

ARLA PROGRAMME

LBN/B7-4100/IB/97/0687

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Republic of Lebanon
Office of the Minister of State for Administrative Reform
Center for Public Sector Projects and Studies
(C.P.S.P.S.)

**Assistance to the Central Administration of Statistics
(CAS)**

**Progress report on the Fifth Short-term Mission
January 25 – February 10, 2002**

Programme Monitoring Consultancy

**Professor Sten Johansson
Short Term Institutional Development Expert**

الجمهورية اللبنانية
مكتب وزير الدولة لشؤون التنمية الإدارية
مركز مشاريع ودراسات القطاع العام

Beirut, February 2002

Summary:

The implementation of the November 2000 strategy plan has now started. This will entail a set of annual economic surveys with 2001 as reference year enabling compilation of National Accounts from the production side. A full census of buildings, dwellings and establishments will provide an improved sampling frame for economic and household surveys. Additionally during 2001, preparations for a comprehensive household survey to be carried out during the calendar year of 2003 will be undertaken.

During the mission, time plans for these operations, staffing plans, budgets, designs, questionnaires, etc. were all discussed and specified. CAS in cooperation with the mission has specified its requirements in terms of IT-equipment, software and training.

1. Introduction

The Terms of Reference for the mission are given in Annex 1. The main activities to be undertaken according to the ToR are listed below.

1. Follow-up of the implementation of the strategy plan, in particular the preparations for the household survey and the update of the 1996 database on buildings, dwellings and establishments, and propose the changes that may be needed;
2. Organize the joint activities by the experts during their first mission in January/February 2002 to develop teamwork and coordinated activities to support the CAS in the implementation of the modified November 2000 strategy plan;
3. Assist the CAS in developing a proposal for a new staff structure for the CAS, eventually to be regulated in a new government decree on CAS;
4. Assist the CAS in developing a strategy for staff capacity and capability building, sufficient for a modern system of official statistics for Lebanon;

At an early stage of the mission it became clear that the priority for work during this short mission would be to initiate and proceed with the design and planning of the three major undertakings in the November 2000 strategy plan; (1) the first round of the Annual Economic Surveys with 2001 as reference year, (2) the Census of Buildings, Establishments and Dwellings, and (3) the preparations for the Household Survey to be carried out over the calendar year of 2003. There has been no time to work on Activity 4 because of the urgency to get the planning of the three undertakings kick-started also because Dr. Maral was completely engaged in those undertakings. The CAS staff has handled activity 3 as the short-term needs for contract staff for the two first operations with assistance from Mr. Dabbagh on the economic surveys and by Dr. Dekker for the Census operation. I have participated in meetings for discussions of early estimates and assessments. The final result of those endeavors will be that Dr. Maral can present the final estimates of staff needs and the budget for those operations for authorization by the Government.

However, there was also the matter raised by visit to the CAS by Mr. Alain Tranap of INSEE, France. INSEE has been asked by the Lebanese Government to assess the situation of Lebanese National Accounts and to make recommendations. His mission had affected Dr. Maral and her team negatively.

I was first briefly informed by Dr. Maral whom I met on Friday 25 after office hours and then more thoroughly by her and her team at a long meeting on the following day. My notes on the information are given in Annex 2 to this report. Mr. Tranap had given a very critical assessment of the work done by Mr. Idilio Freire and of the November 2000 strategy plan, drafted by Mr. Freire and myself, and adopted by the CAS. The request to INSEE of France for his mission is by the Prime Minister of Lebanon, H.E. Rafik Hariri, and the report with the critical assessment of the work of CAS on National Accounts has been given directly to the Prime Minister. This, of course, makes it a very important

matter for the CAS. We discussed the matter and the options for CAS, including the question of whether CAS will be asked to comment on his report and recommendations.

However, I was then on Friday, February 2, contacted by Mr. Tranap himself by e-mail, generously giving me an opportunity to state my own views on the situation and on his recommendations. His e-mail is included as Annex 3 and my answer to him on Monday, February 4, as Annex 4. I do understand that the situation on this matter is now somewhat delicate since my perspective is different from Mr. Tranap's but my suggestions are meant to be only complementary to his recommendations.

I leave the matter initiated by Mr. Tranap's mission at that and proceed with my report on a mission filled with lots of work and some really significant progress for CAS when earlier hurdles now have been overcome. I am happy to report my high appreciation of the efforts by OMSAR to clear the way for the missions by the experts and to arrange in record time for the 30 batteries to CAS. The friendliness and hospitality afforded to me by Dr. Maral and her staff as well as by the PMC staff have been great sources of joy during the mission.

1.2 The introduction of the new experts

Mr. Hilmi Dabbagh and Dr. Arij Dekker both arrived late Saturday for missions on respectively economic survey design and management, and database design and management. During our first meeting I informed them on the situation in CAS and what were the tasks ahead. I could present them with a paper that was drafted during my mission in October and then revised for this mission on the *Current status of Lebanon's Central Administration of Statistics (CAS)*. (included as Annex 5), the Terms of Reference for five missions and my notes on the Saturday meetings with Dr. Maral and her team on the Tranap mission and on the follow-up of the strategy plan.

The cooperation between the three of us has functioned very well, actually as expected. All my hopes that together we would be able to assist the CAS in making substantial progress on all the tasks ahead have come true.

Dr. Dekker will brief Dr. Brown, the GIS expert, who arrives on 15 February, and introduce him. He will also follow-up on some of the tasks defined during this mission.

There will inevitably be a break between Dr. Brown's mission that ends March 15 and the next mission by the team, which will be Mr. Dabbagh's first month-long mission. His earliest arrival date is March 20 but it may have to be around April 1. Since he will be with the CAS in Beirut more than four of the six months until end of September, he will have the coordinating and follow-up role.

2. The follow-up of the strategy plan

The meeting on Saturday, January 26, provided me with an opportunity to be fully updated on the situation and to discuss the various technical tasks ahead. My notes from this first discussion of these matters are included in Annex 6. When Mr. Hilmi Dabbagh and Mr. Arij Dekker became available for work on Monday, January 28, we had a first “plenary” session between the expert team and the CAS team after which we divided the plenary group into four “mixed” task groups, each with some specific tasks to work with. Further annexes 7-13 are notes and “issues papers” to summarize the discussions in various meetings during the weeks that followed. Readers are referred to the annexes for details. Here I just provide brief non-technical summaries.

2.1. The annual economic surveys

Knowing the very weak basis in economic statistics for Lebanon for the years 1995-2000 for the compilation of National Accounts, the urgent priority for CAS has been to do whatever can be done to improve the sources for 2001. A substantial improvement of the situation would be to carry out at least a reduced set of economic surveys in 2002 with 2001 as reference year. The main problem has been the lack of an adequate sampling frame since the old one from 1996 is outdated by now mainly for not covering the new enterprises that have started since then. The new Census will not be available until late fall. According to the most optimistic time plan later conceived the Census data could not be available until the first week in October.

A number of ideas on how to use the 1996 registration of establishments in combination with the survey of establishments in new buildings and other sources were discussed in the first meeting with Dr. Maral and her team on January 26 as documented in *Annex 6*. These ideas were further discussed in the first “plenary”. I summarized the discussions in this first plenary in an “issues paper” that is given in *Annex 7*. It was decided to further implement the idea advanced by Mr. Dabbagh to search all ministries for possible complete electronic registers for various branches and then use an area sampling methodology based on the 1996 registration complemented with the survey of new buildings. At the third plenary on Wednesday, February 6, Mr. Dabbagh presented a draft-sampling plan. The task group will work with these ideas after Mr. Dabbagh’s departure according to agreed upon guidelines.

The draft sampling plan included about 10.000 establishments to be interviewed. This was the basis for first assessment of needs for contract staff to carry out the surveys and first calculation of costs. The first budget estimates had to be revised because the survey budget for CAS had been reduced according to information from the Ministry of Finance received late yesterday. The total for both the Census and the Economic Surveys must stay within a total budget available to CAS of 1.145 millions Lebanese Pounds. Final budget calculations for the surveys were completed on the last day of my mission. The preliminary calculations are documented in my notes from the Wednesday plenary that are included as *Annex 11*.

The final budget calculations will be included in the request for Government authorization for the survey and census budget to be submitted next week. More technical information on the work with the surveys (questionnaires, manuals, etc.) will be in Mr. Dabbagh's mission report.

2.2. The Census of Buildings, Dwellings and establishments

A first issue is whether to update the 1996 Registration or to carry out a new registration without links to the former registration. In both alternatives the fieldworkers will go to the field with new digitised maps of the ilots in which the buildings are located. The coordinates for the buildings are in the GIS database. The discussion of pros and cons that ended in a decision to choose the first alternative is documented in the "issues paper" in *Annex 7*.

In both cases it is extremely important to create the infrastructure for future updates of the business register for statistical purposes, which is more demanding as to coverage of also the smallest enterprises than a commercial register. The two approaches for updating the register that were adopted after the 1996 registration (building licenses survey and new registrations at the Ministry of Justice) have proved to be failures, when CAS tried them in 2001. A second issue is related to the long run versus the short run, the discussion of which is also documented in *Annex 7*. The long run is when Lebanon can rely on administrative records or a comprehensive public business register to update its register for statistical purposes as is done in the most developed countries. This should not stop CAS from promoting such a system and use whatever registrations of enterprises that become available.

In the short run it is obvious that the only way to update the statistical business register that the CAS must have is to provide for updates by fieldwork every two or three years. Because the role of the statistical business register is so crucial for the quality of estimates in the annual economic surveys and therefore also in the National Accounts estimates that a reasonable share of the total cost for economic statistics and National Accounts should be devoted to keep the statistical business register updated. The share of the statistical business register of total costs will probably go up when enterprises will be increasingly able to answer statistical questionnaires by the Internet.

To lay the basis for future updates lots of thinking and analysis must go into creating the infrastructure to make such an update easy and within a reasonable budget for statistics. The prospects for the creation of such an infrastructure are indeed bright. The "Ziad task group" that included Dr. Dekker, demonstrated some excellent maps of ilots that had been produced by the digitised maps purchased from the Lebanese Army and GIS-technology. So-called remote sensing based on satellite images will make it possible to update the register with new buildings. However, a major effort will be required to digitise the borders of ilots below the lowest administrative divisions that are digitised in the maps of the Army. This will be done mainly in the office and require work of 24 staffs on short-term contracts working for up to six weeks. Also, the Army maps are detailed with coordinates for buildings only in the urban areas. For the rest of the country, fieldworkers with GPS handhelds will have to determine the coordinates for

buildings. This is not a complicated procedure compared to the office cartographic work to digitise borders of ilots.

Dr. Dekker has inspected the design of the Oracle database with information on buildings, establishments and dwellings and concluded that the design is according to modern standards with some very minor problems only. In the new system this provides a good basis for linking the geographic database with the Oracle database by common identifiers of ilots and buildings.

An update in the future will entail that the fieldworkers have precise maps of ilots from the geographic database and lists of buildings, number of dwellings and economic establishments for each ilot from the Oracle database. The fieldworkers will locate the buildings (in tricky cases with a GPS handheld), validate the information on number of dwellings and update the information on establishments that are still there. They will add the new buildings in the ilot to the list and record the information on number of dwellings and the information on the economic establishments in those new buildings.

The linking of buildings and enterprises in the 1996 Registration with a new registration in 2002 would have been a laborious procedure, the main difficulty being the achievement of precise identification of buildings and establishments from hand drawn maps and old information in the database. The new technology will rather miraculously reduce the problems and the cost, increase the quality of the sampling frame, and also the efficiency of sampling that will reduce the necessary sampling size for estimates, which will reduce costs for surveys. In addition there will be some savings in the data entry stage. A register that is updated, for instance, every three years will enable analysis of the "demography of enterprises" by "births" and "deaths" and of job creation and job destruction that drives the flows in the labour market.

The time plan for the census has been made on the assumption that the whole process should be finished in the first week of October. It was recognized that this is not completely realistic but there is reserve time until the end of November when the frame for the sampling of households must be done. The time plan will need to be successively revised to meet the inevitable contingencies that will be encountered in the course of implementation.

The plenary allocated six weeks for the administrative approval process for the budget by the Government for the two field operations. This is a first critical assumption in the plan. If it can be done faster than six weeks, for instance, before the beginning of March, this will be very helpful. For the administrative process to start the CAS must submit a budget for the census operation and a concrete specification of the needs for contract staff for authorization by the Government.

It must be kept in mind that the census will be a major activity requiring lots of temporary staff most of whom will be remunerated on a piece-rate basis. The first estimate summarized in *Table 1* from the time plan is for around 900 total. These figures will be revised when more calculations have been done.

Table 1. Provisional estimate for needs of contract staff for the census operation

Activity	Number	Category	Number	Category	Number	Category
Production of maps			4	Supervisors	20	Cartographers
Pilot survey with data entry					5	Enumerators
Field staff training			10	Assistant trainers		
Fieldwork	6	Governorate coordinators	100	Controllers	700	Enumerators
Central Quality Control					40	Quality control staff
Data entry			3	Supervisors	20	Operators

The first estimates of costs presented at the Wednesday plenary were too high to tally with the total budget available for CAS of 1.145 millions Lebanese Pounds.

The “Nader (Najwa) task group” with the assistance of Mr. Dabbagh has worked with the questionnaires for buildings, dwellings and establishments that will capture all data needed for business register for statistical purposes. This work has been almost finished with only formatting of the questionnaires remaining to be done. The manual needs to be done.

2.3. The household survey

The project will be a cooperative one between the CAS and the Ministry of Social Affairs. The primary purpose of the CAS part of the survey is to capture level and structure of private household consumption for the National Accounts and for the national Consumer Price Index. The primary interest of the Ministry of Social Affairs is to measure poverty nationally and regionally in order to have a basis for designing programs for poverty alleviation. There is an agreement on the division of labour between CAS and the Ministry.

In essence the agreement means that the CAS will be responsible for the design and implementation of the survey and that the Ministry will get the anonymized data files for its analysis and reporting. A budget for the survey has been detailed by the CAS and approved by the Government. Because of the delays the survey will now be carried out during the 2003, one year later than originally planned. This will give adequate time for detailed planning of the survey including a fairly large pilot. The contract problem for Dr. Zoha Khalil has been solved. She will now be working full time with the survey.

During the mission the “Zoha task group” with me as participating member has discussed various issues on the design of the survey and started work on the list of components and indicators that will be covered by the questionnaires and the diary on incomes, expenditures and consumption. The “Zoha task group” met with the

representative of the Ministry of Social Affairs for discussion of some issues related to survey design based on an “issues paper” (in Annex 12) and a first list of components and indicators of living conditions (in Annex 13).

3. Conclusions

Now that all old and some new hurdles have been expeditiously cleared away, the CAS has been able to kick-start the process of implementing the November 2000 strategy to build a system for economic statistics sufficient for the compilation of modern National Accounts for Lebanon. Some elements in the strategy have been postponed with one year but the present plan will allow for a first round of economic surveys in 2002 with 2001 as reference year. This element in the original strategy has been retained in order to meet the urgent needs of the Government for National Accounts data.

This first round will be limited as to the branches of industry to be covered by the surveys and the sampling of enterprises must be done with a methodology that is creative but only a second best. However, this will still greatly improve upon the sources available for National Accounts compilation for the previous years 1995-2000. For the first time there will be real data for the service industries, for an important part of construction, and for transport.

The second round in 2003 with 2002 as reference year will fill some important remaining gaps as to coverage. Quality of estimates will improve significantly because sampling can then be based on the new census of establishments. And the third round in 2004 with 2003 as reference year will have complete coverage. Experiences from other countries indicate that the first round will have modest quality of estimates but that quality can improve considerably when staff is trained and gains increasing hands-on experience.

4. Recommendations

1. The CAS should as far as possible, and as soon as possible, be relieved of all duties to serve other ministries and organizations with assistance to projects and surveys in order to enable its very limited technical staff to concentrate all its energies on implementing the tasks ahead.
2. There will inevitably be a string of contingencies in the implementation process. The extremely tight time plans for both the census and for the first round of economic surveys has a channel open to solve in an expeditious way any small or big problem that is not within the means of CAS to solve on its own.
3. The present time plans for the census and the economic surveys allow six weeks for the authorization of the budget for these operations. Any shortening of the process would be very helpful since recruitment of contract staff cannot start before the budget is approved and released.

4. The administrative process for the purchase of equipment is estimated to take four months at least for the equipment to be in place. This will delay some activities in the time plan, necessitating improvisations by the staff to cope with the problem. Any shortening of the administrative process that is possible within the applicable regulations will be much appreciated.

5. In the next few weeks a number of ministries will be approached by the staff of CAS to obtain any existing electronic register of enterprises within the realm of the ministries. It will be very helpful to CAS and improve the sampling frame for the first round of the economic surveys when such registers are provided to CAS. Under the 1979 statistics law CAS can receive any such registers and the CAS is under the same law bound by stringent confidentiality regulations.

6. The CAS team has now committed itself, may be with too much encouragement by the consultants, to a very heavy workload for the coming year. My very serious recommendation is that you keep your spirits as high as they have been during these two weeks and that you let the very necessary laughters interfere with your work.

List of annexes

Annex 1. Terms of Reference for the Institutional Development Expert

Annex 2. Notes on the Mr. Tranap's recent mission based on meeting with Dr Maral, Najwa, Nader, Ziad and Daher in the Office of CAS. (Memo 2002-01-26 (1))

Annex 3. Letter from Mr. Alain Tranap of INSEE, France

Annex 4. Letter to Mr. Alain Tranap of INSEE, France

Annex 5. Current status of Lebanon's Central Administration of Statistics (CAS). (Memo 2001-10-09, as revised 2002-01-26.)

Annex 6. Notes on the status of the November 2000 strategy plan based on meeting with Dr. Maral, Najwa, Nader, Ziad and Daher in the Office of CAS Memo 2002-01-26 (2)

Annex 7. Issues paper based on discussion between expert team and CAS statisticians. Memo 2002-01-28

Annex 8. Brief notes on Tuesday's meeting. (Memo 2002-01-30 (1))

Annex 9. Brief notes on Friday's meeting. (Memo 2002-02-01)

Annex 10. Agenda for Wednesday's plenary 09.30 – 13.00

Annex 11. Notes on the plenary Wednesday 09.30 – 13.00 (Memo 2002-02-06)

Annex 12. Issues paper after discussion with Najwa Yacoub and Zoha Khalil. (Memo 2002-01-30 (2))

Annex 13. Components and Indicators of Living Conditions. Preliminary list for discussion

**Terms of Reference
for the Institutional Development Expert
ARLA-PMC Project**

1. Background Information

The functions of the institutional development expert is to assist the CAS management to reconstruct the system of official statistics and the statistical organization of Lebanon with priority in the short term for a system of economic statistics sufficient for the compilation of modern National Accounts. The expert has agreed to a series of short-term missions to assist the CAS in developing strategies and plans and to follow-up on their implementation. This includes in particular also the technical assistance plan.

The first mission of the expert in November 2000 assisted the Central Administration of Statistics (CAS) in developing a strategy plan for statistical system building. In the second mission to CAS, 18 April – May 4, 2001, the main institutional development issues were identified and a work plan detailed for the period July 2001 – June 2002. A second task of that mission was to make a first follow-up of the strategy plan for statistical system building in the years 2001-2003 and to propose a technical assistance plan for the CAS within the ARLA work plan for July 2001-June 2002.

The third and fourth missions, resp. July 27 – August 12 and October 8-16, 2001 did further follow-ups of the November 2000 strategy plan and the May 2001 technical assistance plan. The delays in the implementation of the plan were analyzed and consequences in terms of modifications of the strategy proposed. Five issues for Government consideration were identified in the short run to remove barriers for the CAS to implement the November strategy plan. The technical assistance plan was modified to take into account the resignation of the resident adviser for the National Accounts effective from August 21.

Of the five main domains for institutional development identified in the May mission report “Human resources development” was the priority task for the third and fourth missions but also “Organization Development” and “Legislative framework” was discussed. Main outputs were (1) a general analysis of staff capacity and capability needs of modern statistical agencies, (2) a detailed survey of staff capacity and capabilities at the CAS to establish baseline data, and (3) identification of the needs for technical staff to implement the November strategy plan.

In his fifth mission the expert will need to follow-up on the implementation of the November 2000 strategy plan and propose a revised time plan, discuss the technical assistance plan, and continue the implementation of the work plan for institutional development. To help organize the input of the technical assistance experts as a team will be a very important task.

2. Proposed specific objectives

The main purposes of the next mission are to support the implementation of the strategy plan and the technical assistance plan and to continue the implementation of the institutional development plan with priority for supporting CAS in developing a new human resources structure to be implemented in a revised Government Decree on CAS.

3. Main activities to be undertaken

3.1 *Preparations in Stockholm*

- 3.1.1. Collaborate with the CAS management to implement the revised technical assistance plan by modifying the terms of reference for the experts as needed and coordinating their first mission to the CAS;
- 3.1.2. Collaborate with the PMC and ARCADIS BMB in the recruitment of the selected experts for the CAS and in planning for their first mission to the CAS;
- 3.1.3. Be available for discussions by phone or e-mail with the CAS management on other up-coming issues in the implementation of the strategy plan;
- 3.1.4. Prepare for further discussions and decisions by the CAS on a new staff structure to be eventually implemented in a revised Government Decree on the CAS;
- 3.1.5. Prepare for further discussions and decisions by the CAS on principles of organization to guide organization development for the coming years.

3.2. *Activities during the mission to the CAS*

- 3.2.1. Follow-up of the implementation of the strategy plan, in particular the preparations for the household survey and the update of the 1996 database on buildings, dwellings and establishments, and propose the changes that may be needed;
- 3.2.2. Organise the joint activities by the experts during their first mission in January/February 2002 to develop teamwork and coordinated activities to support the CAS in the implementation of the modified November 2000 strategy plan;
- 3.2.3. Assist the CAS in developing a proposal for a new staff structure for the CAS, eventually to be regulated in a new government decree on CAS;
- 3.2.4. Assist the CAS in developing a strategy for staff capacity and capability building sufficient for a modern system of official statistics for Lebanon;

4. Location

Central Administration of Statistics in Beirut, with preparatory work in Stockholm.

5. Expected duration and start date

Up to one month starting January 24

6. Expected outputs

Memos on various issues, progress reports and a final mission report on the tasks fulfilled.

7. Reporting arrangements

The report should follow the guidelines for mission reports of Short Terms Experts. Deviations are possible, provided that these are discussed with the PMC Team Leader.

2.

Sten J.

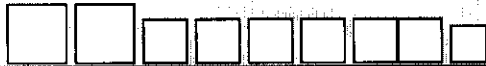
Notes on the Mr. Tranap's recent mission based on meeting with Dr Maral, Najwa, Nader, Ziad and Daher in the Office of CAS.

Mr Alain Tranap of INSEE has visited the CAS last week to assess the situation of economic statistics and National Accounts. His assessment was very negative from the start. He came to the CAS apparently convinced that the conclusions of Idilio Freire (that reliable GDP estimates cannot be compiled for the years 1995-2000 on the basis of available sources) were not justified and that the November 2000 strategy plan is a good plan but unrealistic. More years are needed to establish a base year. Mr. Tranap's report is not yet available. The report will probably be very important since his mission was made at the request of the Prime Minister of Lebanon.

His criticisms of Idilio Freire's report were that all sources have not been used, specifically the files of the Ministry of Finance, the Ministry of Social Security and the Customs and that the inconsistencies between the available sources as documented in Mr. Freire's report were no more than normal. The Ministry of Finance files have not been used because the ministry explained to the CAS at an early date that its files are not in order, lacking documentation etc. The Ministry of Social Security has not been approached because to the knowledge of CAS their files are not yet computerized. As explained in Mr. Freire's report more can be done on the Customs files to improve the figures but this would not change the conclusion that reliable GDP estimates are not possible at a level of quality normally required by official statistics.

The CAS will have to find out or verify whether the situation is still the same with respect to the sources that have not been used - for the above reasons. Also, the CAS will have no problem with letting the new National Accounts expert, Dr. Anna Lennblad, who arrives in April, take another look at Idilio's report and his conclusions together with Mr. Dabbagh and the CAS staff.

Mr. Tranap is right on the November strategy plan. It has been proved unrealistic by all the delays experienced by the CAS during 2001 and he is also correct that the establishment of a base year may require more years of experience than foreseen in the plan. The critical assumptions listed in the plan on staffing needs have not been met and the timetable was made ambitious because the needs for reliable National Accounts were thought to be rather desperate. These assumptions were made in good faith on the basis of a year 2000 Government Decree ordering all government institutions to cooperate fully with the CAS in rebuilding the statistical system for Lebanon.



From: Tranap Alain [SMTP:alain.tranap@insee.fr]

To: 'sten@fief.se'

Cc:

Subject: Lebanese national accounts

Sent: 2/1/02 3:31 PM

Importance: Normal

Dear Mr Sten Johansson,

I'm writing to you as you are the Arla project Leader for the Central Administration for Statistics.

INSEE (French Institute of Statistics and economic studies) was asked by the Lebanese Government to assess the situation of Lebanese national accounts.

During my mission, 14-18 January, I met CAS and discussed the bad situation : the ARLA work plan is not really implemented, Idilio Freire gave up, CAS decided not to compile estimates of 1997-2001 NA and the NA team seems to be over.

My feeling was not to advise CAS something else but to focus on the implementation of the ARLA work plan. The only solution I could draw to the Lebanese government is to set up a special team of economists so as to make some "guesstimates" 1997-2001 which could be a basis for macro-economic studies. But I'm afraid this idea could discourage the CAS team to undertake anything on the field of National accounts.

This special team project is warmly welcome by the Lebanese Government and, I guess, will be implemented very quickly. I asked the Government to associate CAS to this project.

I'm aware of your next mission in Lebanon. Please let me know about your travelling dates. I would like to send some other new information on this NA estimates project. Perhaps could we try to coordinate the ARLA project and this NA special project.

Looking forward to hearing from you,

Alain TRANAP

INSEE, head od of international cooperation

tel : 331 4117 5292 - fax 331 4117 6644

note : Idilio gave me your adresses - seems he is doing well in the Portugese NA team

Letter to Mr. Alain Tranap of INSEE, France

Dear Mr. Tranap,

Annex 4.

I am very grateful to you for your e-mail giving me an opportunity to state my views on the subject of official statistics for Lebanon and particularly the matter of economic statistics sufficient for the compilation of modern National Accounts that meet international standards at a reasonable level.

You may know that Dr. Maral Tutelian took up office on January 6, 2000. When I met her in my first mission in November 2000 she was already rather frustrated with the lack of progress. One mission from Eurostat and a long mission by Mr. José Pinheiro had already been there giving very strong recommendations as to the need to rapidly increase staff in order to be able to implement the statistics law from 1979. The law mandates the CAS to produce all the core programs in official statistics of any country. However, at her disposal were only 19 university or college trained staff more than half of which did not have modern training with computers and little experience with data collection. Furthermore, these available staffs were barely enough to carry out on-going business, producing a CPI, a monthly bulletin of statistics from other ministries and meeting the requests for assistance with surveys from other ministries and international organizations.

We discussed a strategy to reach as soon as possible a comprehensive system of economic statistics sufficient for the compilation of modern National Accounts with an updated frame for sample surveys of economic establishments and households. Dr. Tutelian adopted this basic strategy, which, of course, is based on standard practices internationally. The strategy would yield a first estimate of GDP for 2001 from the production side available at the end of 2002 and then at the end of 2003 estimates of GDP for 2002 from both use and production side enabling SUT-methodology for a first provisional base year.

The critical assumptions listed in the plan were (1) that a substantial number of vacancies of higher-level technical staff were filled in time for the new staff to be trained in the preparation process for the Census (dwellings and establishments) update and for the major surveys to be implemented in years 2002 and 2003 and (2) that all government institutions were able to cooperate fully with the CAS in a coordinated effort to establish a modern statistical system for Lebanon. These assumptions were made in good faith on the basis of a year 2000 Government Decree ordering all government institutions to cooperate fully with the CAS in rebuilding the statistical system for Lebanon. I will not bother you with the details. Sufficient is to say that none of these assumptions were satisfied during 2001. Only by October were 13 new recruits out of the requested 50 in place. By that time the technical assistance plan was on hold awaiting the approval of the overall ARLA work plan. The implementation of the whole strategy had to be postponed one year.

Included in the strategy was an activity to inventory all available sources of economic data for the compilation of provisional GDP data for the period 1997 to 2000. Already during my first mission in November 2000 Mr. Idilio Freire actually did a quick “guestimate” of GDP from the use side for 1997 as an experiment to get a first impression of available data. Already then Mr. Freire was becoming aware of the gaps and the fundamental discrepancies between the basic available sources. However, both of us were sure that something could be done. So, he did serious work during the six months he spent in CAS as resident adviser for National Accounts. He has, of course, experimented with the standard procedures to bridge gaps between years by using available short term indicators of the business cycle such as cement consumption, electricity, exports, building licenses, etc. His conclusion was that the gaps in the data and the large inconsistencies between the available data sources make it impossible for the CAS to produce National Accounts statistics time series 1997-2000 that reach even the lowest international standards for official statistics.

I know that you dispute his conclusion. I admit to have accepted his conclusion, albeit in the formulation above, “*that reach even the lowest international standards for official statistics*”. I did not think of the poorest countries in the world as a reference since I am sure that Lebanon does not have those countries as reference points in other respects.

However, I have only one suggestion to your recommendation that a special team of economists is set up by the Lebanese Government to make some best possible “guestimates” for 1997-2001, preferably with GDP figures as ranges or within intervals. Experiences from the region indicate that economics professors without hands-on experiences from a National Statistical Institute do not have any intimate knowledge of SNA 93 nor of how to do thorough checks of data quality. I assume that the Lebanese Government will be advised to recruit experts from some NSIs, including, of course, the INSEE. Whoever are chosen as members of the team, they will confront some formidable problems.

Take for instance the two private consumption estimates, which differ between 1995 and 1997 by only 6,8 per cent. However, the 1995 figures are approximate estimates only. And the 1997 national estimates are based on a few retroactive questions to households. The diary method was used only in Beirut. What worried Freire mostly were not the discrepancy in the level but the discrepancies in the structure of consumption between the two uncertain estimates. Will the experts make a “true” estimate on the basis of experiences of other countries that household survey estimates of consumption are always significantly lower than supply? Any such assumptions adopted will obviously affect the estimates of GDP since private consumption is such a large part of GDP, particularly in Lebanon (106 per cent of GDP in 1995!). Any method chosen would have significant political repercussions. I admit that, as a former government statistician, I have conservative views on what kinds of “guestimates” a National Statistical Institute can involve itself in.

I am sure that the appearance of an ad hoc expert team will not discourage the CAS team to continue its scheduled activities in the field of National Accounts provided that the Government does not go back on its commitments to lend to the CAS the material support needed for the implementation of the strategy. The greater danger in my mind –

to speak openly to you – is that the authorities will say: why should we bother with the expenditures to implement the costly CAS strategy to build economic statistics for the National accounts when experts can do GDP estimates on available data? My hope is that the team of economists in their report to the Government does not give support to any such illusions. I also hope that the team – with its presumably better support from ministries and the Central Bank - can locate some sources and time series that were not available to Mr. Freire.

I am happy to report to you that the implementation of the technical assistance plan to CAS for economic statistics and National Accounts is now under way. I am in Beirut together with Mr. Hilmi Dabbagh who has substantial experience of work in business survey management in the region and Dr. Arij Dekker, a former UN adviser on statistical data processing. Dr. Robert Brown, a GIS expert with extensive experience in developing countries will join Dr. Dekker on 15 of February. Dr. Anna Lennblad, a National Accounts expert, formerly in the IMF with experience of consultancies both to Central Banks and to statistical institutes in several countries will arrive in April for a series of missions. The gap in technical assistance is in household surveys. The CAS has had some hope that INSEE will assist. Beside the local expert, Dr. Zoha Khalil, there will be room for a long-term expert from the INSEE on household budget survey design and management.

I will be in Beirut only until 10 February. I will be happy to communicate with you this week by phone or e-mail. My proposal would be that the team of economists, when set up, should locate some of the international experts, including Mr. Freire, who have done “guestimates” of GDP for Lebanon and arrange a one- or two-day seminar to discuss the way forward. The big contribution by CAS to National Accounts for Lebanon will be possible only towards the end of this year when the CAS team can produce their National Accounts estimates for 2001 from the production side based on data from the census update and the first round of economic surveys with 2001 as reference year.

A final warning might be in place. This relates to what kind of official status the Government will give to the estimates by the experts. If they make some truly quick estimates in a few months, including one for 2001, and later in the year the CAS estimates are released, there will be two official estimates. This may be embarrassing for the Government if it gives too high status to the estimates by the expert team in its relations to the international capital markets and organizations?

With kind regards,

Sten Johansson

Current status of Lebanon's Central Administration of Statistics (CAS)

1. Introduction

This memo is written to inform the experts about the current status of the CAS and about the strategy to rebuild the system of economic statistics for compilation of modern National Accounts for Lebanon. The experts have been recruited on individual Terms of Reference to assist the CAS to implement the strategy for economic statistics system building. I have been recruited to assist in overall institutional development of the CAS. This includes assistance to develop and follow-up the strategy to rebuild the statistical system as well as the organization of the CAS. I have done four short-term missions to CAS since November 2000. Mr. Idilio Freire was recruited as long-term resident adviser on National Accounts. He came in February but returned in August to the National Statistical Institute of Portugal to become the director of the annual National Accounts. We therefore do not have a resident coordinator but we will need to work as a team to provide the assistance that is very much needed by the CAS. The fact is that the Lebanese statistical system must be rebuilt from scratch practically.

The predecessor of the CAS – a statistics directorate in the Ministry of Planning - was completely destroyed in the civil war. Its offices were burned and all its archives lost. A first attempt to rebuild the system of statistics and the statistical organization was made in 1979. A new statistics law was adopted followed by a Government Decree in 1980 on the organization and staffing of the new "Central Administration of Statistics". However, the civil war continued. Israel attacked and partly occupied Lebanon. It was only after the civil war ended that a new initiative started in 1994 with some important data collection activities in the following years. These activities did not develop into regular annual statistics production and the CAS remained a mere skeleton organization with less than 20 technical staff.

The Government has been committed to rebuild the statistical system but has not been able to provide the resources needed for the task. This has not changed significantly since professor Maral Tutelian took up office in January 2000 although it has been at the top of her agenda from the start. Only in October 2001 was she provided with 13 new staff after an eight-months recruitment process following the normal Lebanese administrative routines. With its meager resources the CAS has been able to do some studies and data collection

activities but not to develop regular economic statistics production sufficient for the compilation of National Accounts.

2. The November 2000 strategy plan

Discussions during the November mission resulted in the adoption by the CAS of a strategy that listed four main tasks and targeted year 2002 as base year for the National Accounts.

1. Make an inventory of existing data sources for compilation of provisional National Accounts for 1995-2000.
2. Update the 1996 sampling frames for enterprise and household surveys.
3. Design and carry out a household budget survey to capture data on level and structure of household consumption and production with 2002 as reference year.
4. Design and carry out a set of enterprise surveys to capture economic data for calculation of value added in the main sectors of production with 2001 as reference year and then again with 2002 as reference year.

Data on public consumption would be available from the Ministry of Finance, financial intermediaries from the Central Bank and foreign trade from the customs administration.

The planned outputs were:

1. An inventory of existing data sources and provisional National Accounts estimates for 1995-2000 to be available in July 2001;
2. Updated sampling frames for surveys of households and enterprises available before the end of 2001.
3. First National Accounts estimates from the production side based on real data for the main sectors of production for 2001 to be released towards the end of 2002;
4. First National Accounts estimates from both the production and the use side enabling Supply-and-Use-Table methodology for 2002 to be released as base year estimates towards the end of 2003.

The critical assumptions listed in the plan were (1) that about 50 vacancies of higher-level technical staff were filled in time for the new staff to be trained in the preparation process for the major surveys to be implemented in years 2002 and 2003 and (2) that all government institutions were able to cooperate fully with the CAS in a coordinated effort to establish a modern statistical system for Lebanon.

The institutional development plan that was adopted by the CAS during my second mission in April/May listed five main activities: (1) Human resources development, (2) Organization development, (3) Legislative framework, (4) Financial management, and (5) Computer system development. I will assist the

CAS on these activities except the computer system development for which a computer expert will be employed. During this mission the CAS also adopted a technical assistance plan that included six international, one regional and one local expert.

3. The composition of the technical assistance team for the CAS

Business register expert: The ARCADIS BMB had earmarked Rob van Eck , PhD in economic sciences and economic, formerly principal research officer in the National Accounts Division of Statistics Netherlands, mainly in the hidden and informal activities, consultancies for Eurostat in data processing and design of business registers. Because of the delay, he is not available for the time being.

Data base expert. Arij L. Dekker (59) PhD in Physics and Computer science with extensive experience as UN census data processing adviser.

GIS expert. Mr. Robert Brown PhD in GIS and Remote sensing, experience from several projects in transition countries to develop GIS and remote sensing, available for one month from February 15, 2002.

Business survey expert: Hilmi Dabbagh (46) Master of business administration, adviser in the region on business survey design and management and on business register design. He also assisted in the compilation of the first three annual rounds of National Accounts (from the production side) for Palestine.

Balance of Payments: Anna Lennblad (40) PhD in international economics, formerly IMF economist, Director-General of research and statistics at the Seychelles Central Bank, extensive international experience also in the region on Balance of Payments and National Accounts.

Computer system expert: Lian Catinis, PhD in computer science, long term Senior ICT expert in the ARLA PMC Team.

Local expert: Zoha Khalil, PhD in statistics, professor at university in Beirut

Institutional development expert: Sten Johansson (63), formerly research professor at the Swedish Institute for Social Research, Director-General of Statistics Sweden, international statistics adviser also in the region, now director of the Trade Union Institute for Economic Research in Stockholm.

Looking at this list I am very happy with the composition of the team for obvious reasons. Together the team members represent the special competencies needed for the tasks ahead. Competencies are also overlapping over several areas, making for qualified input from several members on most of

the issues to be discussed, giving the CAS Director-General varied views as a basis for her decisions.

To work as a team there is a need that we all meet to discuss how we can work as a team, how we can coordinate our work and how we can create mechanisms to follow up the work of each other in cooperation with the CAS management team.

3. The provisional National Accounts exercise

The first task in the strategy was accomplished by August 2001 with a report by Mr. Idilio Freire on his work to inventory existing data sources for provisional National Accounts estimates. His conclusion was that the gaps in the data and the large inconsistencies between the available data sources make it impossible for the CAS to produce any National Accounts statistics that reach even the lowest international standards for official statistics. The main problems that he has identified as the basis for his conclusion are the following:

1. To use the 1994-95 National Accounts exercise one must accept, for instance, that private consumption is 106 percent of GDP which is rather strange but possible for a country with unusually large transfers from abroad.
2. The 1994-95 estimates of level and structure of private consumption are quite inconsistent with the 1997 data from the living conditions survey (See Annex 2.1). A private consumption estimate could possibly be made for 1998 using the 1997 data as baseline but for the following years estimates would be "guestimates" with little basis in real data. Since private consumption is a very large component in the GDP – if not 106 per cent – the estimates of GDP as a whole would be a "guestimate", which is not acceptable as official statistics and not even as provisional official estimates.
3. The gaps on the production side are equally appalling (See Annex 2.2). There are no real data for any year on construction and the large services sectors (domestic trade, transport, hotels, restaurants, etc.). The statistics from the 1998 surveys of manufacturing industry are very inconsistent with the 1996 CAS registration of number of enterprises and thus (probably) also of number of employees as well as of value added in manufacturing industry.
4. The reasonably acceptable statistics may be on public consumption and on foreign trade although deep-going quality analysis has not been possible because crucial information in adequate detail has been available to the expert only in Arabic.

The result of Mr. Freire's exercise only served to reinforce the decision by the CAS to implement the strategy by the book in order to get a firm base for the future. However, this has proved much easier to say than to do.

4. The delays

The two critical assumptions listed in the plan have been very slow to materialize.

At the outset the CAS had only 19 university or college-trained staff, not even enough to handle on-going business. An absolute bottleneck was that the Computer Department had only one permanent technical staff. The recruitment process to fill vacancies following the normal Lebanese administrative routines resulted in 13 new staff of the 50 that were asked for. The process took eight months of which four were needed for the formal appointments after the candidates had been selected and submitted for approval. Two analysts and three programmers were in place as of October 10, which is a good start, but complementary staffs need to be hired on contract. The Fieldwork Department is now the critical bottleneck.

It took the Government five months to approve the agreement between the CAS and the Army on digitalized maps to be supplied to the CAS. Maps for one region has been delivered so that work can start but it will take some additional weeks for the rest of the regions to be delivered by the Army. The delay in the authorization has been the major problem. It made it necessary to postpone the fieldwork for the up-date of the sampling frames for household and enterprise surveys until the second half of next year. Admittedly, this makes more thorough preparations possible.

The implementation of the technical assistance program was put on hold by the Government until September 22 waiting for approval of the work plan for the greater ARLA program of which the program for the CAS is just a small part. This hold is, of course, not without a basis and the expert team could not be very useful until the 13 new staff were in place anyway. However, the hold on the plan was renewed in October, which – together with a contract controversy – caused me to abort the mission when I realized that several of the experts could no longer stay available for a late November joint mission. This hold was lifted in late November. The contracting process was restarted and resulted in the missions by Mr. Dekker (26 Jan-25 Feb), Mr. Dabbagh (25 Jan-Feb 9), myself (24 Jan-10 Feb), and Mr. Brown (15 Feb-15 March).

All this is now history. It is briefly recorded here only to make all experts aware that decision-making in Lebanon takes time and must be allowed to take time. Attempts to short cut the process are not appreciated. The implementation of the November 2000 strategy plan can start seriously when the experts arrive in November 2001.

الجمهورية اللبنانية
مكتب وزير الدولة لشؤون التنمية الإدارية
مركز مشاريع ودراسات القطاع الزراعي

Annex 5.1.

Tableau 1 - Comparaison de la consommation des ménages Unité : milliards LL

Nomenclature 1995	Résultats de l'exercice CN(1995)	Résultats des enquêtes 1997	Différence (en %)	Structure des dépenses (%)	
				1995	1997
Produits agricoles	3454	1350	-60,9	17,6	7,5
Produits de l'élevage	742	199	-73,2	3,8	1,1
Energie et eau	689	1338	+94,2	3,5	7,5
Produits agro-alimentaires	3603	3722	+3,3	18,4	20,8
Produits textiles	1760	1260	-28,4	9,0	7,0
Minéraux non métalliques	216	1	-99,6	11,0	0,0
Métaux, machines	2249	1510	-32,8	11,5	8,4
Chimiques et du bois	1285	858	-33,2	6,6	4,8
Meubles	817	184	-77,5	4,2	1,0
Produits divers	713	411	-42,3	3,6	2,3
Bâtiment/travaux publics	0	366		0,0	2,0
Transports/communications	678	1086	+60,2	3,5	6,1
Services	3383	5619	+66,1	17,3	31,4
Commerce	0	0		0,0	0,0
Total 1	19589¹	17905	-8,6	100,0	100,0
Total 2	19155²	17905	-6,5		

¹ En toute rigueur, cette valeur-là comprendre 434 milliards de LL qui sont consommation des Administrations Publiques et ne pas des ménages. De toute façon, les conclusions et divergences des résultats continuent toujours valables.

².Le total 2 exclut les 434 mentionnés auparavant.

GDP from use side:

Private consumption + public consumption + investment + change in stocks + export – imports

√ - Official information is available

E – Credible estimations can be done

e – Very provisional estimations can be done

X – Only “guestimates” can be done

	1995 ³	1996	1997	1998	1999	2000	%GDP
Private consumption	√	X	√	e	X	X	108
Public consumption ⁴	√	√	√	√	√	√	10
Investment	√	e	e	e	e	e	36
Exports minus imports	√	√	√	√	√	√	- 54

Other statistics needed: Foreign trade (√), taxes and subsidies (E), labor force (X), price and volume indexes (E), household production (X)

GDP from production side:

Production in primary, secondary and tertiary sectors – intermediate consumption

Production Side Activities by Sector

<i>Production:</i>	1995	1996	1997	1998	1999	2000	%GDP
Agriculture		X	X	X	X	X	13
Forestry	√	X	X	X	X	X	
Fishing		X	X	X	X	X	
Mining	√	X	X	X	X	X	17
Manufacturing	√	e	E	√	e	e	
Construction	√	e	e	e	e	e	9
Water	√	E	E	E	E	E	0
Electricity	√	E	E	E	E	E	
Domestic trade ⁵	√	X	X	X	X	X	34
Transport	√	X	X	X	X	X	
Communications		E	E	E	E	E	
Hotels & Restaurants ⁶	√	e	e	e	e	e	27
Financial services ⁵	√	E	E	E	E	E	
Domestic services ⁵	√	X	X	X	X	X	
Public administration ⁵	√	E	E	E	E	E	
Health services ⁵	√	e	e	e	e	e	
Education services ⁵	√	e	e	e	e	e	

³ Information available in the last National Accounts exercise: “CAS, L'état des comptes économiques 1994-1995 – Octobre 1997”

⁴ General Accounting of the State (ministry of finances).

⁵ Including commercial and transport merges, taxes net from subsidies and customs duties.

⁶ All of these activities are aggregated in only one item, in the 1994-95 National Accounts exercise.

Notes on the status of the November 2000 strategy plan based on meeting with Dr. Maral, Najwa, Nader, Ziad and Daher in the Office of CAS

1. The first round of annual economic surveys

The only way to get any new data for the National Accounts is to carry out a set of annual economic surveys with 2001 as the reference year. The crucial question is whether reasonable sampling can be done in time for fieldwork to be done as soon as enterprises have closed their books for 2001. This question needs a thorough analysis. There are three sources that may be used in combination: (1) the 1996 Registration of economic establishments, (2) the 2001 Database of economic establishments in new buildings based on a survey of building licences, and (3) the Register of declarations of new enterprises filed with the Ministry of Justice since 1997. All the three sources have problems.

The 1996 Registration is outdated but contains the crucial information for sampling of establishments: ISIC codes on kind of economic activity and number of employees. Some establishments will have closed operations since 1996. The size or location or kind of activity may have changed. The big problem is that new enterprises and establishments are not covered.

The 2001 Database of establishments in new buildings will complement the 1996 Register but there will be some overlap with the 1996 Registration because some of the establishments in the new buildings will not be new. They will be old ones covered by the 1996 Registration having moved to a new building. The establishments in the new buildings have ISIC codes and number of employees. However, the geographic location of the new buildings is not precise enough to locate them by "ilots", that is, the enumeration areas delimited in the 1996 Registration.

The Database of declarations could be a good source for capturing new enterprises. The declarations contain information on kind of (foreseen) activity but no information on size. We do not know if the enterprise has started any operations and the information on geographic location (address etc.) is often deficient. There will inevitably be overlap between the 2001 Database of establishments in new buildings and the Database on declarations of new enterprises.

The fact that Lebanon is starting registration of enterprises for VAT is a fourth source that will be available soon. The registration starts in February and will include all enterprises with a turnover of US \$300 000 or more. Assuming that 50 percent on average is personnel costs and that average per capita personnel costs will be 4 800, the registered enterprises will have some 30+ employees on average. Kind of activity and number of employees will be registered, address, phone number (?), year of

establishment? Very important for the future will be the official identification number that is assigned to the enterprises.

For the first round of annual economic surveys the sampling is the paramount problem to be solved. Given the existing sources there is probably no perfect solution but there may be an adequate enough solution to be found for the first annual round. In the narrow perspective of CAS the exercise will give staff extremely valuable experience to have for the coming rounds. In the broader perspective of users it will give sorely lacking data to enable compilation of GDP for the first time from the production side. Also enterprises will become used to providing data for to the CAS for statistical purposes.

A much smaller problem is to design questionnaires and manuals for the surveys with enterprises. The CAS has received the full set of Arabic language questionnaires and manuals for the DOS in Jordan and the PCBS in Ramallah. The survey instruments are fully SNA 93 compatible and should need mostly only marginal modifications to fit in the Lebanese context. The business survey management expert, Mr. Hilmi Dabbagh, has worked both in DOS and in PCBS. In fact, he helped design the original set of questionnaires and manuals used by the PCBS.

2. The update of the 1996 Database on buildings, establishments and dwellings

We now have to discuss the update with the new possibilities that have opened up (1) by the completion of the 2001 Database on economic establishments and dwellings in the new buildings, (2) by the existence (?) of the Database on declarations of new enterprises and the forthcoming VAT registration of enterprises to be started in February to be completed by June (?). These are all new developments in comparison to the situation when the update was made an essential part of the November 2000 strategy plan. The preparation of the provisional sampling frame for the first round of annual economic surveys will go hand in hand with the preparation of the update.

A basic strategy might be to carefully prepare the three existing databases as to database design with a view to the possibilities to collapse them into one database after detailed comparison of the information in the three databases. The VAT registration if successfully implemented by the Ministry of Finance will then be a further source to check and calibrate the register. However, the technical problems to integrate the different databases may easily prove to be too difficult to handle. The alternative may be to draw three different samples from the 1996 Registration, from the Database on the new buildings and from the Database on declarations and try to reweigh the realized sample when the updated database is established.

To be considered also is to do fieldwork to update and complement the Database on declarations of the new enterprises.

3. The fieldwork organization

There is no permanent fieldwork organization with regional offices. However, the CAS has been able to do some fairly large nationwide surveys for Unicef and the WHO recruiting fieldworkers on temporary contracts, including regional coordinators and supervisors. For those surveys they have implemented quality controls in several steps; by inspection of questionnaires by supervisors and coordinators in the field, new inspection in the central office before data entry, then data entry with logical controls and finally also macro-controls on the basis of preliminary tables.

The CAS has experienced few problems in recruiting fieldworkers, mostly students from the social science departments in the Lebanese universities.

Issues paper based on discussion between expert team and CAS statisticians

Participants: Maral Tutelian, Najwa Yacoub, Nader Keyrouz, Ziad Abdallah, Daher Doumit, Arij Dekker, Hilmi Dabbagh, Sten Johansson

A. The first round of annual economic surveys

To improve the data sources for National Accounts the main priority is to carry out the first round of annual economic surveys for the main branches of industry. CAS wants very much to meet the needs of the Government for an improved provisional GDP estimate. If the surveys can be carried out in 2002 with 2001 as reference year the new estimates of GDP from the production side can be available by the end of 2002. For this we will have to lower the statistical standards but hopefully not too much.

The main problem is how to establish a sampling frame for the various branches of industry. We discussed the four options listed in the previous memo: (1) the 1996 Registration of economic establishments, (2) the 2001 Database of economic establishments in new buildings based on a survey of building licences, (3) the Register of declarations of new enterprises filed with the Ministry of Justice since 1997, and (4) the coming VAT-registration by the ministry of Finance.

(1) The main problem with the 1996 registration is that it is by now more than five years old. Lots of enterprises will have closed operations, which is a lesser problem. The bigger problem is that none of the new enterprises since 1997 have been included. Also, some enterprises can have changed size or to a new kind of economic activity, which will cause some problems for estimation that are manageable. However, without including the new enterprises, the GDP estimates will be seriously underestimated. Today, some 30 per cent of the enterprises may have been started since 1996. At the time of the 1996 registration two avenues to updating the Registration with new enterprises were foreseen, options number (2) and (3) above. The CAS has tried both.

(2) During 2001 the CAS carried out a survey of some 38 900 building licences issued from 1994 to 1998 to investigate whether the construction had indeed been done and if so registered the enterprises in the new buildings by kind of economic activity and size as well as the number of dwellings. By the end of 2001, fieldwork was completed but the completion of data entry is now on hold because new batteries for the UPS that protects the network are needed. In the discussion a number of problems were listed if we want to merge the data from the survey with the 1996 database. The main ones identified were (a) there will be some overlap between the 1996 database and the enterprises in the new buildings that were constructed immediately during 1994-1996, (b) the new buildings were located only in the CFs, the lowest administrative division, not in the ilots below the CFs that were used in the 1996 registration. A preliminary conclusion was that merging the files in a useful way would be very difficult and probably impossible.

(3) The declarations of new enterprises from the Ministry of Justice are available to the CAS for years 1997-2000. However, when the CAS tried to make a survey (similar to the buildings licenses survey) in 2001 to investigate whether the enterprises had started operations, the survey was stopped because the addresses in the declarations were too deficient. The fieldworkers in too many cases could not locate the enterprises or the person who had made the declaration.

(4) The VAT registration of enterprises starts in February of 2002 by the Ministry of Finance. The enterprises will initially have three months after which the Ministry will become "serious" with the enterprises that have not registered. This unfortunately means that the registration will not be available to CAS in time in the sampling frame for the first round of annual economic surveys. If the VAT registration is indeed successful it will greatly improve the possibilities to update the sampling frame for future rounds of the economic surveys. If not completely successful this year, gradual improvements can be expected, according to experiences in other countries.

However, we might end up with having to rely only on the 1996 Database as the sampling frame for a first round of annual economic surveys. Main users will need to be informed of the situation in order to understand beforehand and after that what can be accomplished at best is a first provisional estimate for 2001.

An idea that must be further discussed is to use a number of approaches suited for the different branches of industry. For some branches there may exist in the relevant ministries reasonably complete lists of enterprises such as hotels, medical care establishments, schools, etc that may be used as sampling frames for those branches. For the rest a solution that might be possible is to draw a sample of ilots in the 1996 database stratified by number of employees to function as a sort of master sample. In a first phase fieldworkers will go to these ilots to update the current economic establishments in those ilots. This will give national estimates of total number of establishments in broadly defined branches. In the next phase samples stratified by kinds of economic activity and number of employees can be drawn from these ilots. This is still a rather vague idea that must be pursued for much more detail to evaluate its feasibility.

B. The update of the 1996 Registration of buildings, dwellings and establishments

A first issue is whether to update the 1996 Registration or to carry out a completely new registration without links to the former registration. In both alternatives the fieldworkers will go to the field with new digitised maps of the ilots in which the buildings are located. The coordinates for the buildings are in the GIS database.

An update would mean that the fieldworkers have lists of buildings, number of dwellings and economic establishments for each ilot from the 1996 registration. The fieldworkers will locate the buildings, validate the information on number of dwellings and update the information on establishments that are still there. They will add the new buildings in the ilot to the list and record the information on number of dwellings and the information on the economic establishments in those new buildings. The linking of enterprises in the 1996 Registration will be a fairly laborious procedure, the main

difficulty being the achievement of precise identification. There will be some savings in the data entry stage to compensate.

A completely new registration entails that the fieldworkers canvass all the buildings and record the number of dwellings and fill out a small questionnaire for each economic establishment in the building to capture the data needed for a statistical business register. This will be a simpler procedure in the field than an update.

There are two main reasons for an update. The update will presumably improve the quality of both the old and the new register by revealing the undercount in the old registration and ensuring that the coverage of the new registration will be better. The second reason is that the data for the economic history of Lebanon will be improved. If there is no link between the old and the new registration no real comparisons over time can be made to see the changes in economic structure. This second reason may not be a strong argument except for some specialists.

In both cases it is extremely important to create the infrastructure for future updates of the business register for statistical purposes. In the most developed countries there is an official business register with many uses and users that is mainly updated from administrative records mainly in the taxation systems, primarily from the VAT registration and the employee records for the income tax system. Such an official business register is strictly regulated as to scope and content in law. One must realize that it takes a long time over several years to establish such a system that can also function satisfactorily for the statistical business register needed by the CAS. That the administrative system of Lebanon now is far from producing records that can be used for the updating has been amply documented by the failure of the two approaches that were adopted after the 1996 registration when CAS tried them in 2001. This should not stop CAS from starting to promote such a system.

In the short run it is obvious that the only way to update the statistical business register that the CAS must have is to provide for updates by fieldwork every two or three years. Because the role of the statistical business register is so crucial for the quality of estimates in the annual economic surveys and therefore also in the National Accounts estimates that a reasonable share of the total cost for economic statistics and National Accounts should be devoted to keep the statistical business register updated. The share of the statistical business register of total costs will probably go up when enterprises will be increasingly able to answer statistical questionnaires by the Internet.

To lay the basis for future updates lots of thinking and analysis must go into creating the infrastructure to make such an update easy and within a reasonable budget for statistics.

C. The timing of the update

The new time plan with the postponement of the base year for the National Accounts with one year to 2003, the survey work plan and the National Accounts plan for CAS are given in the table.

2002	2003	2004
First round of annual economic surveys for 2001 data	Second round of annual economic surveys for 2002 data	Third round of annual economic surveys for 2003 data
Preparations for household survey with pilot(s)	Execution of household survey over the calendar year	
Compilation of National Accounts from production side for 2001	National Accounts for 2002 from production side.	National Accounts from both production and use side for 2003. Supply and Use tables
New sampling frame for the household survey and the annual economic surveys	How to update the sampling frame for the base year economic surveys for 2003 in 2004?	

Brief notes on Tuesday's meeting

Participants: Maral Tutelian, Najwa Yacoub, Nader Keyrouz, Ziad Abdallah, Daher Doumit, Zoha Khalil, Arij Dekker, Hilmi Dabbagh, Sten Johansson

Of issues raised in the "issues paper" there was some further discussion of how to use the files from the 2001 Building licenses survey to complement the 1996 registration. If the new sampling strategy proposed by Dabbagh is to be pursued we will need to have the establishments in the new buildings included when the sample of ilots are stratified. Otherwise we will miss some areas with lots of new buildings that have been constructed since 1996. However, it will still be most useful not to merge the two files but to keep them separate.

We added to the list of branches for which there could be useful frames banks, insurance companies, restaurants and cafés, building contractors, water, electricity in addition to hotels, medical establishments and schools.

One issue was raised as to whether we could carry out the surveys of the branches with registers separately and then wait for the sampling frames to be update in October and carry out the surveys of the remaining branches later, manufacturing and domestic trade mainly. Agriculture would be a problem, anyway, if Ministry of Agriculture does not have data. However, the idea was laid to rest because it was realized that this approach would hinge on an almost flawless implementation of the census of buildings, dwellings and establishments. If there was some delay in the Census, (fieldwork or data processing) beyond October, we would be in trouble. We would also have a delay of the National Accounts by at least six months. The 2001 results would not be ready until several months into 2003. Coming to the enterprises, particularly the small ones, at the end of year 2002 asking them for data for 2001, would not make fieldworkers or the CAS popular. Quality of data for 2001 would be somewhat lower. The one big advantage with this approach would be that a new updated sampling frame could be used for those branches.

We briefly touched the issue of the long run and the short run for the business register. We all agreed that in the short run the CAS would have to rely on fieldwork updates for the statistical business register. Short run would be at least until the base year has been established. The future would entirely depend on the developments in other administrations.

We discussed the many big tasks ahead. There was worry that 2002 would be a very busy year for the CAS with its still very small staff. However, the CAS would be able to rely on short term recruitments of fieldworkers, data entry and IT staff. The fieldwork organization will be able to rely to some extent on the "pool" of experienced

fieldworkers that the CAS has accumulated in previous and on-going surveys, the Census of the liberated zone, the Unicef, the WHO and the Census of youth and sports clubs.

Ziad, Daher, Arij and Najla Barouki (the cartographer) will work on the logistics plan for the census operations. They should specify a provisional time plan and the resources needed in terms of different kinds of staff and equipment in the office to prepare for the operation, what is needed in the field and what is needed in the office after fieldwork.

Nader, Najwa and Hilmi will take care of the questionnaire for the census modifying as needed the questionnaires used in the 1996 registration and the Census of the liberated zone.

Nader, Najwa and Hilmi will also take care of the logistics of the annual economic surveys and the questionnaires to be used.

Zoha, Najwa, Maral and Sten start work on household survey.

Plenary on Friday at 9.00 o'clock to discuss progress in the different groups.

Brief notes on Friday's meeting

Participants: Maral Tutelian, Najwa Yacoub, Nader Keyrouz, Ziad Abdallah, Daher Doumit, Zoha Khalil, Arij Dekker, Hilmi Dabbagh, Sten Johansson

The purpose of this plenary was for the task groups to report on progress made. Some corrections were made in the brief notes on Tuesday's meeting.

1. Mr. Dekker distributed a first draft time plan together with first calculations of staffing needs. The plan is premised on the assumption that the whole operation must be done in 26 weeks, which is extremely tight indeed. Points that came up in the discussions were (a) that time must be allowed for the administrative process to authorize a budget. No external recruitments can be made until the administrative process is finished. (b) a field test of the questionnaire can be made by CAS staff, (c) the pilot may need to include testing of data entry and tabulation programs, (d) the pilot may be used to train the trainer and the assistant trainers, (e) the pilot must be large enough to calibrate the logistics plan, (f) experiences from the census in the liberated zone has been used to estimate the number of fieldworkers, (g) data entry training can probably be done in one week but the training of fieldworkers may need two weeks.

2. Ziad showed us some of the new digitised maps of ilots in Beirut and a southern city. Very impressive indeed! These maps cover only the big cities along the coast. For the rest of the countries only the administrative borders down to the CF level are digitised. They need to be divided into ilots on the basis of the old hand drawn maps. Coordinates for all buildings in those areas must be determined in the field by the fieldworkers (or controllers?) with GPS, which must be bought or borrowed from the Army (?). Up to 100 may be needed.

3. Nader, Najwa and Hilmi reported their work on the questionnaire for the Census. They are finished with the part on the establishments. Their proposals are for simplifications mostly but their redesign may necessitate some rather substantial changes in the data entry program used for the census in the liberated zone. They will continue with the buildings and dwellings parts of the questionnaire taking into account the needs for the household survey. Ziad will want to look at the changes from the data entry point of view. It was agreed that the liberated zone must be included in the new census.

4. Nader, Najwa and Hilmi has also started work on the annual economic surveys. For the next meeting, they will present a memo on which branches of industry will be covered and how. Also something more on the sampling procedures will be presented.

5. Zoha, Najwa and Sten distributed an issues paper on the household survey with some thoughts on survey design, methodology for poverty measurement, sampling, and

questionnaire design. This memo will be discussed with Dr. Maral tomorrow (Saturday). A memo will be needed for discussions with the Ministry of Social Affairs next week.

6. The next plenary will be scheduled for Tuesday or Wednesday next week when the different groups are ready to present further work for discussion.

**Central Administration for Statistics
2002-02-05**

Agenda for plenary Wednesday 09.30 - 13.00 o'clock

1. Opening by Dr. Maral on purpose of meeting
2. Ziad task group report:
 - 2.a. First assessment of equipment needs for the CAS; repairs and purchases
 - 2.b. Second draft time plan for the census update
 - 2.c. First assessment of needs for contract staff for the Census
 - 2.d. First assessment of cost for contract staff for the Census
 - 2.e. IT training plans and costs
3. Nader task group report on the economic surveys:
 - 3.a. First draft of time plan for the economic surveys
 - 3.b. First assessment of needs for contract staff for the economic surveys
 - 3.c. First assessment of cost for contract staff for the economic surveys
4. Ziad task group on status of work on Census preparations
 - 4.a. Work on maps
 - 4.b. Status of Data bases
 - 4.c. Inventory of other registers of enterprises in Ministries
5. Nader task group report on status of work on Census questionnaires
 - 5.a. Status of work on questionnaire for buildings
 - 5.b. Status of work on questionnaire for establishments
 - 5.c. Status of work for questionnaire on dwellings
6. Nader task group report on status of work on economic surveys
 - 6.a. Kind of activities to be covered in first, second and third round
 - 6.b. Status on work on sampling
 - 6.c. Status of work on questionnaire
7. Zoha task group on the household survey
 - 7.a. Preparations for meeting with Ministry of Social Affairs
 - 7.b. Issues to be discussed
 - 7.c. First draft of list of components and indicators
 - 7.d. First draft of time plan for 2002
 - 7.e. INSEE technical assistance
8. Other businesses
 - 8.a. Scheduling of technical assistance missions
 - 8.b. Ministry of Finance on budget
 - 8.c. Ministry on agriculture on data

Notes on the plenary Wednesday 09.30 – 13.00

Participants: Maral Tutelian, Najwa Yacoub, Nader Keyrouz, Ziad Abdallah, Daher Doumit, Arij Dekker, Zoha Khalil, Hilmi Dabbagh, Sten Johansson. Dr. Lian Catinis, the ARLA-PMC IT expert, participated during items 1 and 2 on the agenda.

1. Opening by Dr. Maral on purpose of meeting

Dr. Maral stressed that the agenda is long but that items 2 and 3 must be the priority. We need to initiate the process next week to get the required administrative approvals of the budget for contract staff and before any activity that requires recruitment of contract staff can be made. We also need approval through the ARLA process for the purchase of equipment and training that is needed.

2. Ziad task group report:

2.a. First assessment of equipment needs for the CAS; repairs and purchases;

The list of equipment tentatively compiled summarized to Euro 145 300 that is more than is provided for in the budget for CAS in the ARLA-PMC work plan. Dr. Lian informed us that there might be a very remote possibility to shift funds for training into equipment within the ARLA allocation for the CAS. However, the most important news he gave us was that the tender procedure would probably take a minimum of four months to have the equipment in place. The discussion clarified that the most acute need for fieldwork to start on schedule is for the GPS handhelds. The task group will meet again on Friday to prioritise the list according to needs to meet the schedule for the Census and to be – together with IT and fieldworker training – within the ARLA allocation for the CAS until the end of the work plan in September.

2.b. Second draft time plan for the census update

The draft time plan has, as its first item, the need for a Project Manager to take the overall responsibility for the project, a point very much stressed by Dr. Dekker. Would there be suitable candidates in the market? No, it must be someone from the permanent staff because of various regulations. It was agreed that a project manager must be appointed very soon.

The time plan has been made on the assumption that the whole process should be finished in the first week of October. It was recognized that this is not completely realistic but there is reserve time until the end of November when the frame for the sampling of households must be done. The time plan will need to be successively revised to meet the inevitable contingencies that will be encountered in the course of implementation.

Six weeks have been allocated for the administrative approval process for the budget by the Government for the two field operations. This is a first critical assumption in the

plan. If it can be done faster than six weeks, for instance, before the beginning of March, this will be very helpful.

2.c. First assessment of needs for contract staff for the Census

It must be kept in mind that the census will be a major activity requiring lots of temporary staff most of whom will be remunerated on a piece-rate basis. The first estimate summarized from the time plan is for around 900 total.

Table 1. Provisional estimate for needs of contract staff for the census operation

Activity	Number	Category	Number	Category	Number	Category
Production of maps			4	Supervisors	20	Cartographers
Pilot survey with data entry					5	Enumerators
Field staff training			10	Assistant trainers		
Fieldwork	6	Governorate coordinators	100	Controllers	700	Enumerators
Central Quality Control					40	Quality control staff
Data entry			3	Supervisors	20	Operators

2.d. First assessment of cost for contract staff for the Census

The first budget estimates had to be revised because the budget for CAS had been reduced according to information from the Ministry of Finance received late yesterday. The total for both the Census and the Economic Surveys must stay within a total budget available to CAS of 1.145 millions of Lebanese Pounds. Budget calculations had to be continued by the task force after the meeting.

2.e. IT training plans and costs

A very tentative proposal for IT training including only Oracle training for six staffs will cost US \$28,750, approximately Euro 33,400, and will be done at OMSAR. This will take a large part of the IT-training budget allocation to the CAS. It seems that the training budget allocation can only be used for training arranged by OMSAR. This will then be a problem for the fieldworker training since that training must be done by the CAS.

3. Nader task group report on the economic surveys:

3.a. First draft of time plan for the economic surveys

A draft has been made but need further discussion. The work on the budget had been given priority.

3.b. First assessment of needs for contract staff for the economic surveys

The budget calculations had been made on the basis of the first preliminary sampling plan with a total of 10,140 establishments to be interviewed. With 45 fieldwork days 35 supervisors and 174 enumerators will be needed. With 60 fieldwork days 26 supervisors and 131 enumerators will be needed.

3.c. First assessment of cost for contract staff for the economic surveys

The very first assessment of costs for contract staff for the surveys had ended up at close to 200 million Lebanese pounds. This sum has to be adjusted to fit into the total available budget for the two operations of the CAS in 2002. Parameters for adjustment will be sample size and contract staff fees.

6.a. Kind of activities to be covered in first, second and third round.

The tentative sampling frame is based on the 1996 registration of establishments, inflated by 20 per cent to account for new enterprises to a total of 211 266. The sample will be stratified by number of employees and the branches to be covered in this first round and include a total of 10 150 enterprises. The kinds of activities to be covered includes manufacturing industry, construction contractors, internal trade, services and transport. Agriculture can hopefully be covered by data from the Ministry of Agriculture (to be further investigated) and financial intermediaries by data from the Central Bank. The next round of annual economic surveys will have better coverage and the third round complete coverage with special solutions for informal sector construction and transport.

6.b. Status on work on sampling

The sampling plan will have to be further considered but the tentative proposal is based on experiences from first rounds in other countries in the region. However, sample size will have to be one of the parameters in adjustment of costs. The efficiency of the sampling for the first round might be much improved if there are fairly complete Registers of enterprises in any of the other ministries, for instance, of hotels and restaurants in the Ministry of Tourism.

6.c. Status of work on questionnaire

This work has not yet started but the basis is very good in that questionnaires and manuals from the PCBS and other countries are available to the CAS. Mr. Dabbagh asked about the need to include items in the questionnaires for Balance of Payments and whether CAS or the Central Bank is responsible for the BoP statement. CAS is responsible according the law on CAS but also the Central Bank may have it in its mandate. However, the BoP in recent years has been compiled by the Central Bank because the CAS has not had the resources to do it. However, when the 1996-97 surveys were done

the Bank presented the CAS with a list of variables that were needed for the compilation and there still are many gaps to fill. Whoever is releasing the BoP statement, cooperation between the Bank and the CAS is needed and the division of labour and responsibilities should be sorted out.

4. Ziad task group on status of work on Census preparations

4.a. Work on maps

This work has started and presentations in earlier meetings have demonstrated the very high quality of maps that can be done with the systems purchased from the Lebanese Army. However, a major effort will be needed to digitise the borders of ilots.

4.b. Status of Databases

Because of stringent confidentiality regulations Dr. Dekker has not had electronic access to the Oracle databases. His inspection of the design of the database on paper presentation had indicated to him that the design is according to modern standards with some minor modifications.

4.c. Inventory of other registers of enterprises in Ministries

The existence of any such registers in electronic form with the requisite data for sampling in the various ministries must be investigated to improve the efficiency of sampling for the first round of annual economic surveys.

5. Nader task group report on status of work on Census questionnaires

5.a. Status of work on questionnaire for buildings and dwellings

A draft questionnaire of buildings was presented that will enable stratified sampling of households for the household survey to be done during 2003.

5.b. Status of work on questionnaire for establishments

A draft questionnaire for the registration of establishments was presented. A major question discussed was whether the completed questionnaires must be signed and stamped by the owners, a practice that is not very common in the world according to all three foreign experts. However, after weighing pros and cons it seems that established practice in Lebanon should be followed.

7. Zoha task group on the household survey

Since the fieldwork operation has been postponed until 2003 there is less time pressure on this operation. Dr. Zoha presented her tentative plan for 2002.

7.a. Preparations for meeting with Ministry of Social Affairs

The meeting will be held Thursday morning to discuss major issues and a list of components and indicators of living conditions to be covered by the surveys. The major issue to discuss with the Ministry is the definition and measurement of poverty.

7.b. Issues to be discussed

An issues paper discussed by Zoha task group has been distributed.

7.c. First draft of list of components and indicators

A draft list of components and indicators has been prepared as a basis for discussions. All available questionnaires will be reviewed to find best practices that comply with international recommendations for the different components of living conditions.

7.d. First draft of time plan for 2002

Dr. Zoha has done a first time plan for 2002, not yet discussed

7.e. INSEE technical assistance

Dr. Maral will contact the INSEE to follow up on the possibilities to get short term missions for discussions at different stages of the preparations when the CAS has concrete items to discuss, for instance when the draft questionnaires and manuals are ready, when the pilot results are to be reviewed, when the logistics plan is to be finalized, etc.

8. Other businesses

8.a. Scheduling of technical assistance missions

Dr. Maral took up this issue. Mr. Dabbagh has signed a contract to do four months in repeated missions as economic survey expert during the present ARLA work plan until September 2002. He will consider taking on additional months as business register expert that is allocated to CAS under the ARLA-PMC work plan. He will have a coordinating role for the future missions in CAS.

Mr. Dekker cannot make commitments at present but is willing to consider a request for a mission later on when there are specific needs for his services.

Dr. Lennblad has tentatively agreed to do 1.5 man months with a first mission in April and a follow-up mission later. Her Terms of Reference needs to be revised to include National Accounts consultations to agree with present priorities of the CAS.

Professor Johansson has a tentative commitment to do two man months of which the present mission takes about three weeks. The next mission of two weeks can be scheduled for late March or early April when Mr Dabbagh and Dr. Lennblad will come. Up to three days can be done in Stockholm to feed ideas into questionnaire construction for the household survey before this mission. The rest of the two man months available can be used for one or two missions in July/early August and – if two short ones, then

again in September. The exact scheduling should coincide with Mr. Dabbagh's presence and – if possible – with Dr. Lennblad's or any INSEE mission to the household survey.

8.b. Ministry of Finance on budget

Mr. Dabbagh stressed the need to get detailed budget and final data from the Ministry of Finance for the National Accounts. The need for detail will be modest for the first round but increase with the second round when more comprehensive data will be available and then be very strong for the third round when SUT-methodology is to be used.

8.c. Ministry on agriculture on data

Mr. Dabbagh stressed to need to get detailed census and survey data from the Ministry of Agriculture for the National Accounts.

Issues paper after discussion with Najwa Yacoub and Zoha Khalil

There is Government approval for a national survey of living conditions in Lebanon in cooperation between Ministry of Social Affairs and the CAS with 16 000 households of which 9 000 will participate in the household budget survey.

The total budget approved is US \$1 092 000 of which \$532 000 for CAS part and \$560 000 from the Ministry of Social Affairs. The project period is specified as 2.5 years from the date of the protocol is signed with a possible 6 months extension. According to the agreement the CAS will be responsible for the design the household budget survey, draw the sample, plan and carry out fieldwork, plan and carry out data entry and deliver an anonymized data file to the Ministry and can participate in producing the reports of the Ministry.

A. Two alternative designs

1. 14 000 (16 000) interviewed with living conditions questionnaires over the calendar year of which 8 000 (9 000) households will fill out the diary for one week. 270 (308) households per week will be interviewed for the living conditions survey, of which 154 (173) will complete the diary. The households that only fill out the living conditions questionnaire will be visited only once, those who fill out the diary three times, once to capture data for the household rostrum with age, sex, education, occupation of each household member and to give instructions on how to record expenditures in the diary. Second visit in the middle of the week to follow-up the diary keeping of households and third visit for final interview and for collecting the diaries. The whole living conditions questionnaire taken at the first interview or partly at the second visit?
2. Same as alternative 1, except that the diary period is for two weeks. What is the gain in terms of variances of some crucial estimates, for instance annual total consumption? Variances drastically reduced or not? How will non-sampling errors be affected if households cooperate less conscientiously the second week?

B. How to study poverty?

1. Poverty is measured according to the international method by pricing a food basket, adding a percentage for other expenditures and using an equivalence scale to make households of different size and composition comparable. Other social indicators would then be used in the analysis of poverty. (See paper on "Poverty in Palestine: Methodology")

2. Poverty is measured by an index constructed from a set of living conditions indicators as suggested by the Ministry of Social Affairs.

If alternative B1 is chosen as the main method to measure poverty, then there is no good reason to differentiate the sample size for the living conditions and the household budget survey.

C. Alternative stratification designs

1. Stratification by ilots into rich, medium and poor
2. Stratification by households within ilots into rich, medium and poor

Ideally the choice of stratification design should be based on variance calculation. How much of total variance in consumption of households is between ilots as compared to variance between households within ilots. If variance is more between ilots, then many ilots should be selected and few households within ilots. If variance is more between households within ilots than between ilots, then fewer ilots but many households within ilots.

As to sample size, the main needs for the National Accounts and the Consumer Price Index are to get reliable estimates at the national level. The needs of the Ministry of social affairs are to get regional estimates also below the Mohafazat level. To satisfy the needs of both the national sample must be regionally stratified.

D. Information from the budget related to fieldwork design

Total budget for the fieldwork operations is US \$786 000. Fieldworkers will be paid on a piece-rate basis:

\$30 per household budget diary and living conditions questionnaire

\$10 per living conditions questionnaire without diary

\$5 for coding of living conditions questionnaire with diary of expenditures

\$2 for coding of living conditions questionnaire without diary

\$4 for verification of living conditions questionnaire without diary

67 cents for verification of living conditions questionnaire without diary

\$14 000 for field verification of 10 percent of questionnaires

E. Questionnaires available

1. The 1997 living conditions questionnaire, the diary design and list of items of consumption
2. The PCBS living conditions questionnaire and a reduced coding list of consumption items.
3. The draft living conditions questionnaire by the Ministry of Social Affairs
4. The INSEE questionnaires

Our study of the different questionnaires gives a rather bewildering number of approaches for the different living components. However, the living components covered are with lots of overlap. One of the clear differences is between the “subjective” and the “objective” approaches in the formulation of questions. The draft questionnaire from the Ministry of Social Affairs is often using the subjective approach while the others use factual questions mainly. An idea might be to decide on a list of living components to be covered and then under each component a list of indicators. The available questionnaires can then be used to inventory the possible ways to operationalize each indicator.

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Annex 13.

Components and Indicators of Living Conditions Preliminary list for discussion

Components and indicators	Relevant questionnaire 1	Relevant questionnaire 2	Relevant questionnaire 3	Relevant questionnaire 4
A. Household and family				
A.1. Household size from household roster	CAS 1997 Questionnaire	Unicef questionnaire	WHO questionnaire	PCBS questionnaire
A.2. Household type defined from household roster	CAS 1997 Questionnaire	Unicef questionnaire	WHO questionnaire	PCBS questionnaire
B. Health and medical care				
B.1. Illness of household members last 7 (14) days				
B.2. Medical care use by household members last 7 (14) days				
B.3. Chronic illnesses of household members	CAS 1997 Questionnaire			
B.4. Household members with lasting handicaps	CAS 1997 Questionnaire			
B.5. Type of insurance coverage				
C. Labour force participation and working conditions				
C.1. Gainfully employed last week	ILO standard			
C.2. Occupational status/main job	ILO standard			
C.3. Occupation/profession	ILO standard			
C.4. Branch of industry	ILO standard			
C.5. Sector of economy	ILO standard			
C.6. Number of hours worked	ILO standard			
C.7. Working conditions				
C.8. Monthly salary or earnings	ILO standard			
C.9. Distance to work				
C.10. Type of transport to work				

Components and indicators	Relevant questionnaire 1	Relevant questionnaire 2	Relevant questionnaire 3	Relevant questionnaire 4
<i>Unemployment last week:</i>				
C.11. Available for work last week	ILO standard			
C.12. Actively seeking a job	ILO standard			
Secondary job last week				
C.13. Occupational status/2 nd job	ILO standard			
C.14. Occupation/profession	ILO standard			
C.15. Branch of industry	ILO standard			
C.16. Sector of economy	ILO standard			
C.17. Number of hours worked	ILO standard			
C.18. Working conditions				
C.19. Monthly salary or earnings	ILO standard			
Activities outside labour force last week:				
C.20. Non-gainful employments	ILO standard			
D. School enrolment and education				
D.1. School enrolment by level	Unesco standard			
D.2. Enrolment/type of school				
D.3. Distance to school				
D.4. Type of transport to school				
D.5. School/university fee				
D.6. Other cost for education				
25. Highest level attained				
26. Number of years in school				
27. Highest level/type of school				

Components and indicators	Relevant questionnaire 1	Relevant questionnaire 2	Relevant questionnaire 3	Relevant questionnaire 4
E. Income, expenditure and consumption				
E.1. Individual income by kind last month				
E.2. Expenditures related to income-related activities				
E.3. Monthly contribution to household economy by members				
E.4. Transfers between households in the country				
E.5. Transfers to and from abroad				
E.6. Household expenditures last 7 (14) days				
E.7. Household consumption last 7 (14) days				
E.8. Structure of household expenditures last 7 (14) days				
E.9. Structure of household consumption last 7 (14) days				
E.10. Household durables	PCBS questionnaire	CAS 97 Questionnaire		
E.12. Type of acquisition/durables				
E.13. Year of a acquisition				
E.13. Poverty line for Lebanon	Marwan Khawaja			
E.14. Equivalence scale/Lebanon	Marwan Khawaja			
E.15. Debts of household				
E.16. Savings last month				
E.17. Expenditure margin				

Components and indicators	Relevant questionnaire 1	Relevant questionnaire 2	Relevant questionnaire 3	Relevant questionnaire 4
F. Housing conditions and amenities				
F.1. Type of dwelling				
F.2. Tenure				
E.3. Monthly rent for tenants				
E.4. Imputed rent for own house				
E.5. Number of rooms				
E.6. Number of bedrooms				
E.7. Number of square meters				
E.8. Energy for cooking				
E.9. Type of heating				
E.10. Type of sewage				
E.11. Type of garbage collection				
E.12. WC or other				
E.13. Drinking water				
<i>Neighbourhood characteristics</i>				
E.14. Pollution				
E.15. Noise				
E.16. Safety				
E.17. Access to public transport				
G. Victimization by crime or accidents				
G.1. Victim of property crime				
G.2. Victim of violent crime				
G.3. Victim of traffic accident				
G.5. Victim of work accident				
G.6. Victim of other accident				

