data sets that are of particular relevance for economic analysis and the monitoring of social and demographic developments, and sets out objectives and recommendations relating to their development, production, and dissemination.”

“The primary objective of the GDDS is to ensure that statistical systems are developed and maintained in ways that permit statistics to be produced and disseminated in accordance with principles and practices that ensure high standards of excellence.”

“The GDDS is not intended to address cases where timeliness is of the essence – rather it focuses on building the capacity to disseminate statistics of the highest quality, which is an appropriate long-run objective for all statistical systems. Moreover, the attainment of this objective should ensure that, in the future, data that must be used in cases where timeliness is the main priority will be far more useful than would otherwise be the case.”