

**PROJECT INFORMATION DOCUMENT (PID)  
IDENTIFICATION/CONCEPT STAGE**

Report No.: PIDC95954

<b>Project Name</b>	Creating a Trade in Value-Added Database for Africa
<b>Region</b>	OTHER
<b>Country</b>	World
<b>Financing Instrument</b>	IPF
<b>Project ID</b>	P162228
<b>Borrower Name</b>	UNECA
<b>Implementing Agency</b>	UNECA
<b>Environmental Category</b>	C - Not Required
<b>Date PID Prepared</b>	28-Feb-2017
<b>Estimated Date of Approval</b>	30-Apr-2017
<b>Initiation Note Review Decision</b>	The review did authorize the preparation to continue

## **I. Introduction and Context**

### **Country Context**

In 2013, the Organization for Economic Co-operation and Development (OECD) and WTO released a new database on Trade in Value-Added (TiVA), which provided new statistical insights on global value chains (GVCs), by decomposing gross trade flows on the basis of the origin country and industry of the value-added. This meant that, for the first time, countries and regions were able to better understand the nature of their integration within GVCs, as well as the real scale of inter-dependencies between upstream producers and consumers of final goods and services at the end of the value chain. The database also highlighted the importance of access to imports for exporting, and, so the potential counter-productive nature of tariffs on intermediate imports which can raise costs for, and damage competitiveness of exporters, whilst also demonstrating the important role played by the domestic services sector in exports of goods. This database was recognized at the 2015 United Nations Statistical Commission meeting as an essential tool to better understand the nature of today's global economy.

However, to date, of the 61 economies covered in the database, only two (Tunisia and South Africa) are from the African continent; providing a serious impediment to fully understand the nature of integration in GVCs within Africa and the development of policies that can foster improved integration and upgrading, and so policies that can improve economic well-being.

The main reason for the exclusion of African economies from the database reflects a lack of good quality statistics, and in particular National Accounts Supply-Use or Input-Output tables, which are available only on a piecemeal basis, and with varying temporal coverage, quality and degree of industry and product disaggregation.

The United Nations Economic Commission for Africa is seeking to address this information gap through the development of a permanent regional TiVA database for Africa that can be integrated within the OECD-WTO TiVA database. The OECD and WTO have agreed to support the proposed project in-kind.

The proposed project aims at working with a set of countries to develop supply and use tables (SUT) that will meet the need for the TiVA database. Just as important, this also means that better data for country policies overall will ultimately be available for these countries.

In general, there are three types of countries that can be considered here:

- (i). Countries with recently compiled SUT.
- (ii). Countries with no national supply-use tables but available prerequisite economic statistical data by industry.
- (iii). Countries with only limited national accounts and economic statistical data.

According to an assessment of the data situation and compilation methods conducted by UNECA in 2015, among the ten countries that have expressed their strong interest in participating in this capacity building project:

- (i) Three countries, i.e. Equatorial Guinea, Malawi, and Nigeria, are falling in the first category;
- (ii) Five countries, i.e. Botswana, Ethiopia, Lesotho, Sierra Leone, and Zambia, are in the second category; and
- (iii) Two countries in the third category, i.e. South Sudan and Sudan.

The second-category countries will constitute the “core pilot countries” of this project, while the first- and third-category countries will be the “participating countries” of this project.

The “core pilot countries” have not had a SUT yet in their countries but in their national action plans for statistical development, they have already planned to compile one in the next two years; and at the same time, they have already collected or are planning to collect the needed data for the compilation of a SUT in the next two years. To meet their needs, the proposed project will provide them with both regional group training workshops and on-site technical assistance to support them in every stage in terms of data processing, compilation, analysis, and dissemination.

The measurement of the informal economy remains a challenge across Africa. This matters not only for an accurate assessment of gross domestic product (GDP), where, to-date, very few countries are able to provide reliable and comparable estimates of its scale (impacting obviously on policies that foster formalization, government revenues, etc.) but also for the development of Trade in Value-Added estimates.

TiVA necessarily assumes a certain degree of comparability of firms within a given industrial sector but this is clearly not the case when comparing formal firms (where integration into GVCs is characterized in large part by cross-border trade) with informal firms (which typically only engage in domestic transactions with households; and in some cases sizable informal cross-border trade as well).

The objective therefore will be to develop national supply-use tables, with each industry separated into a formal and an informal component, which will subsequently be incorporated into the OECD-WTO TiVA database.

The development of these tables will:

- (i). Capitalize on evolving best-practice in the area of micro-data linking, where international

organizations (OECD, United Nations, and Eurostat) are developing guidance on data that can be created through linking trade (from Customs) and statistical business registers (or administrative registers if the latter are not available) -- in other words to make better use of existing administrative data (often overlooked) to create supply-use tables.

(ii). Develop recommendations on, and improved estimates of, the informal economy, that are fully coherent (as they are developed within the supply-use accounting framework) in the national accounts measures of income, production and expenditure (by industry and product).

(iii). Lead to improvements in the quality of trade data (imports and exports), in particular trade in services, thus GDP, via integration within the “global” supply-use table developed by the OECD for TiVA that confronts national estimates within a globally coherent picture of trade.

### **Sectoral and Institutional Context**

In Africa, there is currently an on-going continental common project on the implementation of the 2008 SNA aiming to improve the quality, consistency, and harmonization of economic statistics. The overall development objective of this ongoing project is to support sound macroeconomic management and evidence-based policy formulation through the compilation and reporting of national accounts by African Member States based on the 2008 SNA methodology. The medium-term objective is that by the end of the project in 2018, all Member States will have adopted the 2008 SNA, in order to produce harmonized and comparable national accounts and related economic statistical data. The project proposed in this document fits very well into this African project on SNA 2008, for which UNECA is the Secretariat and Chair of its Continental Steering Committee.

In addition, in the last two years, UNECA, through working together with the African countries through the African Group on National Accounts (AGNA) and the African Group on Informal Sector (AGIS), has been in the process of compiling three technical operational guides. Namely, handbooks/guidebooks on supply use table, use of administrative data for compilation of national accounts, and incorporating the informal sector into national accounts to introduce international statistical standards and recommendations as well as to inventory, exchange, and share the country experiences and best practices in these areas in Africa. These technical operational guides will be applied, further tested out, and improved during the TiVA project.

The development of a regional African-TiVA table coordinated by UNECA, will involve UNECA becoming a regional partner in the development of a global TiVA database, coordinated by the OECD and WTO, in line with similar arrangements being made with other regional agencies, such as UN-ECLAC, UN-ECE, Eurostat, UNECLAC and APEC, helping to create a global benchmark dataset. For further information on the OECD-WTO TiVA Initiative, please see <http://www.oecd.org/sti/ind/measuringtradeinvalue-addedanoecd-wtojointinitiative.htm>.

### **Relationship to CAS/CPS/CPF**

The project is in line with the regional strategy for Africa which states that “Building and strengthening statistical and monitoring and evaluation capacity in the Africa Region is a priority that will be reinforced through this strategy” (“Africa’s Future and the World Bank’s Support to it”, par.132, March 2011).

In addition, the “Jobs and Economic Transformation” component of the IDA18 Agenda includes a commitment to “undertake eight inclusive global value chain analyses in IDA countries to understand how they can contribute to inclusive job creation and economic transformations”. The project will contribute to meet this objective by increasing the availability and quality of requested basic data and developing regional skills on data analysis techniques.

## II. Project Development Objective(s)

### Proposed Development Objective(s)

The overall objective of the project is to improve the capacities of selected African countries to produce supply and use tables compliant with the needs of the TiVA-WTO database.

### Key Results

Specific key results within the time-frame of the financing proposal include:

(i) The eight countries (i.e. the five core pilot countries plus the three first-category countries) completely new or improved existing:

- Supply-use tables, with breakdowns of activities into "formal" and "informal" component
- Estimates of the informal economy
- Estimates of trade, especially trade in services, and/or
- GDP.

(ii) Establishment of a TiVA database for Africa;

(iii) Integration of the selected countries within the TiVA database;

(iv) Blueprints on where the data gaps are, action plans on how to fill in the gaps, and time schedules for follow-up actions of the two third-category countries;

(v) Guidelines for future development and rolling-out for all African economies, as well as a strategy for the development of African TiVA;

(vi) For the third-category countries (i.e. Sudan and South Sudan) to acquire the needed knowledge and skills, have a better understanding of the technical requirements for the compilation of SUT, and come up with a clear blueprint on where are the gaps, an action plan on how to fill in the gaps, and a time schedule for follow-up actions.

## III. Preliminary Description

### Concept Description

## IV. Safeguard Policies that Might Apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01		X	
Natural Habitats OP/BP 4.04		X	
Forests OP/BP 4.36		X	
Pest Management OP 4.09		X	
Physical Cultural Resources OP/BP 4.11		X	
Indigenous Peoples OP/BP 4.10		X	
Involuntary Resettlement OP/BP 4.12		X	
Safety of Dams OP/BP 4.37		X	
Projects on International Waterways OP/BP 7.50		X	
Projects in Disputed Areas OP/BP 7.60		X	

**V. Financing (in USD Million)**

Total Project Cost:	0.4975	Total Bank Financing:	0
Financing Gap:	0		
<b>Financing Source</b>			<b>Amount</b>
Trust Fund for Statistical Capacity Building			0.4975

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