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Services in the Informal Sector of Africa *

**** This paper has been prepared by Mr. Roger Norton and Mr. Luc Mbong Mbong serving as consultants for the United Nations. The views expressed in the paper are those of the authors and do not necessarily reflect those of the United Nations.***

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SERVICES IN THE DOMESTIC ECONOMY

A INTRODUCTION

1. At the special session of the Statistical Commission on 11 - 15 April 1994 several developing countries asked for a group to be set up to examine and consider service industry statistics in view of the emerging nature of that sector in their economies, and the significant problems of measurement and accounting associated with the informal and household sectors specific to those economies. The Working Group on International Statistical Programmes and Coordination at its seventeenth session urged the United Nations Statistical Division (UNSD) to allocate the required resources to examine this problem.
2. In response at the twenty-eighth session of the Statistical Commission UNSD proposed that a workshop should be held. This was seen as giving the most direct and practical assistance. The main purpose of the workshop would be to assist African countries in defining the different components of the service sector, including the collection, processing and dissemination of data related to services in the domestic (that is, within country) economy, and in identifying problems associated with those activities.
3. At the workshop representatives of national statistical offices would review a report prepared by consultants on the availability of data across Africa and on issues and problems; they would present national perspectives on the problems in their respective countries; they would learn by an exchange of views.
4. A workshop has now been arranged for 9 - 13 October in Addis Ababa, Ethiopia. This paper has been prepared by the consultants engaged by UNSD to serve as a resource document for discussion at the workshop. It is intended to form the basis of the final output of the workshop after discussion and exchange of country views. This final output will be a revised report, indicating the validity of the issues raised, outlining a consensus strategy to solve the problems and will include recommendations for the continuation of work in this field.
5. The consultants are Mr Luc Mbong Mbong of Cameroon and Mr Roger Norton of the United Kingdom. They have prepared the report after visits in June to Cameroon, Morocco and Kenya to discuss the position of domestic service sector statistics in those countries. The consultants would like to record their thanks for the cooperation they received from members of national administrations during these visits and for the helpful suggestions and views put forward. They would also like to express their appreciation of the assistance they received from members of UNSD. The views and opinions expressed in this document, however, are those of the consultants.

6. The structure of the remainder of the paper is:-

Section B - paragraphs 7 to 28 - definitions and classifications of services with particular reference to the International Standard Industrial Classification of All Economic Activities Revision 3.

Section C - paragraphs 29 to 54 - the history and definitions of the informal sector of the economy and in particular the relevant resolution of the fifteenth International Conference of Labour Statisticians, 1993.

Section D - paragraphs 55 to 70 - some statistical variables that might be collected for the service industries, both in general and for some particular industries, with indications of the problems involved.

Section E - paragraphs 71 to 122 - various approaches to the collection of data for the service industries from businesses and households with in particular consideration of the register aspects and the use of the OCAM General Accounting Plan.

Section F - paragraphs 123 to 129 - some aspects of the processing of data and in particular the use of computers.

Section G - paragraphs 130 to 137 - the dissemination of the results of statistical inquiries and the compilations from administrative sources.

Section H - paragraphs 138 to 146 - needs for data and the issues of priorities and resources.

Section I - paragraphs 147 to 161 - the national accounts aspects relevant to the service industries.

Section J - paragraphs 162 to 174 - the availability of service industry data within African countries and reference to the questionnaire circulated to those countries to seek standardised information on availability.

Section K - paragraph 175 - presents a list of recommendations for consideration by the workshop.

B DEFINITIONS AND CATEGORISATION OF SERVICES

Conceptual definitions

7. The distinction between goods and services has been discussed widely with many efforts to summarise the distinction briefly. For example, Hill characterised a service as a change in the condition of a person, or of a good belonging to some economic entity, which is brought about as the result of the activity of some other economic entity, with the approval of the former person or economic entity. The latest (1993) version of the System of National Accounts (SNA) discusses the distinction at a little more length. The main points (paragraphs 6.8, 6.10 and 6.11 of the SNA) are quoted below.

8. "Services are not separate entities over which ownership rights can be established. They cannot be traded separately from their production. Services are heterogeneous outputs produced to order and typically consist of changes in the conditions of the consuming units realised by the activities of the producers at the demand of the consumers. By the time their production is completed they must have been provided to the consumers.

9. The changes that consumers of services engage the producers to bring about can take a variety of different forms - in particular:

(a) changes in the condition of the consumer's goods: the producer works directly on goods owned by the consumer by transporting, cleaning, repairing or otherwise transforming them

(b) changes in the physical condition of persons: the producer transports the persons, provides them with accommodation, provides them with medical or surgical treatments, improves their appearance etc.,

(c) changes in the mental condition of persons: the producer provides education, information, advice, entertainment or similar services

(d) changes in the general economic state of the institutional unit itself: the producer provides insurance, financial intermediation, protection, guarantees etc.

10. The changes may be temporary or permanent. For example, medical or education services may result in permanent changes in the condition of the consumers from which benefit may be derived over many years. In general the changes may be presumed to be improvements, as services are produced at the demand of the consumers. The improvements usually become embodied in the persons of the consumers or the goods they own and are not separate entities that belong to the producer. Such improvements cannot be held in inventory by the producer or traded separately from their production."

International Standard Industrial Classification of All Economic Activities Revision 3

11. The above discussion forms a conceptual background to consideration of services but a more pragmatic approach is desirable in defining what is meant by "services" or the "service trades in the domestic sector" in this paper and in the discussions of the workshop. For these purposes, it is more helpful to rest on the definitions of the International Standard Industrial Classifications of All Economic Activities (which of course reflect the conceptual distinction). There is one difficulty, however, in doing so. The latest version of the classification, ISIC Rev 3, was approved by the Statistical Commission at its twenty-fifth session in February 1989 and published in 1990. However, it - or classifications compatible with it - have not yet been universally, or perhaps even widely, adopted by African countries. Nevertheless, in order to look forward, it seems desirable to use it as the main classification for discussions in this paper rather than the earlier versions. For convenience, Annexe 1 presents the 4-digit headings of the ISIC Rev 3 for the areas that are to be discussed.

12. The widest possible ISIC Rev 3 based definition of the range of services that might be considered is the sum of Tabulation Categories G to O. This can be set out simply either by subtraction or addition. By subtraction it is:-

the whole economy

other than

- A agriculture, hunting and forestry
- B fishing
- C mining and quarrying
- D manufacturing
- E electricity, gas and water supply
- F construction

By addition it is:-

- G wholesale and retail trade; repair of motor vehicles, motor cycles and personal and household goods
- H hotels and restaurants
- I transport, storage and communications
- J financial intermediation
- K real estate, renting and business activities
- L public administration and defence, compulsory social security
- M education
- N health and social work
- O other community, social and personal service activities
- P private households with employed persons
- Q extra-territorial organisations and bodies

13. In aggregate this definition of the field differs only marginally from the corresponding definition on ISIC Rev 2. The Revision 3 aggregate contains the activity of repair of office, computing and accounting machinery which was classified to manufacturing in Revision 2: the Revision 3 aggregate excludes the activities of recycling of waste products, real estate development, the installation of electrical equipment in homes and, perhaps relatively trivially, the manufacture of artificial teeth made to order which are classified to the services area in Revision 2.

14. Within these largely unchanged broad aggregates, the structure of the classifications has changed somewhat. The main changes are:-

The sub-division of wholesale and retail trade and the creation of a separate division for trade activities associated with motor vehicles, motor-cycles and automotive fuel. One particular point to note in the African context is the creation of a three-digit group for "retail trade not in stores" which brings together (with mail-order trading) much activity associated with the informal economy.

Within the "transport" category a separate division has been created for all supporting and auxiliary transport activities regardless of the mode of transport that they serve. This also will bring together a number of activities in which the informal economy is important, although many units of the informal economy will remain within the division for road and water transport.

Similarly within the broad category for "financial intermediation", Revision 3 groups the auxiliary activities of both insurance and other financial intermediation together in one division in contrast to the treatment in Revision 2.

New divisions have been created for all renting of machinery and household goods and for computer-related activities.

15. The range of trades, professions or industries corresponding to the activities of this widely defined services part of the ISIC Rev 3 is considerable, as is the variety of problems that they pose for collection. One major distinction that can be made, and is used to limit the field considered in this paper, is between activities which are generally market activities and those that are not.

16. The SNA defines market output as output that is sold at prices that are economically significant or otherwise disposed of on the market, or intended for sale or disposal on the market. Prices are said to be economically significant when they have a significant influence on the amounts the producers are willing to supply and on the amounts purchasers wish to buy.

17. In contrast non-market output is output that is not produced for sale or other market use. It consists of goods and services produced:-

- (i) for own final use (for consumption or for fixed capital formation) or
- (ii) provided free, or at prices that are not economically significant, either individually or collectively

18. The production of non-market output for own final consumption is characteristically carried out by households, for example the growing of agricultural goods for use within a household. The production of capital goods for own use may be carried out by any form of unit, but one particular example is communal construction activities carried out by groups of households in rural areas. Both elements of this form of non-market output are often significant in African countries although they are not generally relevant to the service trades.

19. The second form of non-market output is discussed here with a view to limiting the scope of the activities of the broad definition of services. This consists of goods and services produced by units owned by government or non-profit making institutions serving households that are supplied free or at prices that are not economically significant. The measurement of the value of this output necessarily raises difficult issues for all countries which differ from those of measuring market output. However, they are neither unique to African countries nor necessarily more pronounced there than for the rest of the world.

20. To limit, therefore, the scope of the paper we do not consider the problems raised by the measurement of this type of non-market output. There is, however, a problem in applying this decision to the definition we have adopted of "services". ISIC is a classification of activities. A particular activity, for example the provision of health care, may be either market or non-market output, depending on the nature of the unit supplying it. However, in most countries, the following Tabulation Categories and Divisions of the ISIC Rev 3 are solely or predominantly concerned with non-market activity:-

Tabulation Category	Description
L	Public administration and defence; compulsory social security
M	Education
N	Health and social work
O (part) Division 90	Sewage and refuse disposal, sanitation and similar activities

Division 91	Activities of membership organisation not elsewhere covered
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Q	Extra-territorial organisations and bodies
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21. Thus, we arrive at a definition of the aggregate of services that will be used to underlie the material in this paper. It is:-

Tabulation Category	Description
G	Wholesale and retail trade; repair of motor vehicles, motorcycles and personal, and household goods
H	Hotels and restaurants
I	Transport, storage and communication
J	Financial intermediation
K	Real estate, renting and business activities
O (part)	
Division 92	Recreational, cultural and sporting activities
Division 93	Other service activities
P	Private households with employed persons

22. Within this broad aggregate the 2, 3 and 4-digit levels of the ISIC Rev 3 form the most readily available framework for disaggregation and for presentation and analysis of results of statistics gathered by surveys or from administrative sources. Individual countries will have their own plans and timetables for the adoption of national classifications based on ISIC Rev 3. The latest version of the ISIC reflects the increased importance and diversity in most countries of service activities since the second revision was agreed. It will be particularly valuable therefore in the context of service statistics for countries to adopt classifications based on ISIC Rev 3. Moreover, it is to be hoped that when countries do adopt such classifications they follow the suggestions for comparability with the international classification set out in paragraphs 147 to 149 of the classification publication. If they do this, it will aid international comparability at higher levels of the classification.

23. However, one point for possible discussion is whether, where the needs of African countries do not sensibly require the use of the full 4-digit detail, there should be an attempt to organise a consistent approach to the aggregation of headings across all or most African

countries, to reflect the African context, and to permit a greater degree of comparability between countries of the continent than would otherwise be possible. This could reflect a view of the importance of particular trades in the overall African context. One possible set of aggregations is given in Annexe 2. This presents a limited number of suggestions for aggregating 4-digit headings, where the full 4-digit detail may be too great for general use, and one suggestion for aggregation of 3-digit headings. The extent to which these suggestions might be implemented depends, of course, on how far plans for implementing ISIC Rev 3 in national classifications have advanced. This point can be discussed at the workshop.

Other classifications and categories

24. Various other reorganisations of ISIC Rev 3 are possible. Two are noted here. The first concerns tourism. Figures of the aggregate contribution of international tourism will generally be available in the balance of payments using a variety of sources - perhaps from the banking system, perhaps some form of passenger survey. These will not always or generally provide information on the impact of tourism on individual industries. The effect on the hotel industry may be available from occupancy surveys but the impact of tourism goes wider. It is not in general realistic to collect data on tourism from business inquiries. However, the domain of industries which are tourism-related can be defined and Annex II of the ISIC Rev 3 publication presents the definition of such a set of industries. The publication notes that "by assembling the elements listed in the annex a valuable and acceptable surrogate could thus be determined".

25. A similar approach could be adopted to the definition of an industrial domain where the informal sector is important. While this will differ somewhat between countries, there will be strong similarities. The pooling of views within the workshop on the industrial headings where the informal sector is of importance in the economy may prove of some value in determining the approach to its measurement and, in any event, forms a useful description of the African position to be validated by the workshop discussions. Annexe 3 presents one attempt at defining such a domain. The comments of the workshop could undoubtedly improve it. As with the definition of tourism, it should however be emphasised that the total of activity, employment or whatever variable, for these industries does not provide a valid measure of the informal economy.

26. Two further rather different classifications are worth noting briefly here because of their possible relevance to particular data sources. They are:-

- (i) Classification of functions of government (COFOG)
- (ii) Classification of individual consumption by purchase (COICOP)

27. COFOG was developed by the Statistical Office of the United Nations mainly for use in the System of National Accounts. It differs in principle from the ISIC in that it is in theory a classification of individual transactions made by government rather than of activities. Its relevance in the current context is that its use provides an analysis of an often

significant proportion of activity by broad category of service and in that sense is a classification which may be used for a particular existing, even if partial, data source. The use of this classification, or one consistent with it, by those analysing government expenditure is recommended to aid comparability between countries.

28. COICOP is a provisional classification of individual consumption which has not been formally published. It provides an alternative framework for classifying services - according to their purpose - but in practice estimates on this basis are likely to be approximations derived from information from household surveys on the type of services purchased or, less likely, from surveys of the detailed activity of service providers. Since it is not a natural classification for the first-stage compilation of statistics of services it is considered no further in this paper.

C THE INFORMAL SECTOR

History

29. The concept of the informal sector, as opposed to the concept of modern sector, was introduced during the 1970s decade. Since then it has been subject to a growing and diversified and contrasted interest from both developing and developed countries as well as international organizations.

30. In the beginning of the decade, national statistical offices and policy-makers in Africa did not pay enough attention to the sector. By contrast, they focussed their attention and efforts on the measurement of the exporting industries which were seen as more likely to furnish a dynamic factor in development. During these first years, the informal sector was broadly defined as including weak, unorganized and non-registered small enterprises engaged in trade and services as well as manufacturing industries. Those small units were not generally included in the scope of statistical surveys, since they were regarded as having a very low weight in the economy and there were practical problems in their measurement.

31. But the 1970s was also the decade of oil shocks which led the world to a continuing cycle of economic difficulties, with developed countries as the starting region. The difficulties became endemic and the economic recession reached developing countries. During the following decade, the crisis spread over most of the non-oil exporting countries before it reached the oil exporting ones.

32. As the so-called dynamic sector (ie the exporting industries) faced the crisis, and while countries were engaged in structural adjustment programmes characterised by a drastic reduction of the number of skills in the public sector, government accepted the informal sector as a major alternative sector to reduce unemployment by creating jobs.

33. The informal sector was also accepted as having its own dynamic factor for economic development. Since it has low capital intensity and does not imply a high level of technology, the informal sector offered a new alternative for the alleviation of poverty, the

increase of production and hence the generation of income. The informal sector was then placed in the centre of the concern of countries by policy-makers and national statistical offices. But its measurement was also regarded as a priority at regional levels. In Africa, the Addis Ababa Plan of Action for Statistical Development in the 1990's included it among the priority areas for future statistical programmes.

34. The International Labour Office (ILO) and the International Conference of Labour Statisticians (ICLS) introduced it in the discussions of the meetings held from 1982. Subsequently the Conference of European Statisticians included discussions of statistics on the informal sector in its wider programme of discussions of the hidden economy. Similar efforts were made in Latin America.

Attempts to define the informal sector

35. There have been various attempts over the years to define the informal sector in terms of factors such as the mobility of the businesses and the lack of fixed and covered premises, the size of businesses involved and the extent to which they were within the tax or other formal registration system. Although the 1968 System of National Accounts (1968 SNA) recognised the dualism of developing countries economies, it did not give any guidelines or technical advice for the measurement of the informal sector or on the definition of its production aside from the general definition of the production boundary in the system. Countries have tended to develop their own definitions, relevant to their particular situations or the practicalities of implementing them and perhaps with different concepts in mind, which has made any surveys carried out difficult to compare. Each new attempt to define the scope of the informal sector has tended to bring more confusion in an international context precisely because the definitions relate to the particular situations (perhaps the level of development and production organization) of the country.

36. The position was even more confused since not merely was there no internationally accepted definition of the informal sector but there were a range of other concepts defined, distinct from the informal sector but with some common ground. Among definitions developed were for the following:-

- the informal monetary sector
- the traditional sector as opposed to the modern sector
- the non-organized market sector
- the unrecorded sector
- the unregistered sector
- the underground economy
- the hidden economy.

Although there are some overlaps between the boundaries of the activities falling into the scope of the above sectors, those definitions were not agreed by many countries. Fortunately, under the direction of the ILO, the ICLS agreed on a definition to be applied for the informal sector.

The ILO definition

37. During its fifteenth meeting held in Geneva in January 1993, after constructive discussions on ILO reports on the subject, the International Conference of Labour Statisticians (ICLS) agreed on an internationally accepted definition of the informal sector. This definition, which we refer to as the ILO definition, is based on a conceptual framework which facilitates the measurement of the informal economy in a useful way which permits a degree of conceptual international comparability. (An extract from the resolution of the fifteenth ICLS concerning statistics of employment in the informal sector is most conveniently found as an annex to Chapter IV of the SNA.)

38. The conceptual framework is based on :

(i) The production unit as the reference unit defined as any unit engaged in economic activity included in the 1993 SNA production boundary.

(ii) the 1993 SNA, which provides a number of guarantees amongst which are:-

- the consistency of the SNA concepts and classifications with those of both the informal and the formal sector

- the acceptance of the definition at international level.

39. Thus, the informal sector of a given country can be defined as a set of heterogeneous production units which are resident in the country. They can be located in both rural and urban areas. The term heterogeneous means that within the informal sector, it is possible to classify production units in more homogeneous groups, according to criteria as:-

- type of economic activity

- location: urban areas, rural areas

- place of work

- relation with other units: independent units of producers, producers under subcontract with other units.

40. Irrespective of their location and the duration of their activities and the type of the capital engaged, production units of the informal sector aim primarily to create jobs and to generate income, while their economic activities are carried out at a low level of organisation. A characteristic of the sector is also the difficulty to separate the production factors, ie labour and capital, between the owner as entrepreneur and as worker: facing this situation, the 1993 SNA has introduced the new concept of "mixed income" to replace the operating surplus of household enterprises.

41. Production units of the informal sector are strongly subordinate to their owners who have to finance them at their own risk and are personally liable, without any limit for debts

and liabilities incurred in the production process. Assets of the production units belong to their owners. Capital goods can be used for both business and household purposes.

42. The 1993 SNA regards the informal sector as a set of production units classified as an institutional subsector within the households sector which is one of the five institutional sectors of the system :

- the non-financial corporations sector
- the financial corporations sector
- the general government sector
- the non-profit institutions serving households sector
- the households sector.

43. A comprehensive definition of the informal sector is based on its scope in terms of:-

(i) economic activities falling into its production boundary (see discussion in paragraphs 46 to 49 below

(ii) the producers.

There is no geographical restriction to the location of the informal sector: all urban and rural small industries, workshops and traditional artisans should be included in the informal sector.

Discussion of the definition of informal sector

44. In addition to the above definition, this section gives further details on production in relation to the scope of the informal sector as well as on the borderline between the formal sector and the informal one.

Production and the producers

45. As a segment of the household institutional sector, the informal sector is affected by the production boundary as defined by the 1993 SNA in Chapter VI. Production, understood as legal, illegal and concealed (provided these two last components can be statistically measured) includes (SNA paragraph 6.18):-

(a) The production of all individual or collective goods or services that are supplied to units other than their producers, or intended to be supplied, including the production of goods and services used up in the process of producing such goods and services.

(b) The own-account production of all goods that are retained by their producers for their own final consumption or gross capital formation.

(c) The own-account production of housing services by owner-occupiers and of domestic and personal services produced by employing paid domestic staff.

46. It should be noted that, as opposed to the position for the production of goods, the production of services for own use is not regarded generally as production within the system. This means that a recommendation in the ICLS resolution that household enterprises exclusively engaged in non-market activities should be excluded from the scope of the informal sector for the purposes of statistics of employment is not generally relevant to services. For the exceptional case at (c) for domestic and personal services, which is important in an African context, the ICLS concluded that treatment should depend on national circumstances. They recommended, however, that data on domestic workers should be identified separately whether or not it was included in the informal sector. Finally, although again not relevant to services, the ICLS recommended that - for practical reasons - the scope of the informal sector could be limited to household enterprises engaged in non-agricultural activities.

47. The informal sector therefore includes two kinds of household market enterprises:-

(i) Own account enterprises, which are the most numerous of the sector. These units can be met in developing countries as well as in developed countries. They employ contributing family workers and/or occasional workers.

(ii) Enterprises of the informal sector which employ one or more workers on a continuous basis, in addition to the category of employees of the own-account enterprises.

48. The production boundary defined in the SNA essentially sets the lower boundary of the informal sector in defining the extent to which activity of household enterprises should be included in measures of output. It is the higher boundary, that is the border between the informal sector and the formal sector that creates major difficulties. The ILO definition of 1993 discusses the theoretical concept of the informal sector but states that in operational practice this boundary may have to be defined in terms of two criteria:-

- the size of unit below a specific level of employment
- non-registration of the enterprise or its employees.

49. The illegal production and the concealed production falling within the 1993 SNA production scope implies the existence of genuine production processes whose outputs consist of goods and services for which there is an effective market demand. There is an overlap between the underground economy (ie productive activities deliberately concealed from public authorities) and the informal sector.

Informal sector versus formal sector

50. It is not easy to draw a borderline between the two sectors. As the ICLS discussion indicates, for operational purposes it is necessary to determine key criteria like the size of the enterprises and whether or not the enterprises are registered for some particular administrative purpose or perhaps also the existence of accounting reports. The

choice of size as a boundary, set most easily in terms of employment, will depend quite critically on the situation in a particular country. It makes considerable sense to set it to correspond to the lower level of any major regular inquiry to the formal sector so that formal and informal activities will add to an economy total.

51. In practice there will be both minor and fundamental difficulties with this approach. The minor ones are involved with the operational problems flowing from inadequate and changing data of size both in reality and in whatever register exists of the formal economy to assist this work. The fundamental one is concerned with the situation where there may not be a relevant regular inquiry to the formal sector to set the limit or at least only one with a lower boundary so high (perhaps for example 20 people employed) that it differs markedly from an intuitive view of the informal sector. If this is the case, there seems little alternative to setting any employment criterion fairly arbitrarily at, say five people employed and to define any enterprises with four or fewer people employed as in the informal sector.

52. The alternative approach of linking the definition of the informal sector to one or more concepts of registration certainly has advantages where such systems operate widely within a country. These advantages are particularly strong where the register for the formal economy, if it exists, is based heavily on the same registration source. It also has the advantages of relative clarity in broad terms an enterprise is either registered or not once the particular form or forms of registration to use have been decided. It does have the disadvantage, however, of all statistical systems based on an administrative concept. Statistical offices rarely have a crucial say in administrative decisions and an administrative change requiring, say, a much smaller category of firms to register would have the statistical effect of sharply reducing the size of the informal economy. But then, on some views of the concept, that may be so.

53. One thing is clear from the above discussion. While the ILO definition is valuable in creating some uniformity of principle in the approach to definition of the informal sector, it does not, as it accepts, form a definition that guarantees international comparability in quite the usual sense.

54. The recent evolution of the informal sector in developing countries in terms of economic growth and employment shows that this sector has taken advantage of the dismissal of fairly skilled personnel by the public and the formal private sectors. This has brought new organizational methods and an ability to master technology. The extent to which the informal sector will provide a "stepping-stone" to the formal economy is, of course, one of the topics on which statistics are of value. The situation in Central and Eastern Europe with the transition from central command to market economies is also characterised by emerging of small private enterprises which can be included in the informal sector which, later on when they improve their organization, may well integrate into the formal sector to some extent.

D STATISTICAL VARIABLES FOR SERVICE INDUSTRIES

55. The variables to be collected in any statistical inquiry to the service industries, or compiled from an administrative source, are determined in the first place by the needs of users just as those for any industry. These needs are constrained by practical issues of resources, reasonably ready availability of the data for contributors to the inquiries or from the administrative source, and by methodological problems of mounting the inquiries. This section lists and comments on a selection of the variables that might be collected, their availability and problems of definitions that may be relevant. In defining and commenting on the variables it draws in part on material in the Methodological Manual of Statistics on Service Enterprises developed by Eurostat.

56. Variables can be broadly categorised into two groups - those generally applicable to all or most of the service trades and those which are more heavily specific to one industry. The general variables themselves can be broadly divided further into accounting and economic variables and those relating to aspects of the labour position, although this distinction can be blurred. In particular, the collection of labour variables has a potentially important part to play in the economic measurement of the informal sector of the economy.

57. The needs which determine the variables to collect will themselves broadly fall into two categories. First are the requirements of the national accounts and other macro-economic assessment of activity in a country. These will in turn be determined by the general approach to the compilation of the national accounts in each country: for example the extent to which expenditure and income approaches are used and the role of input/output techniques in the calculations. The second category of needs relates to the requirement for micro-economic data on particular industries to study their structure and to meet detailed policy requirements of government and needs of other users.

58. The choice of variables in any inquiry will also be modified by the frequency of that inquiry. In broad terms, the more frequent the inquiry, the less detail and the simpler the variables chosen. The choice will be dictated in part by the strategy adopted for the overall system. A system based on occasional large-scale censuses of the type sometimes adopted for the distribution and service trades will inevitably be accompanied by simpler, shorter, inquiries (if any at all) in the intervening periods.

59. The choice of statistical unit for which to collect information will be one factor with an important impact on the ready availability of data, or even - in some cases - the possibility of defining a variable for the unit at all. The wide range of accounting data should generally be available for units based on the legal unit, the individual company, sole proprietorship or partnership. A much narrower range of, generally simpler, information, is available for the local unit. Thus, as a general rule, any requirement to provide regional information will have to be met by simpler information than a requirement for the country as a whole. However, this may not always apply where the region is strongly embedded in

the economic life of a country and it is common practice for businesses to reflect the distinction in the accounts they keep.

60. Availability of data is a major determining factor in the choice of variables to collect. This choice is facilitated if the accounting requirements of individual countries match the statistical requirements. This may not be easy to achieve but there is some scope for it (see paragraphs 119 to 122 below which discuss the role of the Joint Organisation of African, Malagasy and Mauritian States - OCAM - General Accounting Plan). However, on occasions, the need for certain data may have to over-ride this requirement, for example in the collection of detail on the current purchases of businesses to support the compilation of input/output tables.

61. These general considerations apply to the collection of data from the service trades as indeed they do to all statistical collection from businesses. They also to some extent apply to the collection of data from households. Here again ready availability is crucial and has to be seen against a situation in which records will be limited or non-existent. It also has to be seen against a background in which individuals will be sensitive about questions relating to their economic well-being and may well give inaccurate or deliberately biased answers.

62. Annexe 4 lists a selection of general variables that might be collected to provide a source of information on service activities and makes some comments on the difficulties associated with them which have particular emphasis in the service trades. It also lists some variables which might be collected in inquiries addressed to a selection of particular industries.

63. One general point is worth emphasising. The paper, here and elsewhere, refers to statistics of service industries or trades. This is meant to refer to the aggregate of the relevant variables for the statistical units whose main activity is classified to the service trades. In practice, most statistical inquiries are geared to produce such industry totals since they are likely to be addressed to all or a sample of units classified by their main activity and seek information for the unit as a whole.

64. In contrast, there can be an interest in totals of service activity, whether or not it is carried out by units classified by main activity to the service industries. It is easy, relatively, to collect information on the turnover within a particular industry which relates to activity classified to that industry but clearly not so to collect information about that particular activity carried out by other industries. To do so over the whole economy needs either a comprehensive register indicating secondary activities or a very detailed across-the-economy inquiry. Neither are realistic in the African context nor usually more generally. Moreover, once variables other than turnover are considered, the collection of activity information becomes even less practicable, since it could require businesses to split the time spent, for example, by staff or capital assets on a mixture of activities.

65. Thus, in general the statistics compiled will necessarily relate to industry totals (sometimes referred to in the paper, to reflect common usage in some service areas, as trade totals). However, for particular areas the approach used to the register building for an

inquiry may have led to a situation where activity totals are not merely available but may be the natural outcome of the inquiry. For example, if a register for retailing is constructed by the physical enumeration of shops, or that for a transport inquiry by the list of those firms that have some form of transport licence, then the inquiry can be arranged to collect information, at least of turnover, which can give an estimate of the relevant activity in the economy as a whole. This may well be more relevant for policy or some statistical purposes. For example, if an inquiry concerned with retailing is being used to provide some indication of household expenditure, it is the activity aggregate rather than the industry total which is relevant.

66. It is worth mentioning in this context the further distinction, between activity and functional totals. Activity, in the sense referred to above, represents transactions with third parties - that is with businesses or persons not belonging to the unit involved. This is in contrast to some activity internal to the unit. For example, most sizeable firms will have staff dealing with book-keeping. The collection of information on this ancillary activity is rarely possible and the conceptual functional totals relating to it generally of lower interest than the marketed activity.

67. Priorities for variables to collect should flow from the needs to be met and it is scarcely possible to discuss them usefully in the abstract. However, against a background in Africa where resources are not likely to be available for wide, frequent and detailed inquiries, some comments may be worth attempting. The first is that information on the labour position - employment, wages and salaries is of major importance, both in itself and as a means of estimating activity in the economy. Moreover, collected from household-based inquiries it has the potential to cover the whole economy, both formal and informal.

68. Information on the structure of industries and of their value added contribution to the national accounts is clearly also important but it is obviously a difficult judgement how frequently and in what detail this should be collected. The paper argues elsewhere for the advantages of simplicity in inquiries, particularly where the information required is not readily available from businesses accounting systems. If one single economic variable were to be collected as a better measure of activity than employment then it should clearly be turnover (although such simplification may be going too far in annual or less frequent inquiries). Turnover, as a measure of activity, also has limitations when inflation rates are high or fluctuating.

69. Simple employment and turnover information at a reasonable frequency would go some way to filling the gap in information that almost certainly exists in many countries on the service trades outside those most traditionally covered in distribution, hotels, parts of transport and banking and insurance. However, this while perhaps satisfactory for indicating the growth of activity over time and giving a good indication of the size of a set of industries will not provide much information on the structure of industries, which might be valuable for policy making, nor provide the means of estimating the level of value added by individual industries.

70. At a minimum therefore there is a strong argument for occasional collection of material on both inputs and outputs which permit the value added calculations to be made

adequately both for the formal sector and the informal sector. The approach to the informal sector, however, might most sensibly be a combination of a wide ranging inquiry to gather basic size information and a smaller one designed to convert that to the basis needed for the production accounts. There is a particularly strong need to collect data on inputs in the distribution trades where it is the margin on sales that is of importance.

E APPROACHES TO COLLECTION

71. Different approaches can be used for data collection on services. When the main objectives to be targeted are known, one can better decide on the approach and the type of survey to be launched. The objectives can be expressed in terms of the collection of data on, for example, employment, production, income, location of production units or alleviation of poverty. Since most of the service trades contain substantial informal activities, the appropriate approach will have to include a strategy on data collection in the informal sector - even if the approach is only to ignore it. The problem to be discussed will then be to choose between the most suitable approaches among business surveys to the formal and perhaps informal sectors, household surveys, the use of administrative sources and specifically informal sector surveys.

72. However, before discussing the various approaches to the collection, or perhaps more strictly as far as administrative sources are concerned, the compilation of data on the service trades the paper discusses the crucial issue of the availability and construction of the registers or sampling frames which are necessary for mounting statistical inquiries.

Sampling frames

73. The success of any statistical inquiry rests heavily on good knowledge of the existence of the units with the characteristics being studied in the inquiry. This is true whether the inquiry is a census (in the sense of an inquiry to all units in a certain category) or whether it is conducted on a sample basis.

74. In an ideal situation for an inquiry to businesses, knowledge of the relevant units would come from a list of relevant businesses, or "register", which was regularly maintained to a good standard and contained, as well as essential information on the names, addresses and activity of the businesses, some indication of their size. A measure of size is important for efficient sampling in the business field because of the skew distribution of unit size.

75. This ideal is not easy to achieve, and can prove costly, even for the relatively larger and fewer businesses of the formal economy. Success depends in part on the existence, and availability to the register compilers, of one or more good sources of information on the creation of new businesses in the economy and, as a minimum, some indication of their main activity. The nature of the best source or sources will vary from country to country. National procedures may, for instance, require that all new firms, perhaps above a certain size, register with an administrative authority before starting to trade. This is a fairly frequent requirement in African countries.

76. Alternatively, a suitable register source may come from the tax authorities, either those concerned with taxes on incomes or profits, on value added or sales (although this may be confined in usefulness to a number of trades like retailing where the service involved is provided to the final consumer). Failing this, some less satisfactory sources may be available such as telephone and business directories although these are clearly less suitable for maintaining a general register of good quality. Other sources, specific to certain trades, for example concerned with licences for transport operators and for some financial institutions, may be useful.

77. It is impossible to specify a best choice of source applicable in all situations but there are a number of relevant considerations. All are important: none perhaps over-riding.

78. First is the question of the unit provided by the source. Two conceptual possibilities for use in statistical inquiries are the enterprise and the establishment. These are defined in the introduction to ISIC Rev 3 (paragraphs 79 and 106) as:-

An **enterprise** is an institutional unit or the smallest combination of institutional units that encloses and directly or indirectly controls all necessary functions to carry out its production activities.

An **establishment** is an enterprise or a part of an enterprise which independently engages in one, or predominantly one, kind of economic activity at or from one location or within one geographic area, for which data are available, or can be meaningfully compiled, that allow the calculation of the operating surplus.

79. In practice no administrative source is likely to provide directly lists of enterprises or establishments according to these precise definitions. The distinction more likely to be relevant in any administrative source is between those which provide information on individual legal units, that is the individual companies, partnerships or sole proprietorships, and on local units, that is units at one location (under one ownership).

80. Legal units and local units may themselves be suitable for use as statistical units in inquiries although they both suffer to some extent from the disadvantage that not all information required in a complex inquiry may be available for the unit. However, the use of a legal unit source gives a route to the compilation of an enterprise register and the use of a local unit source a route to the compilation of an establishment register.

81. Both legal and local unit approaches have value for particular uses. The local unit, and the establishment, provide scope for the compilation of regional aggregates which may be of particular importance for employment variables and more generally for some trades such as distribution. The legal unit or enterprise approach is more suitable for inquiries seeking a range of more complex data which may be available only at the legal unit level. However, the use of a legal unit based register does not preclude the collection of information with a regional dimension although it is not generally convenient to take this approach.

82. Other issues which can determine the source to use, if indeed there is a choice, for the compilation of a register are less fundamental but equally important. They relate to:-

the information directly available from the source. For example does it include an indication of at least the main activity of the unit and a measure of its size in terms of employment or turnover?

the general quality and reliability of the information held - both on classification and size and on quality of the name and address information held

the speed with which the source picks up newly created firms

the extent and speed with which the source provides information on firms that have ceased trading

whether the source is available in a machine-readable form to facilitate its use

the coverage of the source, both generally, and more particularly the nature and size of its lower cut-off for coverage.

83. The use of an administrative source, especially one with a connection with tax-gathering, has clear advantages since it will be likely to be maintained reasonably effectively using resources which need not come from the budgets of the statistical offices. However, even with the best administrative sources there will be further work necessary to maintain the register in a state for its efficient use in statistical inquiries which will lead to the need for statistical office resources to maintain the statistical register and its match with the administrative source. This work is facilitated, the link with the administrative source strengthened and the coverage of the register improved, if national circumstances permit the allocation of a single reference number, or statistical number, to the units which has a role in the general economic life of the country. Such a procedure, however, requires a degree of cooperation between departments and the acceptance of rigorous principles of operation which may not be easy to achieve.

84. In practice, whatever the source, the bottom end of the register will have inadequate coverage. More precise definitions of the informal economy have been discussed earlier but their essence is such that the units engaged in the informal economy are not generally likely to be covered well, if at all, by administrative sources of whatever kind. This seems unavoidable and attempts to remedy the situation by the use of additional sources may well

lead to an inefficient use of resources. The cost of adding an additional unit at the bottom end of the register is likely to rise as the size of the unit decreases, while the value of doing so declines.

85 It seems better to accept that, where it is significant, the informal economy will have to be approached by other procedures and not by statistical inquiries to businesses mounted from a regularly maintained register. Perhaps the key aspects with a relevance to the existence of the uncovered informal economy are that the lower cut-off for coverage of the register should be as clear as possible and defined in a way which facilitates alternative approaches to the measurement of the informal sector and hence the compilation of all-economy aggregates.

86. The discussion above relates to the problems of maintaining a continuously existing register of businesses (even if the updating procedures are carried out only, say, at yearly intervals). This can be distinguished in principle from the creation of new registers for periodic or even annual inquiries. Many of the aspects discussed are relevant in this case also. However, the creation of occasional registers for inquiries, rather than the maintenance of an on-going register, lends itself more to the use of physical enumeration of businesses. This is not easy and is heavy on staff resources but can be practicable for some trades, particularly those like retailing where the unit sought is relatively visible.

87. The well-known weaknesses in the African context of the physical enumeration approach relate particularly to its use with mobile firms and activities carried out within households. If it is used, however, it leads potentially to a wider coverage of an industry than may be possible with a regularly maintained register coming from administrative sources. It also implies a different cut-off or distinction between the area of the economy covered by any statistical inquiry run from the physically enumerated register and any alternative source for the informal economy. In broad terms this distinction will rest on mobility and visibility.

88. Physical enumeration can of course be carried out for a sample of areas of the country (and indeed is generally only practicable on this basis). The choice of the sample of areas rests in part on practical issues but is a key determinant in the validity of any overall estimates produced for the results of any subsequent inquiry. One particular limitation to physical enumeration is the much greater difficulty of applying the method in rural as opposed to urban areas. This may lead to the necessity for a different approach to estimation in rural areas. The use of physical enumeration can be combined with further sampling within the areas enumerated, perhaps on the basis of some limited size or industrial classification variable collected in the full enumeration. Grossing of the results of the inquiry to an estimate for the universe - either the whole economy or all urban areas or whatever is appropriate given the design of the inquiry - will rest on some knowledge of a suitable variable available for the universe. This is unlikely ever to be the total number of units in the universe but more likely to be a figure of area or perhaps population.

89. Particular problems exist for mobile units whether they be stalls or other mobile vendors in the distribution and personal service trades or, as an extreme of mobility, taxis and other small transport businesses in the informal sector. A register is unlikely to be

available in any very satisfactory form unless there is a relatively rigorous approach to the licensing of such activities.

90. One theoretically possible approach, in the situation where there is neither a register nor even a reasonable estimate of the number of businesses operating in the activity, is by an analogy with the capture/recapture methods traditionally used for the estimation of wild-life population. The approach is to "capture" and tag in some way an initial sample of, say, taxis and to "recapture" a second sample at some later stage. On certain assumptions, the proportion of tagged taxis in the second sample can be used to provide an estimate of the overall population of taxis operating in an area. This, combined with some information-gathering from one or both of the two samples can be used to provide estimates for activity which would not otherwise be available. Such an approach has been used in practice in the past although its success is not known. The approach could be adopted also for other forms of mobile trader although the necessary assumptions for the validity of the estimate produced are even less likely to hold.

91. In broad concept the problems of sampling households have similarities with those of sampling businesses. However, there are crucial differences. The possibility of maintaining a regularly updated register of all households in a country is virtually non-existent and can in practice be excluded. There may be possibilities, however, subject to the regime of confidentiality that operates in a country, of access to the snap-shot of information on households created by the regular if infrequent population censuses. But even if this approach is acceptable there are difficulties - given possible processing delays - in mounting any inquiry to use the population census as a sampling frame quickly enough for it to be an efficient procedure. The much more likely use of population census information, therefore, is to inform the construction of a suitably stratified sample of areas (perhaps enumeration districts of the census) which can be used in conjunction with physical enumeration of households to obtain a sample for an inquiry. This listing can either be used for a single inquiry or, with possibly greater efficiency, be used for a period (with the necessary limited updating) to form the basis of the register for household-based inquiries.

92. Another key difference between household sampling and sampling of businesses is that for most or all variables the distribution for households is markedly less skew than for businesses. This means that the benefits of stratification by size or by sampling proportional to size, which may be difficult to achieve, compared with simple random sampling are generally not substantial.

93. Particularly severe problems exist for household sampling, in some ways analogous to the problems created with businesses by mobile firms, with the limited areas inhabited by nomadic dwellers. This will need physical enumeration shortly before the inquiry and makes the approach of a frame held over a period impracticable.

Administrative sources

94. As discussed above, administrative sources have a major role to play in the construction of registers. They may also be capable of providing directly, and with no extra cost to businesses, statistics on services just as on other industries. Some are of a general nature, for example the various tax systems mentioned above in paragraph 76 may be capable of providing economic aggregates for all or most of the service industries for units within scope of the system. Such aggregates may be available even if the confidentiality regime of the country forbids the passage of an individual business's return to the statistical authorities. There may be particularly useful information on distribution and some other forms of personal services from systems of tax that operate on sales to consumers.

95. It can often be, however, that the units which are desirable for use to provide relevant statistics do not entirely match those used in the tax systems. In such cases it may be that the use of the administrative aggregates has to be more confined to producing a time series to project the growth of levels estimated through an occasional statistical inquiry. However, even in terms of an indication of levels, some data are generally better than none.

96. More powerful methods can be used if the statistical offices are permitted access to returns for individual businesses. This permits work on checking the coverage of individual returns and perhaps querying individual figures. It also opens up the possibility of compiling results from carefully examined samples of administrative returns although this can be costly in resources.

97. There are disadvantages to the use of such sources, however, even where they are available. By their nature they cannot generally be of value for the informal economy. Moreover, they may not have a full coverage of the formal economy. The use of published or filed company accounts is a case in point. Such sources may also be very late in supplying information. They may also be subject to appreciable bias although it is a matter for debate whether statistical offices can obtain a less biased measure of a business's activity than the tax authorities.

98. There are a balance of advantages and disadvantages. In the absence, for whatever reason, of alternative statistical sources, administrative sources usually have value and we recommend that their use be fully explored. Views of more developed countries, where there may be greater scope for running statistical inquiries to produce more timely and conceptually appropriate information than can be obtained from an administrative source, vary. The French system is based quite heavily on the use of tax data: the United Kingdom system has recently moved heavily away from its use.

99. The paragraphs above relate to fairly general sources. There are also a wide range of sources specific to particular industries. These can give counts of, for example, motor vehicle licences, hire purchase operators, boat departures and arrivals, international passengers and many other individually important measures of the size of particular industries or at least their registered and controlled part.

Statistical inquiries in concept

100. Before discussing some aspects of the conduct of statistical inquiries in detail it may be helpful to summarise the conceptual approaches available for the collection of information on services. This information can be obtained from statistical inquiries addressed to businesses or to households and their individual members, although the distinction is somewhat blurred with some parts of the informal economy and approaches to collection. Inquiries to businesses can clearly obtain information about that business's activities which can be used to produce statistics of the service trades with which it is involved. This is simple in concept although often not so in practice either in the formal or informal sector.

101. Thus information on the size in terms say of turnover or employment of a personal service trade such as hairdressing can be compiled from a statistical inquiry addressed to all known hairdressers or a sample of them. But it is certain that if this inquiry is mounted from a register compiled from any administrative source it will be seriously deficient of the smaller businesses. If that register is obtained or supplemented by physical enumeration it will be more complete but still deficient in particular of hairdressers who are mobile or operate out of their own homes.

102. The alternative approach is to seek relevant, although clearly more limited, information from households or individuals within them. This can take a number of forms. One is a survey of household expenditure which would seek to know how much the household spent on hairdressing during a short current period. This would provide a route to an estimate of the total activity of hairdressing in the country (leaving aside the relatively trivial external trade in hair cuts). It would not be a total of turnover of the hairdressing trade - the sum of all the units whose main activity is hairdressing - nor would it provide information on the structure of the industry but it would approximate to its total and would, in any event, be on a more appropriate basis for a component of household expenditure in the national accounts. Moreover, this aggregate should cover the contribution of both the formal and informal economies including some, if not all, of the activity deliberately concealed from the authorities.

103. A second approach is to seek information in a household inquiry on the employment position of individuals. This would identify their occupation and the industry in which they worked. It could collect data on the hours they worked and, with the usual difficulties of possible bias, collect information on their earnings if employed and their income from their business if self-employed. This is an alternative route to a measure of size of the hairdressing activity and again in concept covers the informal economy although it is less likely that it will include activity hidden from the authorities.

104. A third approach (adopted by consultants in Cameroon and elsewhere) offers coverage of the informal economy and a route to structural information about the industry. This would involve a two stage procedure. The initial survey of households would be used, among other things, to identify owners of hairdressing businesses including those with no employees and a second phase would seek from the owner a modified form of the information that would be sought in a business inquiry. In theory such a two-stage

procedure could be used to provide estimates for the whole industry including the formal sector but this would be a very inefficient procedure. Its power lies in the ability to identify owners of businesses which are in the informal sector, by whatever definition is regarded as appropriate to the country, and to compile estimates of the hairdressing informal economy to stand in their own right or to be added to estimates for the formal economy.

105. This combined approach has advantages. It can, however, be costly and less attractive in areas where the informal economy is relatively small. In such a situation, the first phase would identify a relatively small number of informal businesses.

Conduct of statistical inquiries

106. Many of the elements of good practice in conducting a statistical inquiry to compile information on the service trades, and the problems of doing so, will be common to inquiries to all industries. There are some issues, however, which have particular relevance for services and these are discussed in the following paragraphs.

107. Any inquiry needs to start from a clear view of its purpose. In practice it is unlikely that there will be one single customer and the emphases of different users on the potential requirements may differ. If an inquiry can be multi-purpose so much the better but there are dangers of over-loading it.

108. There is one key issue which can affect the approach to inquiries to the informal economy. One use for such an inquiry is to provide information on activity, employment, labour costs or whatever which will be used to supplement corresponding information available from other sources on the formal economy to give all-economy aggregates. An alternative use is to provide information on the nature, extent and structure of the informal economy. For adequate estimates to be provided in the former case, it is crucial that the inter-face between the two sources is precisely defined and operable in practice. For the second purpose, the degree of precision in definition that is required may not be so great, which may permit an operationally less demanding approach. While it may be in practice that only one inquiry can be mounted, it is important to start from a clear view of the relative weights of the two purposes.

109. A second general point about purpose which needs to be addressed in setting up new inquiries, as those for the service trades would often be for African countries, is whether, as a contribution to the national accounts or otherwise, the main interest is in the level of the relevant variable or its growth over time. This can dictate not merely the frequency of inquiries but the general approach to the amount of data collected and the sampling scheme. Simple measures of activity - perhaps merely turnover - may be a suitable way of determining growth from some benchmark: more complex inquiries may be desirable for assessing levels and the relatively stable structure of an industry. In an annual sequence of inquiries there may be advantage in a flexible approach, if computer systems permit, with different variables at different frequencies.

110. The issue of the frequency of inquiries and the relative importance of measurement of levels (and of the structure of industry in some detail) as opposed to growth rates of

some limited number of variables is a fundamental one. In 1974, the United Nations Statistical Commission adopted a set of recommendations for statistics on distribution and services. These were subsequently published. In the context of that publication "services" were somewhat more narrowly defined than in this paper and excluded transport, communication and financial intermediation. The recommendations provided for a system which involved three types of statistical operation:-

(i) the collection and processing of full data every five years or at least every ten years

(ii) the drawing up of less detailed annual statistics

(ii) the calculation of monthly or quarterly indicators

111. This approach, based on large scale or comprehensive censuses of distribution and services every five or ten years, had been widely used up to that stage by many developed and some developing countries. However, such censuses in trades where the number of businesses were substantial had not always proved easy to run. The large scale operations led to peaks and troughs of resource requirements, imposed a major burden on businesses in completing the questionnaires and often meant that important data were out of date

112. While some major countries, for example, the United States have retained this pattern of periodic censuses, the tendency for European countries has been to move, or to plan to move, to a more uniform pattern of annual sample inquiries addressed to enterprises in the distribution and services sector, with the full detail traditionally collected in a census being spread over a period of years in the annual inquiries. Indeed this is the broad pattern of the annual statistical system for services likely to be enshrined soon in legislation which will make such systems, or more strictly the provision of information on this basis, mandatory within the European Union. The key development which has made this change of approach possible is the emerging existence of good quality updated registers of businesses.

113. It would be naive to suggest that the European model in all its detail is suitable to be carried over into an African context. But nevertheless, the basic choice between large scale infrequent censuses on the one hand, and a more regular system of simpler annual sample inquiries on the other, is an important strategic issue. It is clear, however, that the success of the more even annual system depends heavily on the availability of a suitable register.

114. Once the purpose of an inquiry has been carefully defined, which will include a decision on the nature and classification of the units to approach, it is necessary to obtain a sampling frame or register to permit the inquiry to be mounted. The issues used have been discussed elsewhere (paragraphs 73 to 93). Inquiries to the service industries will almost always need to be conducted on a sample basis given the relative importance of small firms in the service trades even in the formal sector. The sample may be on an area basis (especially where physical enumeration is necessary to construct a register). Alternatively, or perhaps in addition, the sample may be stratified by size perhaps within industries. There

are considerable and well-known advantages to stratification by size if the information, for example on turnover or employment, is available to permit this, and the additional complexity is generally likely to be worthwhile in comparison with simple random sampling.

115. This paper does not attempt to discuss the various forms of sampling techniques that are available which are widely discussed elsewhere. However, it is worth emphasising the theoretical need, if valid estimates of the whole population are to be obtained, for the sample field to cover as far as practicable all sizes and regions. While it may be convenient, or operationally inevitable because of register limitations, to confine inquiries to, say, all units above a certain size or to those in particular regions defined other than by a sampling procedure, such a procedure risks bias in the final estimates. Indeed, it is the probable differences in ratios such as output per head or even per hour worked between the formal and informal economies that make estimation of their contribution to the national accounts difficult to assess, even when there is information available on the labour position.

116. A key problem in the conduct of any inquiry is to achieve adequate response to provide estimates in which there can be reasonable confidence. There is no simple solution. Where postal questionnaires are used, the design of the form can provide some assistance and should, for any new inquiry, be piloted on a small sample of potential contributors. A major factor, discussed elsewhere, is the need to keep the inquiries simple and to resist the temptation to over-load questionnaires in particular, if at all possible, avoiding seeking data which are not generally available to a firm within the type of accounts that it is likely to keep. This may on occasions be unavoidable - for example if it is felt necessary to seek detailed information on purchases to support the compilation of input/output tables - but should be kept to a minimum and if possible firms should be warned of this in advance.

117. The extensive field forces used by many African countries have an important role in achieving good response for postal inquiries. Their main purpose, however, will generally be in the conduct of interview-based inquiries either to firms, generally the smaller ones, or to households. Where these field staff are permanent, their knowledge of their area and their relationship with the units in it can be an important factor in achieving timely and accurate response. Their experience is also important in household inquiries, in particular in those which seek some financial information, in attempting to get reasonable accurate individual returns.

118. Many or perhaps all countries will have a statistical law which requires response to designated inquiries. Without such powers, supported by a framework of fines or other punishments, the task of achieving response is markedly harder but it is unlikely in most climates that the powers of the law will by themselves be sufficient for achieving response. Certainly, where timeliness of response is a problem, perhaps in a short-period inquiry, legal sanctions have somewhat limited value.

119. The relationship of data requested with that in a business's accounts mentioned in paragraph 116 is worth commenting on in detail. Data collection, in general and statistical inquiries on the formal sector of services derive benefit from the existence and the application of a standard accounting plan which enables the compilation of statistics by category of business activity and an easier link with national accounts. In this respect, the

OCAM General Accounting Plan applied to non-financial enterprises adopted in January 1970 by the member countries of the Joint Organisation of African, Malagasy and Mauritian States (OCAM) is an example of such a useful tool.

120. The OCAM plan leads to the elaboration of tables reporting about the state and the evolution of activity. Among those tables are:-

- Table 1 showing the result of main operations of the period (credits and debits)
- Table 2 showing the evolution of the balance sheet accounts
- the balance sheet defined as the official presentation of the business at a given moment.

Tables 1 and 2 are reproduced for convenience in Annexe 5.

121. Detailed tables on the output and intermediate consumption by nature can be obtained. The plan uses classifications helpful for detailed analysis and links with economic statistics and national accounts:-

(i) the classification of goods and services defined by the Brussels Tariff Nomenclature (BTN) as far as goods are concerned, and by the ISIC in respect to services,

(ii) the classification of fixed assets and capital investments which at a one digit level comprises seven groups:-

- 1 - Non residential buildings
- 2 - Residential buildings
- 3 - Other constructions (except land improvement)
- 4 - Land improvement and plantation development
- 5 - Transport equipment
- 6 - Machinery and equipment
- 7 - Breeding stock, draught animals, dairy cattle and the like.

(iii) The classification of personnel expenses

(iv) The classification of rates and taxes

(v) the classification of economic sectors which at a one digit level includes :

- 1 - Public non-financial enterprises
- 2 - Private non-financial enterprises
- 3 - Households
- 4 - General government
- 5 - Private non-profit bodies
- 6 - Banks
- 7 - Insurance companies
- 8 - Rest of the world

(vi) The classification of financial operations (by nature)

122. Many countries have been applying the OCAM Accounting Plan, with as a comprehensive questionnaire to business, the Tax and Statistical Return. The plan allows micro-macro links as illustrated in the link table on the following page. Entire or part of its accounts are used in the calculation of macro-economic aggregates. It should be recalled that specific standard accounting plans have emerged on such areas as banking and insurance, allowing statisticians and national accountants to draw up questionnaires based on those accounting plans.

Link table between the OCAM Plan accounts and selected national accounts aggregates

National accounts aggregates	OCAM Accounting Plan accounts
Gross output	80/080 71/071 72/072 073 (part of)
Intermediate consumption	61/061 62/062 63/063 64/064 (part of)
Compensation of employees	65/065
Indirect taxes	66/066
Subsidies	76/076
Property income paid	67/067 64/064 (part of)
Property income received	77/077 74/074 (part of)
Direct taxes	86
Fines and penalties	64/064 (part of)
Increase in stocks ^(a)	30,31,32,33,34,35,36,37,38
Gross fixed capital formation ^(a)	20(part of),22,23
Current and transferable deposits ^(b)	56,57,58
Bills and bonds, short-term ^(b) (assets)	52,54,55
Bills and bonds, short-term ^(b) (liabilities)	54
Short term loans ^(b)	42,43,44,45,46,50

(a) debit balances at end of period minus debit balances at beginning of period in Table 2

(b) balance of external movements, ie (+)increase (-) decrease in Table 2

F PROCESSING

123. The processing stages of any statistical inquiry through from the despatch of forms (or perhaps starting even earlier with the construction of a suitable register) to the dissemination of results represent a major body of work and consume the greater part of a statistical office's resources. This is as true for the service industries as for other areas. Indeed, there are no major processing aspects specific to the services side, although the likelihood of a greater reliance on sampling procedures with the small firms predominating in services may give a slightly different emphasis to some elements of the work. It is hardly appropriate nor possible, therefore, to make more than a limited number of general comments on processing aspects in this paper.

124. The various stages of processing (defined fairly widely) of a postal inquiry can be described in a number of ways but the following list is one way of itemising the main elements:-

- register construction (if necessary)
- sample design
- sample selection
- questionnaire design
- questionnaire despatch
- reminder despatch and other response chasing
- receipting returned questionnaires
- coding, take-on, checking and editing of data
- estimation of results and further checking and editing
- results analysis and interpretation
- dissemination

The processes will differ somewhat, but not substantially, for an interview-type of inquiry.

125. The sequence of stages needs careful timetabling if there are to be no unnecessary delays in completion of the work to the final dissemination stage. As is suggested below in paragraph 145, any difficulties which may arise from the uncertainty of the availability of physical or human resources add to the need for careful attention to the timetabling and project control. Many of the elements in the list are heavy on human resources, whatever the degree of computerisation, and it is important to retain a critical attitude toward them. Do computerised checking procedures throw up a sensible proportion of errors for human intervention and which are the most cost-effective ways of achieving response, for example?

126. As well as taking a questioning attitude to each individual component of the processing procedure, it is necessary to consider the way in which the individual elements are organised within the office as a whole (including of course the often significant regional operations). There are extremes of horizontal and vertical organisation. In the former, units would handle an element of the procedure for a range of inquiries; in the latter, units would handle a wide range of the processing elements for an individual inquiry. This paper does not advocate one approach in general rather than the other: much will depend on the

situation in individual countries. We would recommend only that these organisational issues are examined from time to time. However, the arguments for vertical organisation are much stronger for new inquiries to areas not often or ever covered before, which would more often be the case in the services field.

127. The extent to which information technology plays a part in the processing work varies between countries and, within countries, between inquiries. There remains a mix of different stages of development with staff-intensive essentially manual approaches, main-frame computers with often inflexible programs and modern micro-computers all in existence. While the general direction is of course to the wider use of micro-computers, resource constraints and some loss of the appropriate skills as public sector numbers are cut in some countries almost certainly mean that the move is less speedy than desirable for overall efficiency (even though the pay-back time for computerisation projects may be longer in Africa than for many higher-wage areas).

128. A general lack of resources but one partially made good by occasional agency funds for particular projects creates the risk of rather piece-meal development. This is clearly undesirable and a priority for statistical offices, to the extent that they have control of this area, is to create and adopt an explicit strategy for the development and exploitation of information technology - including communications aspects - within the central office and regional centres. A major part of this strategy should be concerned with training both of computer specialists and, crucially, others within the central offices and regional organisations. Training is facilitated and skills more easily transferable if the strategy severely limits the range of software whose use is permitted for most applications.

129. Precisely what software, or indeed hardware, is adopted as a general office standard will depend on many factors, the background in different countries and, indeed, personal preference. The balance of performance aspects, and user-friendliness, price and prospects for continued development all play a part. But the range of available databases, survey processing systems (both commercial and those developed by major statistical offices for more general use), spreadsheets and desk-top publishing systems should provide a basis for meeting many needs with relatively little requirement for custom-built systems.

G DISSEMINATION

130. It is desirable in principle that statistical results compiled from inquiries or administrative sources should be made available within government and to the public at large. This can be seen as an obligation which stems from the use of public money for the work carried out and the costs in time expended by contributors to the inquiries. It can also provide, at least for some data, information which can assist the efficiency of operation of those larger businesses within the economy which are in a position to benefit directly from the information.

131. The provision of a visible end-product also helps contributors to inquiries better to understand their purpose and should, therefore to a degree, help to improve or maintain

response to these inquiries. (The effect may be small - and probably for the smallest firms negligible - but in the task of maintaining response to inquiries there is no single solution and a proper strategy must rest on a bundle of such initiatives.)

132. There are constraints on publication. An over-riding one is generally the need to maintain confidentiality of the information relating to an individual business. This problem may be particularly marked in some of the smaller African countries where an individual large firm may dominate activity in one area to an extent less common in more developed countries.

133. The cost involved in formal publication also inevitably forms a constraint. While an ideal might be to make formal publications self-supporting, by setting prices to cover costs, this may not generally be realistic within smaller countries. This necessarily implies that smaller countries and those with a less sophisticated industrial sector may have to regard the cost of publication as an additional cost which has to be accepted (although nevertheless a sensible approach to marketing and pricing should be adopted). The production of adequate masters by desk-top publishing from micro-computers has a role in reducing the cost and delay in publishing.

134. A further constraint on publication, common to all statistical operations, is quality. At least in terms of the detail published, and perhaps for major aggregates, there may be some concern that the material is not sufficiently reliable to be published. There is no simple solution to this problem and certainly there will be some level of detail at which publication is unhelpful. It should be an aim to be transparent as to methodology and to provide as much information as possible about the quality of the material published. It is unrealistic to think that such qualifications are necessarily heeded but on balance it seems preferable to err, if resources and confidentiality permit, on the side of publication of suitably qualified detail. This is especially so in areas, like the service trades, where the amount of previously published information is small.

135. If the aims of publication are to be met, speed of publication is helpful but users will also be interested in certainty of publication, both in terms of publication at all and in fore-knowledge of the publication date. An ideal is that this should be preannounced, both for the convenience of users and as a desirable discipline on compilers. This may be unrealistic for major exercises but, at the minimum, some timetable is essential for proper management of the inquiry and compilation process, and as a discipline to prevent compilers' tendency to give too much weight to quality in the quality/timeliness trade-off.

136. The form of publication inevitably varies according to the nature of the data but methods will still largely or entirely be concerned with publication on paper. Compendium publications such as "annual abstracts" have an important place (and may help to achieve publication at a lower cost than with a special publication) although as the first publication source they inevitably cause delay. Alternatives of special publications, which may be in the form of press notices - regular or not, have the advantage of speed. While good presentation is helpful, it may sometimes have to be sacrificed to that desire for speed.

137. These are mainly general comments applying over the whole range of statistics. For statistics of services in an African context, they apply but some emphases may be different. It is a common complaint by users that the services field is less well covered by statistics than the manufacturing part of the economy. This is indeed so, but some experience suggests that there may be ignorance amongst users as to what data are actually available. This suggests the need for a higher profile attitude to publication for services information. One possibility is a compendium of information specifically related to the service areas, although the very wide span of the industries involved, and hence to an extent of the users, argues against this. A further reason for this high-profile is the possibility that in response to legitimate complaints about the weakness of service statistics new sources may be created. If this is so, it is particularly important that the availability of the material should be made widely known and the reasons for its collection or compilation stressed.

H NEEDS, PRIORITIES AND RESOURCES

138. All statistical organisations have to operate within the constraint of resources. Individual countries have to determine priorities in the light of their own perceived needs. How they do this is for them in the light of the structures of their organisations and of their countries' administrations. Clearly some mechanism for setting overall priorities is desirable either entirely within government or in partnership with representatives of users. The latter can both give a broader view and contribute to improved cooperation with the statistical office in the conduct of its inquiries. Such involvement can be carried out via a standing consultative committee or through a programme of seminars and conferences at which the users of statistics can be informed of current issues and give views on priorities. But priorities should also be heavily based on a strong regular relationship between the compilers of statistics and their customers within and outside government.

139. This approach provides one set of inputs to decisions on priorities. In particular it can help to define more clearly the need for the maintenance or improvement of statistics on individual service industries or components of them, for example for the formal as opposed to the informal sectors. These inputs may be dictated by various government policy needs, for example on the possible encouragement of the informal sector; the planning of a satisfactory transport infra-structure; the capabilities of the distribution chain for dealing with trade within a country; and so on. The nature of data sought will depend on the situation in each country and inevitably differ according to the extent of the planning and interventionist policies of the government as well as the needs of non-government users.

140. One major use in all countries for economic statistics in general and for those of the service trades in particular is to meet the needs of the national accounts in providing an adequate measure of the main macro-economic aggregates for the countries. These data may come from either business or household surveys. This use can point to some relative priorities to ensure that resources are spread over the economy broadly to reflect the importance of categories in their contribution to the national aggregates.

141. Such an approach to the allocation of resources is not, however, easy. Even if the national accounts use can be taken as the dominant one, the different problems of measurement in the various industrial categories and between the formal and informal sectors need to be taken into account. Not all African countries will necessarily have reflected the marked shift to the greater importance of services in their economy. Nevertheless, as with many countries it is likely that their statistical systems reflect a greater allocation of resources to the manufacturing area than is perhaps justified in terms of the balance of the economy. It seems likely also that resources may not reflect the importance, in part because of its volatility, of the informal economy: the severe measurement problems involved may have discouraged attempts at quantification. Against this background, there seems good reason for a positive effort by countries at reassessing the balance of their statistical systems as between the service area and others and between the formal and informal economies. Such an exercise - even carried out roughly - could provide an important input to add to the micro-economic needs discussed in paragraph 139 to allocating priorities.

142. The allocation of existing resources is one problem. Other problems inevitably arise from a general lack of resources, perhaps particularly for capital equipment such as computers, but also for staff. The lack of computing power, especially under the direct control of the statistical office, can lead to inefficiencies in operation and also to inflexibility in approach where the freedom to amend inquiries or procedures is curtailed by commitment to existing programs.

143. No doubt the need for efficiency in the use of resources is pursued with vigour. It is scarcely possible to do more than note the need to do so in order to maximise the potential of the resources allocated to statistics within countries. Within various developed countries major contributions to resources increasingly come from the sale of the statistical products. While no opportunities for doing so should be neglected, it seems doubtful that this can make a significant contribution within the African context. Where such activity does take place, however, it is worth considering the role of outside consultants in the marketing process. Statistical offices do not necessarily have the expertise to pursue the possibilities most effectively.

144. A feature common to many African countries' statistical systems is the use of major field forces. These are necessary for most household survey work and for many business-based inquiries to the smaller firms common in the services sector and in the informal economy more generally. A resource issue to consider is the extent to which the personnel in these field forces are permanent employees of the statistical office as opposed, in part at least, to people temporarily engaged for a particular purpose. In practice, there will inevitably be a mixture since major exercises such as demographic censuses create otherwise unacceptable peaks. But the balance between the advantages of continuity and experience from an essentially permanent force and the disadvantage of having to cope with peaks and troughs of work needs to be assessed with care.

145. Two other resource issues are worth noting although, as with much of the above discussion, not exclusively relating to statistics of services. The first is the problem created not so much by the level of resources (of people or perhaps quite basic materials) but by

uncertainty about their availability. The elapsed time from the initial conception of a new inquiry (which may most often be expected to occur in the service trades) to its final completion can be extensive. This requires detailed planning, ideally of a formal type, in any circumstance but in particular given the problems that may arise from the uncertain availability of resources to mount the inquiry.

146. The second may also arise most often in the new inquiries that might be mounted for the services area. In a poorly covered field, perhaps for a trade that has not been covered before by a statistical survey, there is a temptation to load the survey with a wide range of questions to maximise the benefit obtained from the fixed costs of the inquiry. This is an understandable strategy especially if the inquiry is to be once-off or very occasional. However, it puts at risk the response to the inquiry and therefore the quality of even the highest priority information. A balance needs to be struck giving quite heavy weight to the need to achieve an acceptable level of response. Indeed, if the response point is properly taken into account, it may be that the true marginal costs of the additional questions are in fact a good deal greater than a more superficial analysis may suggest.

I NATIONAL ACCOUNTS

147. Service industries play a key role in the economic development of African countries in terms of employment, production and income. The weight of the formal and informal market activities in some African countries may reach 25 per cent or more.

148. Services are specific products characterized by the fact that they are consumed at the same moment that they are produced. On the other hand, since they are intangible they are not concerned with increases of inventories. Their treatment in national accounts obeys the general principles, the classifications and the concepts of the SNA framework. But before we focus on that treatment some aggregates need be defined in the context of service industries.

The definition of selected aggregates

(i) Output

149. The definition of the output of market services differs slightly from one industry to another. Although the gross output of most trade activities can be related to their turnover, there are some particular services for which it is defined in a specific way. Among those industries mentioned by the 1993 SNA in its Chapter VI are:-

- wholesale and retail trades, the output of which is measured by the total margins realized on the goods they purchase for resale
- transport, with its output being measured as the sum of amounts receivable for transporting persons and goods

- financial intermediaries (except insurance corporations and pension funds), which have their output measured as the total amount of property income receivable minus their total amount of interest payable, excluding the value of any property income receivable from the investment of their own funds

- insurance corporations, the output of which is estimated as the difference between the resources (a) and the total technical charges (b), where (a) is the sum "actual premiums earned plus income from investments of the insurance technical reserve" and (b) is the sum "claims due plus changes in actuarial reserves plus reserves for with profits insurance".

(ii) Intermediate consumption

150. When consumed by enterprises during their process of production or when incurred by governments units or non-profit institutions serving households, services are treated as intermediate consumption.

(iii) Household final consumption

151. Expenditures incurred by households on services are classified within their wide range of final consumption.

(iv) Gross fixed capital formation (GFCF)

152. Since the costs of ownership transfer of fixed assets, land and other non-produced assets as mineral deposits are treated as gross fixed capital formation, elements of the following services involved in those transactions fall into the boundary of the GFCF:-

- legal activities services
- real estate activities services.

It should be recalled here that by definition dealers' margins, transport and installation charges are components of the prices of equipment.

(v) Imports and exports

153. Services are also likely to be imported and exported.

The treatment of services in national accounts

154. Within the framework of the national accounts, the measurement of service industries includes

(i) The elaboration of goods and services account which shows how a total amount of the supply of a service equals the uses of the same service. This exercise is based on a more detailed classification of products and can be undertaken at any level of detail of the classification. The account is as below:-

Output	Intermediate consumption
Imports	Final consumption
	Gross fixed capital formation
	Exports
Total supply	Total uses

(ii) The elaboration of the production account with the value-added of the industry (or the institutional sector) as balancing item and

(iii) The elaboration of generation of income accounts.

The classification used at this stage can be more aggregated than the one proposed for the goods and services account purposes. It may be recalled that combining (ii) and (iii) can be referred to as the elaboration of the 1968 SNA production account. Points (i) to (iii) are complementary exercises to be undertaken when building up an input-output table. It is important to note that the full set of the accounts can be elaborated in the following ways

- corporations of the formal service sector will be classified within the non-financial corporations and the financial corporations sectors.
- informal production units will be classified within the households sector.

The estimation of the services account at constant prices

155. The estimation of the service account at constant prices may vary from one country to another. Current values are deflated with the price indexes assumed to be the most appropriate. On the other hand supply-use accounts of services activities are calculated at constant prices using different types of indexes. National accountants are then obliged to carry out reconciliation and trade-off of the results obtained from production accounts and goods and services accounts.

Sources of data

156. Among the sources used to compile the national accounts are:-

- statistical inquiries to service enterprises
- household surveys
- informal sector surveys
- statistical and tax returns
- administrative sources
- balance of payments (for imports and exports of services).

157. The balance of sources and approach adopted to the compilation may differ substantially between countries as does the level of detail and the completeness of the accounts. Much depends on the extent of the statistical system supporting the accounts and the priority given to the national accounts as a determinant of that system. There are at the extreme two different approaches. One is to base the national accounts heavily on a regular statistical inquiry (or compilation of tax data) set up specifically for that purpose, the results of which may even only be publicly available within the national accounts framework itself. Alternatively, the national accounts can be compiled from a much wider range of inquiries often set up largely to meet other policy related needs. It is likely in this case, given the relatively limited statistical systems that exist for services, that much of the year to year changes in the production accounts will rest on movements in employment or of some quantity variable.

158. A choice between the two approaches is difficult in the abstract and in practice any system is likely to be a compromise given the constraints. The formation of the key macro-economic indicators within the national accounts framework is a major priority for any country but it would seem wrong if it were the only aspect of economic statistics given weight. Either way it is worth noting that the national accounts is both a user of statistics and a source of reasonably consistent information on a standard basis for major industry aggregates.

The informal sector of service industries

159. The informal sector is important in many service industries and is likely to be the major part of some, for example passenger road transport. It is also possibly more volatile over time: certainly individual enterprises can start with ease and often have a relatively short life. In aggregate it has the potential to respond quickly to counteract changes in the formal economy. Against this background it seems a high priority to follow the guidelines of the SNA and include estimates for the informal elements of the economy in the national accounts.

160. That this is difficult to do follows from the well-known problems of measuring the informal sector. The extent to which the informal sector is actually included in the national accounts of African countries is not known and indeed, given the range and mix of methodology even within countries for individual industries, it would not be easy to summarise the position. In particular, it is necessary to distinguish between the inclusion of the informal part of production, estimated in some past base year, and in the latest measures of growth given by the accounts.

161. However, compilers are in a position to know the allowances they have made - explicitly or implicitly - for these elements. There would be advantage to users in their judgement of the reliability of the overall accounts, and in obtaining a better understanding of an aspect of the economy of importance in itself, if the accounts showed the estimated contribution of the informal part explicitly, perhaps in a satellite analysis. Such transparency would also provide a stimulus to better measurement. We recognise the sensitivity of these proposals and the conflicting arguments about the general weakness of the data but do not regard them as conclusive.

J THE AVAILABILITY OF SERVICE STATISTICS FOR THE DOMESTIC ECONOMY IN AFRICAN COUNTRIES

162. We visited only three countries to discuss their statistical systems in detail. This provided essential background and was combined with some other knowledge of the African position. However, it is not sufficient in itself to form the basis of an authoritative statement of the availability of service statistics over the area. The United Nations Statistical Division have therefore launched a simple survey covering this topic which will. It is hoped that the results of this survey will be presented at the workshop.

163. Papers setting out the position on statistics of services for the domestic economy in the three countries visited - Cameroon, Kenya and Morocco - are likely to be presented to the workshop and therefore no attempt is made in this paper to describe their statistical systems in detail. However, it may be useful to set down a personal selection of some features of interest, while stressing that they are not meant to represent an overall assessment of each country's system. These are given in the following paragraphs.

164. The **Cameroon** administration had a system of statistical numbers allocated to registered enterprises, with a subsidiary number for local units, known as SCIFE numbers. (Service Central d'Immatriculation et du Fichier des Entreprises.) These numbers play an important part in the economic life of the country and are necessary for some basic financial transactions. The system is therefore potentially very useful for register construction. However, shortage of resources and inflexible computer programs severely limited their usefulness since, while the register accumulated new formal businesses, it was not effectively weeded of duplicates or dead firms. It did not therefore seem to be used as a basis for running statistical inquiries.

165. The national accounts were constructed in part from a combined statistical and tax return with full and considerable detail required from all enterprises of more than 20 million CFA turnover, simplified returns from those with between 5 million and 20 million and with the accounts available for smaller enterprises. But, while conceptually attractive, this system had deficiencies not least in the speed and certainty of availability of returns. It has therefore been supplemented since 1982 by a simplified sample inquiry capable of providing earlier estimates.

166. The inclusion of the contribution for the informal economy was one major problem but it was tackled with a range of either partial or occasional sources and figures for the informal economy element of the national total could be provided. (For example, 70 per cent for hotels and restaurants and 30 per cent for transport - although very much higher for road transport.) Information on the informal economy was strengthened by a recent investigation in Yaoundé by DIAL (Développement des Investigations sur l'Ajustement à Long terme) using a multi-stage procedure in which the first household stage identified informal enterprises to be approached in a subsequent stage. One particular informal

economy problem noted more generally was the relative importance in the financial sector in Cameroon of tontines.

167. The position with the national accounts in Kenya differed in two respects from that in Cameroon. There is no equivalent of the combined statistical and tax return and the production account is compiled from a much greater range of information for various years, often projected forward by employment data. Secondly, the contribution to the output of the country from the informal economy is not included in the national accounts because of the lack of adequate data sources.

168. Nevertheless, there is a body of information available in Kenya about some elements of the informal economy. Apart from demographic census and household inquiry sources, Kenya has run for some time an establishment type survey to, essentially, visible businesses in urban areas. These sources permit the publication of estimates for persons engaged in the informal sector. (For example, in 1994 they are estimated to have accounted for a little over 50 per cent of the national total of persons engaged.)

169. There is no precise equivalent in Kenya to the SCIFE but a register of establishments is maintained (the Master File) with classifications based on ISIC Rev 2. While this is used operationally, it has deficiencies - again largely due to the lack of resources and inflexible main-frame programs - with probable duplication and many recently registered firms waiting to be "proved" before their inclusion on the operational register.

170. Two inquiries regularly run from the register are of interest. The first is the annual Labour Enumeration Survey to all establishments on the register, although with a simplified form to establishments with less than 20 workers. This, which otherwise would be an excellent source of information on the formal sector and a way of maintaining an up-to-date register, suffers from poor response. It is noteworthy that the longer form requires each year very substantial cross-analyses by occupation, citizenship, sex and income. The other inquiry, to a broadly stratified sample of all enterprises with 20 or more workers, is the quarterly Business Expectations Enquiry. This collects actual values of employment and revenue information, past and expected. The results are publicly available but not formally published. (It is worth noting that the results of a similar inquiry in Cameroon are fed back to contributors.) The inquiry contributes to the early estimates of GDP which are published in a timely fashion with an estimate for 1994 published in May 1995.

171. In the case of Morocco, service activities in the domestic economy can be categorised in three groups from the statistical point of view. The first group includes transport, tourism, banks and insurance formal activities. This sector is well covered by ministries and public organisations which regularly send data collected from the field to the Department of Statistics which compiles them within the "note de statistiques" and national accounts frameworks. The second group includes other formal service trades which are covered by fiscal returns and/or through inquiries. The third group of course includes the informal service sector.

172. The Department of Statistics organised a national inquiry on fixed informal enterprises in 1988. The objectives of the survey were to build up a general and permanent file to be used as a basic file for all subsequent inquiries and to estimate aggregates and growth rates of the informal sector. The scope of the survey was limited to non-agricultural production units in urban areas, excluding those activities for which reliable and recent information was available. Most of market services excluding banking and insurance fell into that scope. The 1986 trade licence file was used as the sample frame. Since that date, the Department of Statistics has not undertaken any other inquiry on the informal sector but the department is very concerned by the situation of the mobile production units in the informal sector.

173. Morocco has not implemented any central statistical identification, (numbering) system such as the SCIFE in Cameroon. The registers used within the Department of Statistics are the trade licence file for the small size enterprises and the professional benefit (profit) tax file for the larger ones. The enterprises' identification numbers are only used for tax purposes.

174. National accounts are built up on the basis of the "nomenclature marocaine des activités économiques" (Morocco's economic activities classification) which is the adaptation of ISIC Rev 2 to Morocco. National accounts for 1980 (the base year) implied large investigations and inquiries. Since then, and certainly due to the lack of surveys on enterprises, the section in charge of national accounts utilises growth rate methods to update national accounts series.

175. While the systems differed in some fundamental respects, there were a number of common features. These include:-

- no implementation yet of ISIC Rev 3 with its improved approach to the service industries

- the lack of reliable registers even for the formal sector of the economy

- less than full exploitation of a statistical identification number where it exists

- a relative lack of data on the formal sector of services, although transport, hotels and the financial sector were generally well covered

- limited data on the informal sector particularly outside urban areas

- fairly heavy reliance on inflexible main-frame programs or even, for smaller scale exercises, on manual procedures.

K. RECOMMENDATIONS

176. The following recommendations on the topics discussed above are put forward for the consideration of the Workshop:-

Section B - definitions and classifications of services

1. For discussion of this paper, "services" should be defined in terms of ISIC Rev 3 as Tabulation Categories G to K plus P and Divisions 92 and 93.
2. African countries should aim to use and adopt classifications compatible with ISIC Rev 3 as soon as practicable.
3. If countries wish to adopt a classification less detailed in some areas than the full 4-digits of ISIC Rev 3 they should consider adopting the aggregated classification shown in Annexe 2, amended as necessary after discussion, to facilitate comparative studies of African service economies.
4. The Economic Commission for Africa (ECA) should consider what assistance they can provide countries to aid the speedier adoption of national classifications compatible with ISIC Rev 3.
5. The Workshop should discuss the list of industries in Annex 3 where the informal sector is important and, on the basis of data available to them and anecdotal experience, should agree a revised list as a validated statement of the African position.
6. Countries should where relevant make use of COFOG for the presentation of data on the purchases of services by government.

Section C - history and definitions of the informal economy

7. African countries should adopt definitions of the informal economy in line with the general approach of the Resolution of the fifteenth International Conference of Labour Statisticians but in particular should seek to use definitions that fit well with the approach they use in inquiries addressed largely to the formal part of the economy (that is with minimum overlap or omissions between the two areas).

Section D - statistical variables

8. The pattern and detail of inquiries to the service industries will depend on individual countries needs but there is advantage seen in a combination of wide, relatively simple and relatively frequent inquiries and more detailed occasional inquiries.

9. Countries identified in the workshop as having expertise in particular areas of service statistics should be encouraged to disseminate it by producing suitable descriptive papers.

10. The workshop should attempt to identify specific problem areas or specific industries where further studies in an African context would be of general value and these should be reported to ECA to consider what action is desirable.

Section E - approaches to the collection of data

10. Countries should generally limit their work on the maintenance of any continuing registers of businesses to those units above an operationally suitable borderline defined by size or some registration criterion which can be taken to represent the boundary of the informal economy in their countries.

11. While no particular single approach to the measurement of the informal economy is recommended to the exclusion of others, countries should bear in mind the use of household surveys to identify informal sector businesses to be approached in a second phase to obtain any structural information required on the informal sector.

12. Countries should fully explore the potential of administrative sources to provide measures of service activity where none currently exist.

13. Countries are reminded of the advantages of the exploitation of the OCAM General Accounting Plan, where it is in common use, as a basis for the collection where required of detailed financial information.

Section F - processing

13. Countries should maximise the potential gains from the use of the resources available for computerisation by developing an explicit information technology strategy.

Section G - dissemination

14. There should be particular and increased emphasis on the dissemination of results for the service trades with a disposition to publish as full detail as possible.

Section H - needs, priorities and resources

15. Countries should seek positively to reassess the priorities for statistics of the service industries and the informal economy in the light of their current and expected contributions to national aggregates and the volatility of the informal sector.

16. Countries should resist the temptation to seek such detailed information, particularly in service industry areas not previously covered by their inquiries, that response is put significantly at risk.

Section I - national accounts

17. Countries are encouraged to implement the 1993 SNA as soon as resources permit to improve the basis of comparison between countries for the national account information on the service industries.

18. The ECA should consider what assistance it is able to provide countries to aid the speedier adoption and implementation of the 1993 SNA.

19. Countries should aim to include estimates for the informal economy in their national accounts and to make their values transparent by satellite accounts or other means.

Section J - availability of data

20. The ECA should undertake an exercise to bring up to date the comparative study of the availability of service statistics in African countries in five years time to gain a measure of progress in improving coverage of the field.

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SERVICES IN THE INTERNATIONAL STANDARD INDUSTRIAL CLASSIFICATION OF ALL ECONOMIC ACTIVITIES

This annexe presents the full 4-digit detail of the International Standard Industrial Classification of All Economic Activities for services for the convenience of readers in considering paragraphs 7 to 23.

Tabulation
categories

Group Class

Description

G

WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES, MOTORCYCLES AND PERSONAL AND HOUSEHOLD GOODS

DIVISION 50		SALE, MAINTENANCE AND REPAIR OF MOTOR VEHICLES AND MOTORCYCLES; RETAIL SALE OF AUTOMOTIVE FUEL
501	5010	Sale of motor vehicles
502	5020	Maintenance and repair of motor vehicles
503	5030	Sale of motor vehicle parts and accessories

Tabulation categories	Group	Class	Description
	504	5040	Sale, maintenance and repair of motorcycles and related parts and accessories
	505	5050	Retail sale of automotive fuel
	DIVISION 51		WHOLESALE TRADE AND COMMISSION TRADE, EXCEPT OF MOTOR VEHICLES AND MOTORCYCLES
	511	5110	Wholesale on a fee or contract basis
	512		Wholesale of agricultural raw materials, live animals, food, beverages and tobacco
		5121	Wholesale of agricultural raw materials and live animals
		5122	Wholesale of food, beverages and tobacco
	513		Wholesale of household goods
		5131	Wholesale of textiles, clothing and footwear
		5139	Wholesale of other household goods
	514		Wholesale of non-agricultural intermediate products, waste and scrap
		5141	Wholesale of solid, liquid and gaseous fuels and related products
		5142	Wholesale of metals and metal ores
		5143	Wholesale of construction materials, hardware, plumbing and heating equipment and supplies
		5149	Wholesale of other intermediate products, waste and scrap
	515	5150	Wholesale of machinery, equipment and supplies
	519	5190	Other wholesale
	DIVISION 52		RETAIL TRADE, EXCEPT OF MOTOR VEHICLES AND MOTORCYCLES; REPAIR OF PERSONAL AND HOUSEHOLD GOODS
	521		Non-specialized retail trade in stores
		5211	Retail sale in non-specialized stores with food, beverages or tobacco predominating
		5219	Other retail sale in non-specialized stores
	522	5220	Retail sale of food, beverages and tobacco in specialized stores

Tabulation categories	Group	Class	Description
	523		Other retail trade of new goods in specialized stores
		5231	Retail sale of pharmaceutical and medical goods, cosmetic and toilet articles
		5232	Retail sale of textiles, clothing, footwear and leather goods
		5233	Retail sale of household appliances, articles and equipment
		5234	Retail sale of hardware, paints and glass
		5239	Other retail sale in specialized stores
	524	5240	Retail sale of second-hand goods in stores
	525		Retail trade not in stores
		5251	Retail sale via mail order houses
		5252	Retail sale via stalls and markets
		5259	Other non-store retail sale
	526	5260	Repair of personal and household goods
H			HOTELS AND RESTAURANTS
	DIVISION 55		HOTELS AND RESTAURANTS
	551	5510	Hotels; camping sites and other provision of short-stay accommodation
	552	5520	Restaurants, bars and canteens
I			TRANSPORT, STORAGE AND COMMUNICATIONS
	DIVISION 60		LAND TRANSPORT; TRANSPORT VIA PIPELINES
	601	6010	Transport via railways
	602		Other land transport
		6021	Other scheduled passenger land transport
		6022	Other non-scheduled passenger land transport
		6023	Freight transport by road
	603	6030	Transport via pipelines
	DIVISION 61		WATER TRANSPORT
	611	6110	Sea and coastal water transport
	612	6120	Inland water transport

Tabulation categories	Group	Class	Description
	DIVISION 62	AIR TRANSPORT	
	621	6210	Scheduled air transport
	622	6220	Non-scheduled air transport
	DIVISION 63	SUPPORTING AND AUXILIARY TRANSPORT ACTIVITIES; ACTIVITIES OF TRAVEL AGENCIES	
	630		Supporting and auxiliary transport activities; activities of travel agencies
		6301	Cargo handling
		6302	Storage and warehousing
		6303	Other supporting transport activities
		6304	Activities of travel agencies and tour operators; tourist assistance activities n.e.c.
		6309	Activities of other transport agencies
	DIVISION 64	POST AND TELECOMMUNICATIONS	
	641		Post and courier activities
		6411	National post activities
		6412	Courier activities other than national post activities
	642	6420	Telecommunications
J		FINANCIAL INTERMEDIATION	
	DIVISION 65	FINANCIAL INTERMEDIATION, EXCEPT INSURANCE AND PENSION FUNDING	
	651		Monetary intermediation
		6511	Central banking
		6519	Other monetary intermediation
	659		Other financial intermediation
		6591	Financial leasing
		6592	Other credit granting
		6599	Other financial intermediation n.e.c.

Tabulation categories	Group	Class	Description
	DIVISION 66		INSURANCE AND PENSION FUNDING, EXCEPT COMPULSORY SOCIAL SECURITY
	660		Insurance and pension funding, except compulsory social security
		6601	Life insurance
		6602	Pension funding
		6603	Non-life insurance
	DIVISION 67		ACTIVITIES AUXILIARY TO FINANCIAL INTERMEDIATION
	671		Activities auxiliary to financial intermediation, except insurance and pension funding
		6711	Administration of financial markets
		6712	Security dealing activities
		6719	Activities auxiliary to financial intermediation n.e.c.
	672	6720	Activities auxiliary to insurance and pension funding
K			REAL ESTATE, RENTING AND BUSINESS ACTIVITIES
	DIVISION 70		REAL ESTATE ACTIVITIES
	701	7010	Real estate activities with own or leased property
	702	7020	Real estate activities on a fee or contract basis
	DIVISION 71		RENTING OF MACHINERY AND EQUIPMENT WITHOUT OPERATOR AND OF PERSONAL AND HOUSEHOLD GOODS
	711		Renting of transport equipment
		7111	Renting of land transport equipment
		7112	Renting of water transport equipment
		7113	Renting of air transport equipment
	712		Renting of other machinery and equipment
		7121	Renting of agricultural machinery and equipment
		7122	Renting of construction and civil engineering machinery and equipment
		7123	Renting of office machinery and equipment (including computers)
		7129	Renting of other machinery and equipment n.e.c.
	713	7130	Renting of personal and household goods n.e.c.

Tabulation categories	Group	Class	Description
		DIVISION 72	COMPUTER AND RELATED ACTIVITIES
	721	7210	Hardware consultancy
	722	7220	Software consultancy and supply
	723	7230	Data processing
	724	7240	Data base activities
	725	7250	Maintenance and repair of office, accounting and computing machinery
	729	7290	Other computer related activities
		DIVISION 73	RESEARCH AND DEVELOPMENT
	731	7310	Research and experimental development on natural sciences and engineering (NSE)
	732	7320	Research and experimental development on social sciences and humanities (SSH)
		DIVISION 74	OTHER BUSINESS ACTIVITIES
	741		Legal, accounting, book-keeping and auditing activities; tax consultancy; market research and public opinion polling; business and management consultancy
		7411	Legal activities
		7412	Accounting, book-keeping and auditing activities; tax consultancy
		7413	Market research and public opinion polling
		7414	Business and management consultancy activities
	742		Architectural, engineering and other technical activities
		7421	Architectural and engineering activities and related technical consultancy
		7422	Technical testing and analysis
	743	7430	Advertising
	749		Business activities n.e.c.
		7491	Labour recruitment and provision of personnel
		7492	Investigation and security activities

Tabulation categories	Group	Class	Description
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		7493	Building-cleaning activities
		7494	Photographic activities
		7495	Packaging activities
		7499	Other business activities n.e.c.

L

PUBLIC ADMINISTRATION AND DEFENCE; COMPULSORY SOCIAL SECURITY

DIVISION 75 PUBLIC ADMINISTRATION AND DEFENCE; COMPULSORY SOCIAL SECURITY

751			Administration of the State and the economic and social policy of the community
	7511		General (overall) public service activities
	7512		Regulation of the activities of agencies that provide health care, education, cultural services and other social services, excluding social security
	7513		Regulation of and contribution to more efficient operation of business
	7514		Ancillary service activities for the Government as a whole
752			Provision of services to the community as a whole
	7521		Foreign affairs
	7522		Defence activities
	7523		Public order and safety activities
753	7530		Compulsory social security activities

M

EDUCATION

DIVISION 80 EDUCATION

801	8010		Primary education
802			Secondary education
	8021		General secondary education
	8022		Technical and vocational secondary education
803	8030		Higher education
809	8090		Adult and other education

Tabulation categories	Group	Class	Description
N			HEALTH AND SOCIAL WORK
	DIVISION 85		HEALTH AND SOCIAL WORK
	851		Human health activities
		8511	Hospital activities
		8512	Medical and dental practice activities
		8519	Other human health activities
	852	8520	Veterinary activities
	853		Social work activities
		8531	Social work with accommodation
		8532	Social work without accommodation
O			OTHER COMMUNITY, SOCIAL AND PERSONAL SERVICE ACTIVITIES
	DIVISION 90		SEWAGE AND REFUSE DISPOSAL, SANITATION AND SIMILAR ACTIVITIES
	900	9000	Sewage and refuse disposal, sanitation and similar activities
	DIVISION 91		ACTIVITIES OF MEMBERSHIP ORGANIZATIONS N.E.C.
	911		Activities of business, employers and professional organizations
		9111	Activities of business and employers' organizations
		9112	Activities of professional organizations
	912	9120	Activities of trade unions
	919		Activities of other membership organizations
		9191	Activities of religious organizations
		9192	Activities of political organizations
		9199	Activities of other membership organizations n.e.c.
	DIVISION 92		RECREATIONAL, CULTURAL AND SPORTING ACTIVITIES
	921		Motion picture, radio, television and other entertainment activities
		9211	Motion picture and video production and distribution

ANNEXE I
(continued)

Tabulation categories	Group	Class	Description
		9212	Motion picture projection
		9213	Radio and television activities
		9214	Dramatic arts, music and other arts activities
		9219	Other entertainment activities n.e.c.
	922	9220	News agency activities
	923		Library, archives, museums and other cultural activities
		9231	Library and archives activities
		9232	Museums activities and preservation of historical sites and buildings
		9233	Botanical and zoological gardens and nature reserves activities
	924		Sporting and other recreational activities
		9241	Sporting activities
		9249	Other recreational activities
	DIVISION 93		OTHER SERVICE ACTIVITIES
	930		Other service activities
		9301	Washing and (dry-) cleaning of textile and fur products
		9302	Hairdressing and other beauty treatment
		9303	Funeral and related activities
		9309	Other service activities n.e.c.
P			PRIVATE HOUSEHOLDS WITH EMPLOYED PERSONS
	DIVISION 95		PRIVATE HOUSEHOLDS WITH EMPLOYED PERSONS
	950	9500	Private households with employed persons
Q			EXTRA-TERRITORIAL ORGANIZATIONS AND BODIES
	DIVISION 99		EXTRA-TERRITORIAL ORGANIZATIONS AND BODIES
	990	9900	Extra-territorial organizations and bodies

**SUGGESTED AGGREGATIONS OF 3 AND 4 DIGIT HEADINGS OF ISIC REV 3
FOR COUNTRIES NOT ADOPTING THE FULL DETAIL OF THE
CLASSIFICATION**

3 digit	4 digit	Description	Suggested aggregations
630		Supporting and auxiliary transport activities; activities of travel agents	
	6301	Cargo handling	}
	6302	Storage and warehousing	}
	6303	Other supporting transport activities	}
	6309	Activities of other transport agencies	}
	6304	Activities of travel agencies and tour operators, tourist assistance activities n. e. c	
711		Renting of transport equipment	
	7111	Renting of land transport equipment	
	7112	Renting of water transport equipment	}
	7113	Renting of air transport equipment	}
		Computer and related activities	
721		Hardware consultancy	}
722		Software consultancy and supply	}
723		Data processing	}
724		Data base activities	}
729		Other computer related activities	}

**SUGGESTED AGGREGATIONS OF 3 AND 4 DIGIT HEADINGS OF ISIC REV 3
FOR COUNTRIES NOT ADOPTING THE FULL DETAIL OF THE
CLASSIFICATION**

3 digit	4 digit	Description	Suggested aggregations
725		Maintenance and repair of office, accounting and computing machinery	
749		Business activities n. e. c.	
		Labour recruitment and provision of personnel	
		Investigation and security activities	
		Photographic activities	
		Building cleaning activities	}
		Packaging activities	}
		Other business activities n. e. c.	}
923		Library, archives, museums and other cultural activities	
	9231	Library and archive activities	}
	9232	Museums activities and preservation of historical sites and buildings	}
	9233	Botanical and zoological gardens and nature reserves activities	

HEADINGS OF ISIC REVISION 3 WHERE THE INFORMAL ECONOMY IS RELATIVELY IMPORTANT

Heading	Description	Comments
5010	Sale of motor vehicles	For sale of used vehicles
5020	Maintenance and repair of motor vehicles	Particularly important
5030	Sale of motor vehicle parts and accessories	
5040	Sale, maintenance and repair of motor cycles and related parts and accessories	For sale of used vehicles and maintenance
51	Wholesale trade and commission trade, except of motor vehicles and motorcycles	Significant for most parts of wholesaling except for automotive fuel and oils
521 to 523	Retail trade in stores	Some smaller fixed shops
524	Retail sale of second-hand goods in stores	Substantial contribution
525	Retail trade not in stores	Apart from mail-order element, probably mainly informal
526	Repair of personal and household goods	Substantial contribution
55	Hotels and restaurants	Not generally tourist hotels but substantial in other accommodation and eating-places
602	Land transport other than railways	Taxis and other informal passenger and freight transport
611 to 612	Water transport	
630	Supporting and auxiliary transport activities, activities of travel agencies	
65	Financial intermediation, except insurance and pension funding	Not generally but in particular countries tontines and various mutual associations may play a significant informal part in credit
67	Activities auxiliary to financial intermediation	Insurance brokers and agents may be in the informal sector
711	Renting of transport equipment	Cars and small boats particularly

**HEADINGS OF ISIC REVISION 3 WHERE THE INFORMAL ECONOMY IS
RELATIVELY IMPORTANT**

Heading	Description	Comments
713	Renting of personal and household goods n. e. c.	
72	Computer related activities	The informal sector may be active in a number of areas, particularly aspects of data processing and repair of office machinery
74	Other business activities	Again fairly spread over this wide area with some professionals and technicians involved and activities such as photography, cleaning and packaging
930	Other service activities	These are essentially personal services. There is a high informal sector involvement.

STATISTICAL VARIABLES FOR THE SERVICE INDUSTRIES

1. This section supplements the discussion in paragraphs 55 to 69. The following is a brief selection of variables that might be used in a statistical inquiry to businesses in the service trades, with some definitions and comments. General variables, which can be collected from all or most industries, are discussed first. These can be broadly sub-divided into accounting and economic variables. Variables only appropriate to specific industries are discussed later for a selection of industries.

General variables

Accounting and economic variables

Turnover

2. *Turnover comprises the totals invoiced by the unit during the reference period, and this corresponds to market sales of goods or services supplied to customers. Turnover includes all duties and taxes on the goods or services invoiced by the unit with the exception of any value added tax invoiced by the unit in relation to its customer. It also includes all other charges (transport, packaging etc.) passed onto the customer, even if these charges are listed separately in the invoice. Reduction in prices, rebates and discounts as well as the value of returned packaging must be deducted but not cash discounts. Turnover does not include sales of fixed assets.*

3. The turnover of a unit is perhaps its key accounting variable and, relatively fine points of definition aside, is generally readily available.

4. One important aspect of a number of the service trades is that turnover may be from a mixture of sales of goods which the unit owns and fees or commissions for services provided. For example, wholesalers may both buy and sell goods and also act as agents between the owner of the goods and the purchaser, taking a commission on the purchase they have negotiated. It is important to make this clear to contributors to inquiries. Some greater understanding of the operation of a trade can be obtained, and greater clarity of definition given, if the two elements of turnover are collected separately. The existence of the mix of methods of operating reduces the value of a figure of turnover as a measure of activity or, to be more precise, of value added.

5. Some concessions to the strict definition may have to be made in an inquiry to reflect the accounting practices, or lack of them, of smaller firms. In particular, the collection of information on a cash basis rather than an invoiced basis may have to be made, but within retailing and for many smaller firms, especially in the informal economy, the distinction is generally minor.

6. The period covered is ideally set by the aims or frequency of the inquiry. Thus monthly data would only generally be collected for a monthly inquiry where the results were of interest month by month to show trends, for example, in industrial production or retail sales. The natural period for an annual or less frequent inquiry would be a year, ideally a calendar year or the country's financial year, but a concession to accept the unit's financial year where it has one should generally be made. However, in the informal economy as with household inquiries more generally, even if the aim is to produce structural or annual information, it may be necessary in the absence of records to seek information for the most recent week or even a day.

7. Turnover, if it is to provide a direct basis for the compilation of the national accounts, should include the value of goods, but not in general services, provided by the unit to the household of its owners. In particular, for retailing units it should include the value of goods drawn from stock for the household's own use. This point is significant in particular for small retailers of food products. The treatment in any statistical inquiry addressed to small businesses should be made clear. It could be, however, that the best way to deal with this element is to exclude it from the main inquiry, especially if it is a postal survey, and to collect rough estimates of the amount involved via some alternative household based inquiry.

8. A further problem which can exist within the informal economy is with the barter of goods or services - that is, their exchange for goods or services of an equivalent value. Again, the treatment desired should be made clear in any postal questionnaire, with the possibility that estimates of the value of their contribution to turnover be made in some supplementary interview survey.

9. There are particular problems in defining a meaningful concept of turnover in the financial intermediation industries. These specialist issues, not specific to Africa nor generally concerned with the informal economy, are not dealt with here.

10. There can be various breakdowns or analyses of turnover apart from the distinction mentioned above between sales and fees and commissions. The most natural is a breakdown by activity to assess the extent that a unit may engage in a range of activities, measured by relatively broad aggregates of the ISIC. This may impose some difficulty on businesses but is unlikely to do so for the smallest firms which are more likely to engage in only one activity. For retailers, a natural breakdown is by the products that they have sold. This again can be burdensome since records may not be held in a convenient way, but is desirable for the accurate classification of units to any retailing classification more detailed than the ISIC. A minimum breakdown, if one is to be sought, would be between food and beverages (as one category) and other products.

11. An alternative form of breakdown of turnover is between sales (of goods and services) to the domestic market and to residents of foreign countries. While this information is certainly of interest it creates difficulties of collection which are so severe for retailers at least as to rule it out. More generally, information (in aggregate) will be available on exports of goods from some alternative source - probably Customs documents - and on

foreign trade in services from whatever independent sources are available to compile the balance of payments - usually based on the banking system.

12. A further breakdown of the national aggregate of turnover may be desired by region. If the basic statistical unit used in the survey is the local unit there is generally no problem (although for some major integrated wholesaling operations the definition of turnover at a single depot or warehouse may be difficult or impossible). The regional aggregates can be compiled from the returns to the inquiry if the sample is adequate to support this. Where the statistical unit is the enterprise, regional information can only be compiled if a regional analysis is sought from the business. This can be burdensome and may only be possible where regions are relatively small in number and sufficiently embedded in the economic life of the country to be familiar to most contributors.

Purchases of goods and services

13. *Purchases of goods and services represent the value of goods and services (other than capital goods) purchased during the reference period either to be resold without further processing or processed and incorporated in products for sale, or for the current operation of the unit. It includes rents paid for the rental of non-residential buildings and charges for the hire of other capital goods. It includes the purchase of small tools and equipment which are not capitalised. It excludes interest payments.*

14. The total cost of goods and services purchased is a necessary accounting variable to help in the calculation of value added and is particularly important to collect where turnover represents an uncertain mixture of sales and commissions. Its collection in aggregate poses some of the same problems discussed above for turnover.

15. The distinction between capital and current purchases must in practice follow the accounting practices of the businesses involved for the medium or larger firms. For the smaller firms, including those in the informal economy that might best be approached by an interview survey, the distinction may have to be spelled out with care although expenditure on capital equipment by these firms may not be substantial. Collection by postal questionnaire may need to emphasise heavily that employment costs are not in general included in this expenditure item. If they are collected separately this will serve to emphasise the point.

16. There are various breakdowns of purchases that could usefully be collected and indeed are necessary for an understanding of the structure of the trades involved. These include, which is important for the distributive trades, a distinction between purchases for resale and for other uses.

17. Other breakdowns are essentially concerned with the commodity (which may be a good or a service) purchased. These, which may be required to support input/output analyses, may present severe difficulties to businesses whose records are unlikely to match the particular requirements shown. The approach in the informal economy of basing analyses on a short recent period to avoid the problems with inadequate record keeping can be used but with the greater variability of purchases over time will be less able to produce satisfactory results.

Stocks

18. *Stocks consist of outputs that are still held by the units that produced them prior to their being further processed, sold, delivered to other units or used in other ways and of products acquired from other units to be used for intermediate consumption or for resale without further processing.*

19. Two distinct breakdowns of the value of stocks are useful. First, the total can be split by the nature of the commodity stocked - perhaps into fuels, other raw materials and other goods (including finished manufactures). Secondly, the distinction can be made between goods held for subsequent resale and goods for further processing within the unit. Such figures are of help in understanding the structure of the industry involved.

20. In practice the level of stocks held by service industries other than the distributive trades is relatively small and it may not be worth collecting information on them for many business and personal service trades or in the services informal economy more generally outside distribution. This is particularly so if the data on stocks - or more strictly their change over a period - are to be used within the national accounts. The calculations necessary for this purpose to decompose the change in stocks into the change in physical volume and stock appreciation, are notoriously difficult and depend for their success on price information of good quality which is unlikely to be available. Within distribution, at least for the larger businesses, it is helpful nevertheless to distinguish between stocks of goods for resale and for the operation of the business more generally because of their different impact on the calculation of value added.

21. The value of stocks to be collected will in practice have to follow the accounting conventions followed by businesses which may, depending on the accounting regime of the country involved, have some flexibility.

22. For some purposes, concerned with particular policy purposes, the aim of collection may be to produce estimates of the quantity of stocks of specific commodities - for example of categories of fuel or some other important basic material. Again these are most likely to be relevant to the distribution industries rather than the wider range of services. This is one area where the use of inquiries addressed solely to large firms has a powerful role.

Capital expenditure (gross fixed capital formation)

23. *Gross fixed capital formation represents the difference between the acquisitions and disposals of fixed assets. The assets (which on the latest version of the SNA may be tangible or intangible) may have been bought from other businesses or produced by the business for its own use. An item is regarded as a capital asset if it has a useful life of more than one year. The concept is "gross" in the sense of gross of depreciation.*

24. Various asset breakdowns may be collected - typically between land and existing buildings; new buildings; vehicles; and other plant and machinery.

25. The formal distinction by the useful life of the asset is a useful guide to collection problems but in practice the distinction used in a business's accounts between current and capital purchases will have to be accepted.

26. Capital expenditure in some service industries - for example, in distribution and transport may be substantial in the formal sector. Increasingly, computers and similar equipment play a wide part in many service trades.

27. The extent of capital investment in the informal sector is generally less although not insignificant. Direct collection of the data from informal businesses is particularly difficult because of the very variable level from period to period. In any event, it may be that economy totals of capital expenditure are most satisfactorily produced by a commodity flow approach given a reasonable quality of information on the detail of manufacturing output.

Prices

28. A range of price index numbers on various concepts of valuation and for various categories of services can be defined.

29. Many of the considerable problems of constructing price index numbers for service activities are the same in an African context as for the more developed countries. They rest essentially on the difficulties of defining a relevant unit of output of constant quality for the activity involved. This is a more severe problem with services than for manufacturing given the lack of repeatability characteristic of services as opposed to goods.

30. The most developed index in most countries in the services area is the consumer price index. A major part of this is concerned with the purchase of goods from retailers. Problems that exist in the context of a limited statistical background of necessary data are concerned with the construction of a suitably weighted basket of goods for the index and the lack of knowledge on the relative importance of the various categories of retail outlet at which goods are purchased (again to define a suitable set of weights for the construction of a base-weighted index).

31. There are additional problems, not generally encountered in the more developed countries, from the role of bargaining to fix the price at which transactions may be carried out and to a limited extent with the role of barter. The greater role of mobile shops in African economies also leads to some difficulties where the collection process attempts, as is strictly desirable, to base the measurement of price movements on repeated visits to the same outlet.

32. The extension of the consumer price index beyond the area of the purchase of goods to the purchase of services raises further problems where the greater difficulty is, perhaps, with the choice of a unit of output and the treatment of the issues of quality. These same problems are at the core of the construction of a producer price index for services including those provided to businesses. It goes beyond the scope of this paper to discuss this specialised topic in detail.

Labour related variables

33. A range of labour market variables can be collected in either business or household surveys. The most important are listed below

Number of persons employed

34. The number of persons employed (or, in other terminology, "persons engaged") is a wide definition including for example, working proprietors, family workers - whether paid or not - part-time workers, home-workers on the business's pay-roll.

35. The use of this wider definition is important in areas where, as for smaller firms, the working proprietors and family workers form a major part of the labour force.

36. For many economic purposes (and certainly for collection in an annual economic survey) the average of the number of persons employed is the most relevant variable but this can impose burdens on the business completing the questionnaire and the level at some suitable point in time is an alternative.

37. The number of persons employed can be broken down by:-

- between male and female
- between part-time and full-time
- between regular, casual and seasonal employees
- by occupations
- by qualifications
- by age

38. Some of these distinctions create definitional problems (for example, on the split between full-time and part-time) although not generally related to the African or services context in particular. The total can be heavily affected by the inclusion (particularly in the retail trades) of casual and part-time workers.

39. As a general rule, the more detailed analyses, such as by occupation or age are most suitable for collection in household type inquiries or in inquiries addressed to businesses which seek information on only a selection or sample of inquiries. Collection of the full range of information above for all the persons employed of even a moderate size business can be sufficiently burdensome to limit response substantially.

Number of wage and salary earners

40. The number of wage and salary earners (sometimes referred to as employees in employment) is a more restrictive employment measure. It excludes, in particular, working owners and family workers. Most of the points made in relation to the number of persons employed are also relevant as are the possible analyses of the total.

Number of hours worked

41. This statistic is, in theory, particularly useful as a measure of labour input where the pattern of working is very varied as it may be in many service trades - particularly retailing and hotels and restaurants. The difficulty is in its collection and it fits easier into a household survey (covering a short period of time) than into an inquiry addressed to businesses. This has the disadvantage that the data obtained are not on a fully consistent basis with the economic data obtained from any business inquiry. Again the total may be analysed by most of the categories mentioned above.

Wages and salaries

42. The remuneration of wage and salary workers is an important economic variable. Estimates can be obtained from inquiries to businesses and also, with the well-known risks of bias, from inquiries to individuals. The treatment of payments in kind may be particularly important in the current context (of services in Africa). Information on earnings from household inquiries, despite their limitations, are an important route to assessing some aspects of the contribution of the informal economy.

Variables for specific service industries

43. A wide range of variables relevant to specific service industries can be defined. The following is no more than a selection for a number of industries to indicate the wide scope of this topic.

Distribution

44. It is useful for distribution, if information on stocks is collected, to distinguish between goods for resale and goods for the operation of the business. This is necessary for the proper calculation of the distribution margin which is needed for the treatment of the distribution trades in the national accounts. However, the distinction may only be worth making for the relatively large distributors in the formal part of the economy.

45. Again for the formal economy, information on any links between retailers, wholesalers and manufacturers is a topic that helps understanding of the structure of the trades. This is also true of the information on the nature of suppliers to retailers and wholesalers and the customers of wholesalers (although the latter is particularly difficult for businesses to provide).

46. For fixed outlet retailers information on the amount of floor-space of their premises can be of use for physical planning purposes.

Hotels and restaurants

47. There is a range of data of interest on hotel facilities (including the number of rooms of various types), room occupancy by period, arrivals and departures, tariffs and the nationality and purpose of visit of residents. While this may be burdensome for hotels to collate, the information is typically available from their records. It seems worthwhile, at a marginal increase in the form-filling load, to supplement this hotel-specific information with one or two major economic aggregates such as turnover and employment, at least occasionally.

48. Information on hotels is most conveniently and usefully collected for the individual hotel, even when it is part of a chain. Its usefulness for policy purposes depends critically on a geographic analysis.

Transport

49. Again a wide range of variables is capable of definition and collection. The precise definitions of the variables will differ a little according to the mode of transport - air, water, rail, road and, occasionally, pipeline - but the general approach is the same. The variables are designed to collect information on the available capacity of the transport systems and its usage.

50. Collection for air and rail generally pose no problems with the rail system often in the hands of a single organisation, usually state owned. Air lines operating in a country will generally be more numerous but nevertheless limited in number and fairly sophisticated with their record systems. The same is certainly true for any pipeline operation although the possibly trans-national aspect of this very specialised activity may cause some difficulties.

51. Statistics relating to transport by water may present more difficulties. Collection of data on arrivals and departures and tonnages carried of maritime vessels, especially those involved in international traffic, should be relatively easy to compile probably as the by-product of some administrative procedure. Statistics for traffic on internal waterways may create more difficulties with the informal sector often playing a major part.

52. Some data, of mixed reliability, on the size of the road transport population of vehicles should be available from some type of licensing system. Information on its activity and the number of passengers or freight carried is markedly more difficult to compile with the informal sector playing a major or even dominant part in the industry.

OCAM GENERAL ACCOUNTING PLAN

This annexe presents the tables relating to the OCAM (Joint Organisation of African, Malagasy and Mauritian States) Accounting Plan referred to in paragraph 120 of the main paper.

TABLE 1 — results of main operations

Account N°		DEBITS		
		Operating	Non- operating	TOTAL
60/060	80 — DETERMINATION OF GROSS PROFIT Cost of goods sold BALANCE : GROSS PROFIT			
	TOTAL			
61/061 62/062 63/063	81 — DETERMINATION OF VALUE ADDED — INTERMEDIATE CONSUMPTION Raw materials and stores consumed Transport Other services BALANCE : VALUE ADDED			
	TOTAL			
64/064 65/065 66/066 67/067 68/068	DETERMINATION OF OPERATING (82) AND NON-OPERATING (082) PROFIT OR LOSS Miscellaneous expenses and losses Personnel expenses Rates and taxes Interest expenses Depreciation and provisions CREDIT BALANCE : OPERATING PROFIT CREDIT BALANCE : NON-OPERATING PROFIT			
	TOTAL			
	84 — DETERMINATION OF PROFIT OR LOSS ON DISPOSAL OF FIXED ASSETS Original value of assets sold Expenses in connection with the sale CREDIT BALANCES : GAINS ON DISPOSALS			
	TOTAL			
	85 — DETERMINATION OF NET PROFIT OR LOSS BEFORE TAXATION Operating profit or loss (transfer of debit balance from account 82) Non-operating profit or loss (transfer of debit balance from account 082) Loss on disposal of fixed assets (transfer of debit balance from account 84) CREDIT BALANCE : NET PROFIT BEFORE TAXATION			
	TOTAL			
	86 — DETERMINATION OF INCOME TAX PAYABLE Provisional (or legal minimum) payments on accounts of income tax Balance due			
	TOTAL			
	870 — DETERMINATION OF NET PROFIT OR LOSS FOR ALLOCATION Net profit or loss before taxation (transfer of debit balance from account 85) Income tax payable (transfer of debit balance from account 86) CREDIT BALANCE — NET PROFIT FOR APPROPRIATION			
	TOTAL			

TABLE 1 -- results of main operation

Account N°		CREDITS		
		Operating	Non- operating	TOTAL
70/070	80 -- DETERMINATION OF GROSS PROFIT Sales of goods (merchandise)			
	TOTAL			
71/071 72/072 73 073	81 -- DETERMINATION OF VALUE ADDED -- PRODUCTION -- GROSS PROFIT (transfer of preceding balance) Output sold Output stocked Fixed asset formation for own account Expenses for capitalisation or transfer			
	TOTAL			
74/074 76/076 77/077 78/078	DETERMINATION OF OPERATING (82) AND NON-OPERATING (082) PROFIT OR LOSS VALUE ADDED (transfer of preceding balance) Sundry revenue and profits Operating and non-operating subsidies and grants Interest and dividend earned Depreciation and provisions written back DEBIT BALANCE : OPERATING LOSS DEBIT BALANCE : NON-OPERATING LOSS			
	TOTAL			
	84 -- DETERMINATION OF PROFIT OR LOSS ON DISPOSAL OF FIXED ASSETS Price realised on disposal (or compensation received) Accumulated depreciation on disposal DEBIT BALANCE : LOSSES ON DISPOSALS			
	TOTAL			
	85 -- DETERMINATION OF NET PROFIT OR LOSS BEFORE TAXATION Operating profit or loss (transfer of credit balance from account 82) Non-operating profit or loss (transfer of credit balance from account 082) Gains on disposal (transfer of credit balance from account 84) DEBIT BALANCE : NET LOSS BEFORE TAXATION			
	TOTAL			
	86 -- DETERMINATION OF INCOME TAX PAYABLE Income tax overpaid DEBIT BALANCE : INCOME TAX PAYABLE			
	TOTAL			
	871 -- DETERMINATION OF NET PROFIT OR LOSS FOR ALLOCATION Net profit or loss before taxation (transfer of credit balance from account 85) DEBIT BALANCE : NET LOSS FOR APPROPRIATION			
	TOTAL			

TABLE 2 - evolution of the balance sheet accounts

			Credit balances at beginning of period	Balance sheet movements during the period.			Credit balances at end of period		
				External movements		Internal movements			
				- Decreases	+ Increases	± Transfers between accounts			
			Balances brought forward				Balances carried forward		
SOURCES OF FUNDS	OPERATING	87 870 875	NET PROFIT OR LOSS — of the period (for appropriation) — appropriation of net profit or loss of preceding period	////////////////	loss	profit	////////////////	loss or profit	
		88	ACCUMULATED DEPRECIATION AND PROVISIONS Amortisation of intangible assets and deferred charges Depreciation of fixed assets Provisions for long term liabilities and contingencies Provisions for loss in respect of accounts in classes 2, 3, 4, 5						
	LONG TERM	10 11 12	EQUITY Capital Reserves Profit and loss account balance brought forward						
		14	Investment grants and subsidies						
		16 17	LONG TERM LIABILITIES Bonds, debentures Other long term borrowings and liabilities						
		SHORT TERM	40 41 44, 45 42, 43, 46 50 53 56	CURRENT LIABILITIES Suppliers Customers-Advances and payments on account received Shareholders and group companies (credit balances) Other creditors Loans repayable within one year Bills of exchange and trust receipts payable Banks-Advances repayable within one year (credit balances)					
	47		Adjustments accounts (credit)						
	TOTALS			X	Y			Z	