

# **TWINNING CONTRACT**

**JO/13/ENP/ST/23**

## **Strengthening the capabilities of the Department of Statistics in Jordan**



### **MISSION REPORT**

**on**

**Activity: 1.3 Supply and Use Tables I**

Mission carried out by  
Mr. Søren Larsen, Statistics Denmark  
Mr. Jens Holst Jensen, Statistics Denmark

12-15 May 2014

Version: Final



Expert contact information

*Søren Larsen*  
*Statistics Denmark*  
*Sejrøgade 11*  
*DK-2100 Copenhagen Ø*  
*Denmark*  
*Tel: 004539173483*  
*Email: shl@dst.dk*

*Jens Holst Jensen*  
*Statistics Denmark*  
*Sejrøgade 11*  
*DK-2100 Copenhagen Ø*  
*Denmark*  
*Tel: 004539173484*  
*Email: jhj@dst.dk*

## Table of contents

1. General comments.....	4
2. Assessment and results.....	4
3. Conclusions and recommendations.....	5
Annex 1. Terms of Reference .....	7
Programme for the mission .....	8
Annex 2. Persons met.....	10

## List of Abbreviations

DoS	Department of Statistics of Jordan
ToR	Terms of Reference

## 1. General comments

This mission report was prepared within the Twinning Project "Strengthening the capabilities of the Department of Statistics in Jordan". It was the first mission to be devoted to national accounts within Component 1 of the project.

The main purposes of the mission were:

- To reach a common knowledge and understanding of the current situation regarding Supply and Use table ( SUT ) compilations in Jordan
- To discuss compilation strategies for balancing supply and use and agree upon the overall framework
- To agree upon the use of a proper IT SUT program tool
- To make plans for further work and agree upon work to be done before next mission in June 2014

The consultants would like to express their thanks to all DoS officials and individuals met for the kind support and valuable information which they received during their stay in Jordan and which highly facilitated their work.

The views and observations stated in this report are those of the consultants and do not necessarily correspond to the views of EU, DoS or Statistics Denmark.

## 2. Assessment and results

In order to ensure a common understanding of the SUT-framework, workshop sessions were delivered on:

- A short introduction on Danish Supply and Use tables
- A demonstration of how supply and use matrices with a full set of valuation matrices can be stored as Excel-sheets. It was furthermore shown how a program tool based on Excel macros can facilitate the work with entering and updating the data within the framework from files that are coded and formatted in a standardized way. The system contains macros that can be used for balancing supply and use when at a later stage the framework has been fully populated by data.

Similarly, to reach a clear understanding of the work so far in Jordan, and the current status of the SUT right now, the staff from DoS presented their detailed data and the coding work done so far.

Despite some language problems, because many of the Excel worksheet names including many column and row names were written in Arabic, the experts managed to get a good impression of the work done so far with excellent help from the interpreters. Amongst other things we noticed, that:

- Preparations have been made to compile supply and use matrices for the year 2010. Data for 2010 is available by ISIC3.1 and CPC1.1. The newest version of classifications will be introduced in primary statistics for 2011. Data for this year is not yet available. The 2011 data will appear in a double-coded form that can be expected to make the conversion from the old to new classifications relatively easy.
- Detailed data illuminating large areas of the SUT exists – output and intermediate consumption of industries are often coded by 4-digit ISIC industries and 7-digit CPC-products
- A lot of work has been done so far in gathering these data uniformly. Coverage of informal activity will, however, still require some consideration.

- So far the work has been concentrated on the construction of a square SUT with the same row- and column dimension (around 80). The Product-codes indicating characteristic products of the corresponding industry.
- A considerable effort seems to have been put into classification of secondary production by the ISIC codes for which these products are characteristic.

The experts explained that the international trend is to avoid the unnecessary aggregation of products needed to provide square matrices for outputs and inputs. It is not necessary to restrict the number of products in the rows to the same number as columns for industries. On the contrary, the internationally recommendations, regarding SUT, is that the product-dimension are much more detailed. The actual number of products (rows) depends on the actual coding of the primary data sources, but in general it is advisable not to aggregate too much and not to “destroy” information. Confronting data on a more detailed level makes it easier to detect and correct errors and facilitates the balancing process.

To emphasize this point of view, the experts received the Jordanian data originally used for the square SUT, supplied it with more codes and showed how the same data, now could be saved into a SUT-framework with around 250 products or rows, thereby showing much more information useful for the upcoming balancing process.

Having shown that the existing data without huge amount of resources can be properly formatted, coded and saved into a suitable SUT with the help of a newly developed EXCEL-based program tool, made the DoS-staff very interested.

As a result the EXCEL-based program tool was installed in most of the PC's belonging to the national accounts team, if not all. Besides a short description of the use of the buttons in the toolbar “SUT-maintenance” was prepared and distributed to the DoS-staff.

### 3. Conclusions and recommendations

After this first mission on Supply and Use tables, the experts believe that the primary goal: to establish a new supply and use table for 2010 is achievable within the time schedule.

As the industry classification used in source data for 2010 is still based on ISIC 3.1 and new source data based on ISIC 4 is not yet available it has been decided to use industries based on the older ISIC 3.1 in the compilation of the 2010 tables.

The data sources and their initial processing of the employees of the DoS confirmed this. The engagement and skills with the team of staff showed that they are capable of making these compilations. For example, it may be mentioned that the experts immediately after the mission and before the completion of this report received the first worksheet with multiple data ISIC/CPC coded.

Following the overall compilation plan for the new SUT, we decided immediately to continue working with the initialization of the SUT. And we agreed that employees should prepare for the next mission in June in two ways:

1. To become familiar with the IT SUT-program tool, everyone participating in the SUT-work should train and exercise with the SUT-system by saving and retrieving figures in the SUT
2. To become familiar with the compilation of figures needed for the SUT, the staff should continue working with the valid coding of all available data. By valid means supplying data with proper formats and proper codes for Product / Transaction / Industry ( or Cons. Group)

It should be underlined, that in this first mission, the experts have delivered a framework for SUT-compilations with a predetermined Industry and Product-code-definitions that are not necessarily suited

for SUTs for Jordan. The product classification used in the Jordanian data sources seems very detailed and does not effectively limit the number of products that can be defined for the SUT. Nonetheless, just to get started, we recommend the use of the predetermined code-definitions for products, industries, final consumption and other final uses. On the other hand we also recommend that we look further into these classifications in the next mission with the purpose to decide on a set of classifications that can be used as framework for the Jordanian SUTs during the following missions.

It is recommended that valuation layers on the uses side for trade and transport-margins, taxes less subsidies on specific products and “Goods and Sales Tax” are created. Such layers are useful for distribution of margins and taxes by uses even when they must be compiled based on uncertain assumptions. A bridge column showing the totals by products for margins and taxes already exists. Retail trade margins should here preferably be separated from other trade and transport margins as they will typically have other uses (own construction, household consumption etc.)

The “Goods and Sales Tax” seems to have some characteristics of a Value Added Tax, i.e. that registered enterprises can deduct tax paid in earlier stages of production or distribution. The tax should be modelled in a way that provides a calculated distribution by uses for all taxed products. The Danish experts will look at this topic before next mission.

In addition to the above-mentioned general recommendations, in order to prepare next mission, we also kindly ask you to address the following issues and provide us with some more information. Please have a look at the table below:

<b>Action</b>	<b>Deadline</b>	<b>Responsible person</b>
Please Provide detailed information in English on taxes and subsidies on commodities and services	End-May	DoS
In your “old” square designed SUT-table, you also had a bridge column containing wholesale and retail trade margins. Please provide us with the detailed data behind this column. In the new system, we have to split the bridge column into a wholesale trade column and a retail trade column.	End-May	DoS
The VAT-like tax is collected according to the Jordanian Goods and Sales Tax law. During this process, data are probably generated that can be used for statistical purposes. If it is published you could provide us with the data. If no statistics is published, it may still be possible to get access to data on turnover and purchases by industries from the relevant taxation authorities.	End-May?	DoS

## Annex 1. Terms of Reference

### Terms of Reference

### EU Twinning Project JO/13/ENP/ST/23

**12-15 May 2014**

#### Component 1: National Accounts

#### Activity 1.3: Supply and Use Tables I

##### 0. Mandatory results and benchmarks for the component

- The national accounts system in Jordan updated to SNA 2008 (Apr 2015)
- The national accounts system in Jordan will cover the informal sector (Apr 2015)
- Assessment report on current situation (Jan 2014)
- Review of the GDP methodology (Apr 2014)
- Plan for how to change base year in the fixed price calculations (Jan 2015)
- Plan for how to improve the current accounts (Jan 2015)
- Present and discuss the concept of different types of agricultural accounts (Jan 2015)
- Data sources, compilation methods, and balancing in relation to supply and use tables reviewed and updated towards SNA08 principles (Apr 2015)
- Provide recommendations on how to update input-output tables (Apr 2015)
- Update the methodology for calculation the informal sector (Apr 2015)

##### 1. Purpose of the activity

- To identify focus areas of the project in relation to Supply and Use Tables based on the situation in DoS
- To review the questions in questionnaires used for the compilation of the supply and use tables
- To review and assess the data sources, their exhaustiveness in relation to the informal sector as well as their internal consistency
- To discuss compilation strategies for balancing supply and use
- To discuss possible IT-solutions
- Special focus on changes needed in the current system in order to comply with the ESA10/SNA08
- To introduce the DoS staff to requirements regarding supply and use tables in the ESA 2010 / SNA2008

##### 2. Expected output of the activity

- Knowledge gained on current situation regarding supply and use tables
- Review of questions in questionnaires used for the compilation of the supply and use tables
- Recommendations prepared on how to develop the questionnaires
- Identification of main challenges the next activities will focus on
- Recommendations prepared on the next steps
- Recommendations prepared on how to construct the tables related to the Supply and Use Tables.
- DoS staff introduced to the most recent updates regarding Supply and Use Tables in the ESA10/SNA08
- DoS staff introduced to the Danish and in general European experiences in compiling Supply and Use tables
- A lining up of work programme for the next activity (1.4, scheduled for 15. June – 19. June 2014)

## Programme for the mission

Time		Place	Event	Purpose / detail
Monday, morning	08.30 – 10.00	Hotel /DoS	Meeting with RTA	To discuss the programme of the week
Monday, morning	10.00 – 12.00	DoS	Meeting with BC Component Leader and BC Experts	Presentation and discussion of the current situation in DoS regarding the Supply and Use Table for 2010.
	12.00 – 01.00		Break / Preparations / Report writing	Break / Preparations / Report writing
Monday, afternoon	01.00 – 03.30	DoS	Meeting with BC Component Leader and BC Experts	Presentation of the Danish Supply and Use Tables system and the role of that in the Danish National Accounts.
	03.30 – 04.00		Preparations / Report writing	Preparations / Report writing
Tuesday, morning	08.30 – 09.30	DoS	Preparations / Report writing	Preparations / Report writing
	09.30 – 12.00		Meeting with BC Component Leader and BC Experts	Discussions of the content of the questionnaires, which the Jordan National Accounts is based on.
	12.00 – 01.00		Break / Preparations / Report writing	Break / Preparations / Report writing
Tuesday, afternoon	01.00 – 03.30	DoS	Meeting with BC Component Leader and BC Experts	Case study. The Jordan Supply and Use tables system
	03.30 – 04.00		Preparations / Report writing	Preparations / Report writing
Wednesday, morning	08.30 – 09.30	DoS	Preparations / Report writing	Preparations / Report writing
	09.30 – 12.00		Meeting with BC Component Leader and BC Experts	Discussion of compilation strategies. Balancing the supply and the use.
				Discussion of IT-solutions.
	12.00 – 01.00		Break / Preparations / Report writing	Break / Preparations / Report writing
Wednesday, afternoon	01.00 – 03.30	DoS	Meeting with BC Component Leader and BC Experts	Case study. The Jordan Supply and Use tables system
	03.30 – 04.00		Preparations / Report writing	Preparations / Report writing



Thursday, morning	08.30 – 09.30	DoS	Preparations / Report writing	Preparations / Report writing
	09.30 – 11.30		Meeting with BC Component Leader and BC Experts	Case study. The Jordan Supply and Use tables system
			Ad-hoc meetings	Final clarifications with BC Experts, preparation of report and presentation for BC Project Leader
Thursday, morning	11.30 – 12.30	DoS	Meeting with BC Component Leader	Presentation for BC Project Leader
Thursday, noon	12.30 – 01.00	DoS	Debriefing with BC Project Leader	Conclusions and decisions and their consequences for the next activity and the implied work programme for BC Experts

## **Annex 2. Persons met**

### DoS:

Mr Moawiah Alzghoul Director of National Accounts Directorate, and component leader

### Annual national accounts

Amal Abu Afeefeh - Head of the Annual Accounts Division

Khairallah Almarzoug

Farhan Mohammad

Loay Alrawashdeh

Ali Zaitoun

Ayman Nasir

### Input-output division

Murad Bani-Hamad

Murad Omari

### Quarterly accounts division

Walid Battah - Head of the Quarterly Accounts Division

Jaber Alfazza

Walaa Gharram

### **RTA team**

RTA, Thomas Olsen,

RTA Assistant Amal Aliah