

## UN ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC

SPECA Project Working Group on Statistics  
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### **A Note on the OECD/UNESCAP/ADB Workshop on Assessing and Improving Statistical Quality: Measuring the Non-Observed Economy (NOE) held in 11 – 14 May 2004 in Bangkok**

1. The OECD/UNESCAP/ADB Workshop on Assessing and Improving Statistical Quality: Measuring the Non-observed Economy (NOE) was held at the United Nations Conference Centre (UNCC), Bangkok, Thailand from 11 to 14 May 2004. The following countries from SPECA attended: Afghanistan; Kazakhstan; Kyrgyzstan; Tajikistan; and Uzbekistan
2. The need to organize the Workshop was identified at the thirteenth session of the Committee on Statistics and at the Subregional Workshop on “Implementation of the 1993 SNA” held in Ankara in October 2002. Its Improved NOE measurement could lead to better quality of GDP estimates and would increase understanding on how economies function. It would thus provide better data for policy formulation in the region, both for poverty reduction. The report of the workshop is at <http://www.unescap.org/stat/meet/wnoe/index.asp>.
3. The Workshop covered the following topics:
  - a. The Non-Observed Economy (NOE) conceptual framework.
  - b. The 5 NOE areas (underground activities, informal sector, illegal activities, household production for own use and statistical underground).
  - c. National account methods to achieve exhaustiveness.
  - d. Assessing and improving data collection programmes.
  - e. Survey design principles
4. With the aim of strengthening statistics on the Non-Observed Economy (NOE) in the UNESCAP region, the meeting adopted the following recommendations on 14 May 2004:
5. National Statistical Offices (NSOs) in the UNESCAP region should:
  - a. Take action towards measuring the NOE problem areas, which are important in their countries to improve the coverage and other aspects of quality of the GDP estimates.
  - b. Ensure that national plans for improving the national accounts and economic statistics include specific reference to the NOE.
  - c. Raise awareness among the main users of the national accounts data of the importance of NOE and for its inclusion in analysis and policy considerations.
  - d. Allocate adequate budgetary resources for preparing national accounts statistics based on a complete coverage of the economy. Such expenditure should be seen as an investment rather than a cost.
  - e. Apply as far as possible the standard framework and methods proposed in the Handbook on Measuring the Non-Observed Economy, with appropriate adaptation to national data sources and level of economic development.

- f. Concerning the informal sector, the meeting recommended that NSOs should:
    - (i) Work through the Delhi Group to arrive at a more precise standard definition of the informal sector so as to improve comparability.
    - (ii) Collect data in a way that would satisfy both national requirements and international needs for comparability, for example by estimating separately agricultural activities in the informal sector.
    - (iii) Make separate estimates, for policy reasons, of the contribution of the informal sector to the total economy.
    - (iv) Use labour force surveys and other household surveys, where these are regularly undertaken, as an instrument for estimating the informal sector regularly.
  - g. Where statistical legislation is missing or insufficient, work towards a legislative framework that would offer support and budgetary sustainability for statistical work.
  - h. Work towards transparent data dissemination practices and advance release calendars so that the public could have confidence in the integrity of the information released.
6. UNESCAP and other international organizations should:
- a. Assist countries in improving capacity to measure the NOE by convening expert meetings, where survey statisticians and national accountants could exchange experiences and update their knowledge on new methodologies.
  - b. Consult with and actively involve survey statisticians and national accountants from the Asia-Pacific region in the further development of methodologies to measure the NOE.
  - c. Provide technical assistance to countries in designing collection instruments and in using existing sources of data to derive information on the NOE.
  - d. Undertake, together with countries, an inventory of the important NOE measurement practices used in the region. This exercise would be particularly useful if it could be carried out and feed into the ongoing SNA updating. (Specific action: ADB, OECD and UNESCAP)
  - e. Establish a technical cooperation project aimed at assisting countries in the development of regular statistics on the size, composition and contribution of the informal sector. (Specific action: ILO, UNESCAP and UNIFEM).
  - f. Assist interested countries launch pilot studies to advance measurement in specific areas of the NOE. International organizations could, for example, facilitate contacts with countries that have already acquired experience in the relevant NOE areas. (Specific action: ADB, OECD and UNSD).
  - g. Work together on common areas of interest to avoid duplication and improve coordination.
  - h. Ensure that measurement of the NOE was adequately covered in SIAP's training courses. (Specific action: SIAP)
  - i. Organize a workshop in October 2004, where the topics being reviewed by the Advisory Expert Group on National Accounts (AEG) and of specific interest to countries in the region could be discussed and a regional position or positions agreed

upon, and organize a follow-up workshop in the fourth quarter 2005. (Specific action: UNESCAP and UNSD)

- j. Look for additional funding for NOE work and general improvement of National Accounting work and organize a follow-up workshop on NOE in 18 months time.

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