

## **IMF Remarks – East AFRITAC Technical Assistance for National Accounts Development in Tanzania and the EAC**

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**December 19, 2014**

Hon Minister, Permanent Secretary MoF, Dr Chuwa, Deputy Governor Reli, Representative from OGS in Zanzibar, Distinguished Guests,

Thank you for the invitation to speak at this important launch of the improved and rebased estimates of Gross Domestic Product for Tanzania. Congratulations to the Tanzanian authorities and the National Bureau of Statistics for this significant achievement.

A couple of firsts to recognize:

- This is the first time that it has been possible to produce the Union of Tanzania GDP estimates, as a major objective of this rebasing exercise has been to ensure that the GDP estimates for the mainland are comparable to the estimates produced for Zanzibar by the Office of the Chief Government Statistician.
- It is also the first time that NBS is releasing quarterly GDP estimates at current prices.

The release of these improved GDP estimates is the culmination of over four years of significant data collection and compilation effort on the part of the NBS.

As mentioned by Dr. Chuwa, substantial funding support for this project has been provided by the World Bank and other development partners through the Tanzanian Statistics Master Plan; including funding for Statistics Denmark to provide technical assistance and capacity building with the compilation of the supply and use tables.

IMF East AFRITAC has also provided significant technical assistance: Specifically, it has:

- provided technical assistance and capacity building in improving the annual methodology and the rebasing of the annual GDP estimates
- assistance in improving and expanding the quarterly GDP estimates as part of the IMF-DFID Enhanced Data Dissemination Initiative

This has amounted to around 24 field person weeks of TA for each the NBS and the OCGS, or around 48 weeks of support in total (almost a year of expert time).

East AFRITAC, along with other TA providers, has provided significant TA over the past four years in rebasing GDP not only in Tanzania but also in Kenya, Rwanda, and Uganda. They have also implemented several parts of the 2008 SNA, conducted large benchmark surveys, and compiled supply and use tables (SUT). As a culmination of these efforts, rebased and improved annual current and constant price GDP estimates were released for Rwanda in June 2014; Kenya in September 2014; and Uganda in November 2014.

The rebased GDP estimates for 2005 onwards reflect the more contemporary structure of the economy in 2007. These benchmark estimates have been produced using more comprehensive administrative and survey data than were available for the 2001 rebasing exercise, as well as the compilation of product by industry supply and use tables.

This has ensured better coverage of the economy than in the past and has resulted in an increase in the 2007 GDP level of 27.8 percent for Tanzania mainland compared to the published current price GDP estimate. The release of the Union GDP estimates, including Zanzibar for the first time, means that the publicly available GDP estimate level for 2007 is now 31.3 percent higher.

Better quality and more representative indicators and prices data are being used to compile the annual and quarterly estimates. A number of methodological improvements consistent with the *United Nations System of National Accounts 2008* recommendations have also been implemented. This has resulted in a significant improvement in the accuracy and coverage of the rebased estimates.

In addition, the quarterly and annual current and constant 2007 price estimates of GDP by activity are now classified according to the International Standard Industry Classification Revision 4 compared to ISIC Revision 3 for the 2001 base series. The annual estimates of GDP by expenditure have also been rebased and improved. The rebased annual series has been linked back to 2001 to ensure a consistent time series for data analysis purposes.

IMF East AFRITAC expects to continue to provide a similar level of support on expanding and improving the national accounts of Tanzania over the next five-year period as part of the next phase of East AFRITAC and the IMF-DFID Enhanced Data Dissemination Initiative and the harmonization of national accounts for EAC member states.

In terms of future support for EAC countries, East AFRITAC will focus on ensuring sound and common statistical underpinnings of the convergence criteria for EAMU. Specifically, support will aim to establish harmonized and regionalized statistical methodologies, classifications, data dissemination practices, and legal and institutional frameworks for producing sound economic and financial statistics. Efforts with the EAC will concentrate on GFS, national accounts and prices statistics, with regional workshops used to foster peer learning. The Center will also be engaged in IMF work on an East African Statistics Bureau.

In national accounts, across the EAC, it is expected that assistance will be provided in developing quarterly estimates of GDP by expenditure at current and constant prices; and expanding the range of quarterly national accounts aggregates up to net lending/borrowing. Support will also be provided for the next rebasing exercise which has to start soon, with 2015 as the common EAC base year; assisting with the development of annual sector accounts; and further implementation of 2008 SNA recommendations.

Thank you and, once again, congratulations on your achievement.