

***EVIDENCE BASED
POLICY MAKING:
THE CASE OF ALBANIA***

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Statistics: a tool for policy making

- Evidence – based policy making
- The role of official statistics
- International integration

Evidence based policy making

- Institutional needs
- Users' needs ?
- International needs

The role of official statistics

- What is official statistics?
- 6 principles
- Official statistics for developed and developing countries
- Measurement of progress

The role of official statistics

- Sustainability
- Mixture of new and old
- Indicators vs integrated systems

International integration

- **Strategies** (MDGs, PRSs, OECD Palermo and Istanbul)
- **Actors** (International Organisations, Individual bilateral donors, Paris21, StatCap)
- **Tools** (NSDS, National Accounts since 1947, ADP, IHSN)

National accounts: economic relevance

- Integrated system with a strong “internal” coherence;
- Comprehensive view based on a Keynesian model;
- Comparability of economic statistics and development of international standards (UN47, SNA53, SNA68, SNA93);

National accounts: statistics relevance

- consolidates information on crucial elements of the economy (labour force, output, consumption, price, volume, etc.) that are usually separated;
- allows to identify the main statistical needs;
- serves as a framework for statistical systems and as a point of reference in establishing standards for related statistics.

The case of Albania

- Target: improve the supply and demand side estimate of GDP by branches at current and constant prices
- Two possible approaches in statistical cooperation practice:
 - bottom-up: from basic statistics to NA synthesis
 - top-down: derive statistical requirements from NA needs
- Top-down approach has been considered preferable

The top-down approach

- General framework: input-output system (supply, use and symmetric table)
- (In the Albanian case) it allows to:
 - approach jointly production, employment and expenditure estimates
 - clearly identify the sources and the calculation methods used to produce estimates
- (In general) it serves two purposes:
 - Statistical
 - Analytical

Statistical purpose

- It is a framework for:
 - basic data compilation
 - weighting and calculation of index numbers
 - assessing quality and completeness
 - developing interrelated price and volume measures
 - consistency checking

Analytical uses

➤ Analysis of:

- production
- structure of demand, export, ecc.
- employment
- price and costs
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- ... many topics discussed in this Conference

Achieved results

- Revision of the agricultural set of accounts (about 24% of GDP)
- New estimates for the construction sector on both the supply and demand side (+205% in 98-03)
- A new procedure to estimate household consumption (based on the commodity flow approach)
- Other innovations related to: change in inventories, General government, credit institutions export and import

Achieved results (cont'd)

- A methodology to estimate the Non Observed Economy (NOE)
- As a result of the projects, a consistent time series (1996-2004) of the resources and use account has been provided. For the first time INSTAT produced an official estimate of the demand side estimates of GDP

The role of the NOE in developing countries

- A relevant component of economic wellbeing and poverty
- A typical latent variable (it is difficult to capture the “non observed” through surveys)
- A bias (more or less) affecting all surveys
- In order to achieve an exhaustive picture it is necessary to implement an estimate of the “non observed” component
- It is strongly recommended to analyse the result of surveys taking into account the National Accounts corresponding figures

Conclusions

- Albania has not solved all of its weaknesses, but has designed a plan for the future development of NA
- NA is able to detect many users' needs, but may omit to detect distribution aspects (poverty, inequality) and does not estimate wellbeing (happiness)
- The case of Albania supports the importance of official statistics as a public good
- Economic research plays a fundamental role for the quality of statistical information, exploring and fostering new areas of investigation (by using also partial information, which are the best possible approximations to reality)