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13489

# Data Access & Transmission Activity (DATA)

A USAID Funded Project . . .

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# IMPACT EVALUATION REPORT

(Performance Monitoring Report)

**July - December 2000**

## Ministry of Planning

*in coordination with*

**U. S. Agency for International Development**

**Booz · Allen & Hamilton, Inc.**

**IMCC**

**Submitted: January, 2001**

**Cairo, Egypt**

**Contract #:** PCE-I-00-98-00013-00

**Task Order:** 806

**Task Order Title:** Egypt Data Access and Transmission Activity

**USAID CTO:** Tim O'Hare

**Submitted By:** Booz·Allen & Hamilton

8283 Greensboro Drive, McLean, Virginia 22102, USA

**DRAFT**

**DATA ACCESS AND TRANSMISSION ACTIVITY (DATA)**

**Sponsored and Funded by USAID**

**Ministry of Planning and International Cooperation**

**Salah Salem St. Nasr city, Cairo, Egypt**

**Tel 260-1687/260-1679**

**DATA ACCESS AND TRANSMISSION ACTIVITY PROJECT**

**IMPACT EVALUATION REPORT**

**Performance Monitoring Plan**

**July – December, 2000**

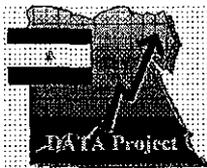
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**CAIRO, EGYPT**

**JANUARY 2001**



## DATA ACCESS & TRANSMISSION ACTIVITY

*Sponsored and funded by the United States Agency for International Development  
Ministry of Planning and International Cooperation  
Salah Salem St., Nasr City, Egypt*

*Partners:*  
Booz-Allen & Hamilton  
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### MEMORANDUM

**DATE:** January 31, 2001

**TO:** Mr. Timothy O'Hare, DATA Contract CTO, USAID/EG/SP

**FROM:** Frank A. Szumilo, Chief of Party, DATA Project

**REF:** Contract # PCE-I-00-98-00013-00, Task Order No. 806

**SUBJ.:** Impact Evaluation Report  
Performance Monitoring Plan July – December, 2000

Attached for your review and approval is the draft of DATA Project's Impact Evaluation Report covering the period July through December, 2000, in compliance with Section 1.6 of the referenced contract.

Sincerely,

Frank Szumilo  
DATA Project, Chief of Party

**cc:** Mr. Roy Plucknett, USAID Contracting Officer  
Mr. Nasr Tantawi, First Undersecretary of State, Ministry of Planning  
Dr. Hafiz Shaltout, USAID, EG/SP  
Ms. Iman El Shayeb, USAID, PER, RP Team Leader, EG/SP  
Mr. C. Grant Morrill, Cognizant Technical Officer, SEGIR GBTI, USAID, G/EGAD/EM  
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Mr. Mark Belcher, Program Manager, Booz-Allen & Hamilton, Inc.  
Mr. George Atalla, Task Manager, Booz-Allen & Hamilton  
Ms. Brooke Harris, Task Coordinator, Booz-Allen & Hamilton, Inc.  
Mr. Charles Waite, National Accounts Advisor, IMCC  
Mr. Lance Marston, Director, IMCC

## Executive Summary

The Impact Evaluation Report for the first year is presented below as required in the Task Order and covers the period from July to December 2000. The report both evaluates the current status of the Government of Egypt (GOE) performance with respect to the International Monetary Fund's Special Data Dissemination Standards (SDDS) and the 1993 System of National Accounts (SNA '93) requirements. In addition, it sets out a plan of action for meeting those requirements. This impact-monitoring plan serves to assure that the data needed are available in a timely way and in the correct form.

USAID's Data Access and Transmission Activity (DATA) Project is designed to assist the GOE, through the strengthening of institutional capacity, in its efforts to develop and maintain a fully modern system of national accounts that is compliant with the above mentioned international standards.

National income and product accounts summarize a country's economic performance and provide a comprehensive and consistent picture of the overall scope of economic activity. The primary operational goal of the DATA Project is modernizing, developing, and maintaining national accounts for Egypt. In addition, the Team is developing an information technology system that will provide the GOE with the capability to serve the statistical agencies in their interests in collecting, tabulating and disseminating economic data, as well as improving the quality of data available. Automation of the national accounts of Egypt will ensure easy access to such data by the users.

Providing accurate, timely, and relevant economic statistics is central to any government promoting economic growth, and particularly important for countries in transition to market economies or seeking international investment. The GOE is extremely interested in subscribing to the SDDS. Consequently, it will satisfy the IMF's standards that are essential to the transparency of macroeconomic performance and policy in Egypt. These improvements will satisfy the international community's concern about the collection and dissemination of sound economic and financial information in Egypt. In a period of intense competition among nations for foreign investment possessing sound national income and product accounts is a distinct advantage. The GOE has also formally agreed to utilize the principles and procedures embodied in the SNA '93.

The Booz Allen & Hamilton Team is providing long-term technical advisors in the fields of national accounts and statistics and will also provide short-term technical assistance to support efforts to modernize the Egyptian system of National Accounts. The goal of the DATA Team is to improve the quality, periodicity, timeliness, and availability of estimates of economic activity in Egypt. These efforts will be advanced through training, technical assistance, and automation. Five tasks are identified in the Statement of Work (SOW) as crucial elements that must be satisfied to insure success in achieving the objectives of the project. They are listed below:

- Task 1: the Team is charged with the task of assisting the GOE in the preparation of a time-phased plan to meet IMF data dissemination standards.

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- Task 2: the emphasis is on the development of work plans to be submitted to USAID that will assist the MOP in implementing SNA '93.
- Task 3: technical assistance is to be provided under the DATA Project. It covers a wide range of functions relating but not limited to the collection of data, preparation of the national accounts, dissemination of data, and the implementation of an information technology system.
- Task 4 is a significant segment of the Project, as it requires a long-term approach to establishing and facilitating national accounts training and seminars. A needs assessment has been completed for the staff of the National Accounts Unit, and a database has been established for the staff.
- Task 5: the DATA Team has prepared and submitted the Year 1 Procurement Plan with the required 60 days from the time of the project commencement as described in the "commodities" segment of the contract.

The Booz Allen & Hamilton Team expresses their thanks and appreciation to the Honorable Dr. Ahmed M. El Dersh, Minister of Planning and International Cooperation for his support of the DATA Project. Also, our thanks to Ms. Asma Thabet, First undersecretary for Planning, and Head of the Computer Center for her kindness and generous offer of assistance in the IT segment of the Project. Thanks to General Ahab Elwi, President of CAPMAS for his warm welcome and invitation to work with his staff; to Mr. Nasr Tantawi, First Undersecretary of State and Consultant to the Minister of Planning, Mrs. Safaa Oweida El Sayed Hassan Eweda, Director General of National Accounts Unit, and Mr. Kamal Ibrihim El Araby, Consultant to the Ministry of Planning, without whose help we would have not been able to achieve the level of progress identified in this report. We thank USAID for the support they are providing, especially Mr. Timothy O'Hare, Contract Technical Officer, and Dr. Hafiz Shaltout, who have been especially helpful to us in this critical phase of the project.

## Introduction

The Impact evaluation report is presented below and is divided into two parts. The first deals with SDDS (IMF Standards and Codes requirement for Special Data Dissemination Standard) compliance and the second reflects the requirements for compliance with the SNA 93. Within each section is a gap analysis between existing and required data, as well as a plan of action for bridging those gaps.

### I. SDDS Compliance

The following table presents 17 items required for compliance with SDDS, the type of data available, missing data, and a recommended plan of action.

The steering committee is currently in the process of formation and will be comprised of MOP, MOF, CBE and CAPMAS members. This committee will coordinate among the different agencies to assist the GOE in complying with IMF-SDDS requirements. The Central Bank of Egypt, specifically the Research Department headed by Mr. Mahmoud Habsa will be the coordinator and contact with IMF

This committee will discuss the various SDDS items discussed below and how the Government of Egypt can comply with SDDS in the shortest possible time while taking all the options allowed by the IMF. After establishment of the committee, each agency member will provide the CBE-coordinator with Metadata sheets for the data they are responsible for as well as data on a Government of Egypt information page where all the seventeen items could be viewed in a reasonable time series format.

Item No.	Data Needed	Available	Missing	Plan of action
1	GDP by Major Expenditure category and by productive Sector	Annual GDP, Cumulative year to date quarterly GDP	Quarter by Quarter data	Methodology statements and mechanism to collect data on quarterly basis
2	Industrial Production and Business tendency	Quarterly Industrial production (for 25 and more employees)	Monthly data and Business tendency survey	Recommend survey and collection of sample data
3	Employment	Annual according to CAPMAS Publication but surveyed twice per year (May and November)	Quarterly data	Quarterly Labor force survey and co-ordination with Ministry of Labor and CAPMAS
4	Unemployment	Annual according to CAPMAS Publication but surveyed twice per year (May and November)	Quarterly data	Labor force survey- Quarterly and co-ordination with Ministry of Labor and CAPMAS
5	Wages/ earnings	Annual according to CAPMAS	Quarterly data	Labor force survey and co-ordination with Ministry of Labor and CAPMAS

6	Consumer and wholesale Price Index	Monthly lag of two months		Improving timeliness
7	Central Government Revenue and Expenditure	Annual available after two years to MOP/NAU		Improving timeliness (estimates, preliminary etc.)
8	Balance, and domestic and foreign financing	Annual available after two years to MOP/NAU		Improving timeliness (estimates, preliminary etc.)
9	Money aggregates domestic credit by public and private sector	Monthly after two months lag		Improving timeliness, CBE working on this.
10	Reserve money, domestic claims on public sector, external position	Monthly		CBE working to provide weekly data and also respond to a new requirement by IMF of reserve template
11	Short term and long term interest rates	Daily		Openness, available to public By CBE Web Page
12	Stock Market Index	Daily		Openness, available to public by CBE Web Page
13	BOP, Net Income flows, net current transfers, selected capital account items	Quarterly		Improving timeliness, CBE working
14	International Reserve and foreign currency liquidity-fund position	Monthly		CBE working with banks
15	Exports and Imports (Merchandise Trade).	Monthly with two months lag		Trying to improve timeliness and unify reporting by CBE and CAPMAS.
16	International Investment Position	Not available		Not required by IMF
17	Exchange Rates	Daily		In process of determining how to disseminate different rates
18	Population	Annual after two years		Trying to improve timeliness

## II. SNA '93 Compliance

This section describes the current status of data availability with respect to the various data series used to compile GDP and the SNA '93 institutional sector accounts. There are significant data gaps across a wide range of industries. Although the existence of these data gaps does not prevent the compilation of the SNA accounts (estimates are made for missing data), they do impact on the accuracy and reliability of the final numbers. Since estimation methodologies are subject to both conceptual and statistical errors, estimates resulting from the application of such methodologies are a second best solution to the problem of missing data items.

The DATA team has formulated a two-step plan of action to deal with the issue of missing data and its impact on the implementation of SNA '93. The first step is to improve the existing methodologies for estimating the missing data items. In that regard, the team is in the process of reviewing these methodologies with a view to suggesting improvements. Improved estimation methodologies, while no substitute for actual data, will, in the short- to intermediate-term, result in improved accuracy and reliability. The second step, which is longer-term in nature, is to have CAPMAS implement surveys covering those areas where major data gaps exist. An important step was taken in that direction with the issuance of a Ministerial Decree in November 2000 establishing a committee to, "supervise the required samples for the National Accounts at the Private Sector and follow up its implementation." The committee consists of representatives from CAPMAS, the National Accounts Unit at the Ministry of Planning, and the DATA team. Subsequently, a list of priority industries where significant data gaps exist has been submitted to the committee (see the Annex to this report). In addition, a detailed questionnaire for a Land Transportation survey is in the process of development through the cooperative efforts of committee members.

### UN Milestone 1: Basic Indicators of Gross Domestic Product

#### *1. Current price GDP estimates for total economy by industry for 1995/96*

The current price estimates of GDP and GDP by industry are derived from the SNA sector production accounts described later in this report and from export and import data provided by the Central Bank of Egypt

#### *2. Constant price GDP estimates for total economy and by industry for 1995/96*

Appropriate price indices and or quantity indices are needed to convert GDP from current to constant values. In the past, constant price estimates have been compiled using price indices for agriculture, manufacturing, construction, and various other sectors. In some cases, such as mining and quarrying and finance and insurance, quantitative indices have been used.

CAPMAS currently publishes WPI and CPI. An import price index was also published through 1998 but has since been discontinued. Although this does not affect the compilation of real GDP estimates for 1995/96, the import price index needs to be resumed in order for estimates to be compiled for years after 1998.

## UN Milestone 2: Gross National Income

1. *External Account of Primary Incomes and Current Transfers*
2. *Rest of the World Capital Account*
3. *Rest of the World Financial Account*

A variety of data inputs are needed to compile the above accounts. Examples include compensation of employees, production and import taxes, property income, current taxes on income and wealth, other current transfers, acquisitions less disposals of non-produced non-financial assets, capital transfers payable and receivable, net acquisition of financial assets, and net incurrence of liabilities. The main source of data for this sector is the balance of Payments published by the Central Bank of Egypt (CBE). Basically, all needed data series are available from the CBE. However, some underlying details on *workers remittances, branches of foreign airlines, and foreign partners' shares in the petroleum industry*, have not yet been made available. Consequently, further discussions with the CBE are planned.

## UN Milestone 3: Institutional Sector Accounts – First Step

1. *Production Accounts for all Institutional Sectors Except ROW*
2. *Income, Capital and Financial Accounts for General Government*

The production accounts for all institutional sectors other than general government are discussed in the next section along with the income and capital accounts for those sectors. The balance of the discussion here, therefore, relates to general government, including the production account.

All data for the general government sector comes from the Ministry of Finance. Again, a variety of data series underlie the accounts for this sector. Examples include, total output, intermediate consumption, *consumption of fixed capital*, compensation of employees, property income, subsidies, social benefits other than social transfers in kind, social contributions, gross fixed capital formation, *changes in inventories, acquisitions less disposals of valuables, acquisitions less disposals of non-produced non-financial assets, capital transfers payable and receivable, net acquisition of financial assets, and net incurrence of liabilities*. With the exception of the italicized series, the data series listed above have been provided to the national accounts unit.

Regarding the italicized items, it should be noted that, essentially, there are no data on the capital stock, hence, on capital consumption allowances for the general government. To calculate these allowances, it is necessary to establish the level, and vintage of the capital stock. To that end we are requesting data on government investment for the past 50 years in order to derive capital stock estimates. Availability of the remaining items is unclear. We believe information on these items may be scattered throughout various government entities and may not be systematically collected and or tabulated. Consequently, further discussions are needed with the Ministry of Finance to clarify these issues. In addition, to the above, details on revenues by type and by government unit are needed.

## UN Milestone 4: Institutional Sector Accounts –Intermediate Step

1. *Income and Capital Accounts for all Institutional Sectors other than General Government*

With some minor variations, the data series needed to compile the accounts for the non-financial, financial, nonprofit, and household sectors are much the same as those listed above for the government sector. However, the data problems in each sector are different. Consequently, each sector is discussed separately below.

### ***Non-Financial Sector***

CAPMAS is the main source of data for the production, income and capital accounts for this sector. Other sources include the Ministry of Agriculture, government authorities such as the Egyptian Electricity Authority and the Oil Authority, and various other sources. The main problem with data availability here is the private non-organized sector across many different industries. Some illustrative examples are discussed below.

In agriculture, data are either lacking entirely or otherwise insufficient for *agricultural machinery, building rents, laborers' wages, interest, current transfers, capital formation, and depreciation*. In manufacturing, *establishments with 9 employees or less are not covered on a regular basis*. In addition, there are serious data gaps in *transportation (taxis, minibuses), education (tutoring), business services (accountants, lawyers, etc), personal services, health and social work (medical and dental clinics) and retail trade (less than 5 employees)*.

The only long-term remedy to obtain data on these activities is to implement regular statistical surveys through CAPMAS. In that regard, the annex to this report provides a list of priority areas where such sample surveys are needed.

### ***Financial Sector***

Again, CAPMAS is the main source of data for this sector. Other sources include, but are not limited to, the National Investment Bank, The Nasr Social Bank, The Post Office saving Fund and the Egyptian Company for Reinsurance. *The main problem here is the availability of data from these latter sources*. In that regard, requests have been submitted to obtain the necessary data from these institutions.

### ***Non-Profit Institutions Serving Households Sector***

The main source of data for this sector are CAPMAS bulletins based on the 1996/97 economic census supplemented by CAPMAS annual bulletins. Although data from these sources has been made available it is deficient in a number of respects. *First, the statistical frames in the annual bulletins and census data are different. Second, much of the data is in quantitative rather than monetary values. Third, there are questions regarding coverage (under or over). For example, organizations such as the American University, foreign cultural centers and local mosques and churches are excluded. But, at the same time, educational and health services being provided by religious organizations at economically significant prices may be included as part of those organizations rather than part of education and health*. These questions need to be clarified through discussions with CAPMAS. In addition, regular (annual) surveys need to be implemented.

### **Household Sector**

Apart from household income and expenditure surveys there are no data sources designed specifically for this sector. Consequently, in addition to household income and expenditure surveys, data have to be extracted from other sources such as surveys of unincorporated enterprises owned by households, labor force surveys, etc. As a starting point, the National Accounts Unit is seeking to obtain results from the 1991/92, 1995/96 and 2000/2001 household surveys. *At a minimum, data needed from those surveys include expenditures by type (consumption, transfers, capital), and income by type (e.g. compensation, property income, asset income, current transfers) and by source of activity (agriculture, industries, trade, etc). In addition, special surveys are needed on unincorporated enterprises, whether market producers or producers on own account.* These points will be followed up at a later stage with CAPMAS.

### **UN Milestone 5: Institutional Sector Accounts – Final Step**

- 1. Financial Accounts for all Institutional Sectors other than General Government*

### **UN Milestone 6: Other Flow Accounts and Balance Sheets**

- 1. Other Changes in Assets Accounts for all Institutional Sectors*
- 2. Balance Sheets*

Compilation of the accounts under Milestones 5 and 6 is scheduled to begin late in 2001 and last up to 9 months. *The accounts have never been compiled before, consequently, there has been no opportunity to examine existing data sources to determine what is or is not available for this purpose.* However, an examination of these sources will be undertaken prior to or concomitant with the start of the estimating cycle in late 2001.

## **Concluding Remarks**

As seen from the report, there are significant data gaps in the areas of SNA '93 and SDDS compliance. These gaps, while they do not hinder the compilation of accounts, do have an effect on the accuracy and reliability of the final numbers.

The DATA Team has formulated recommendations to bridge those data gaps and comply with SNA '93 and SDDS requirements. Notably one aspect, which will facilitate the compliance process, is the formation of committees. The establishment of the above mentioned committees, namely the one responsible for supervising the required samples for the National Accounts, and the steering committee coordinating with the different agencies in complying with SDDS requirements, are regarded as positive steps in that regard. These committees will act as tools for opening lines of communications with all key personnel and gaining their participation in group discussions that serve as a conduit for the exchange of information and problem solving

## **Annex: Priority List for CAPMAS Surveys**

Data gaps of varying degrees have been identified in more than 150 industries. The list below identifies those industries where the data gaps are the most serious. This list, along with a detailed questionnaire on Land Transportation, has been submitted to the Ministerial Committee referred to in the body of the report.

- 1. ISIC 60: Land Transportation**
  - 602104: Inside-cities minibuses
  - 602202: Passenger transportation cars and minibuses
  - 602204: Taxis
  - 602205: On-call cars
  - 602206: Car rental with drivers
  - 602207: Passenger transportation by vehicles moved by animals
  - 602299: Others
  - 602301: Cargo shipment (inside cities)
  - 602302: Cargo shipment between cities
  - 602303: Furniture shipment by cars
  
- 2. ISIC 93: Other Service Activities (Personal Services)**
  - 9301: Washing and dry-cleaning of textiles and fur products
  - 9302: Hairdressing and other beauty treatment
  - 9303: Funeral and related activities
  - 930904: Health clubs and gymnasiums
  - 930906: Marriage offices
  
- 3. ISIC 74: Other Business Activities (Business Services)**
  - 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
  - 7421: Architectural and engineering activities and related technical consultancy
  - 7430: Advertising
  
- 4. ISIC 80: Education (tutoring, from household survey)**
  - 801: Primary education
  - 80105: Religious education activities
  - 802: Secondary education
  - 803: Higher education
  
- 5. ISIC 85: Health and Social Work**
  - 8512: Medical and dental practice activities

**6. ISIC 52: Retail Trade**

- 521: Non-specialized retail trade in stores
- 522: Retail sale of food beverages and tobacco in specialized stores
- 523: Other retail trade of new goods in specialized stores
- 524: Retail trade of second-hand goods in stores
- 525: Retail trade not in stores
- 526: Repair of personal and household goods

**7. Rental Income (from household survey)**