



REPUBLIC OF ZAMBIA

CENTRAL STATISTICAL OFFICE

**REACTION OF THE ZAMBIAN  
CENTRAL STATISTICAL OFFICE TO  
MR MORTEN JERVEN'S BOOK - "POOR  
NUMBERS: How We Are Misled by  
African Development Statistics and  
What to Do about It"**

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*Measurement of Economic indicators such as the Gross Domestic Product (GDP) is not always straight forward. The Central Statistical Office has been measuring GDP using a GDP compilation manual which is an abstract of some aspects of the 1993 SNA manual. The use of volume indicators to extrapolate a base value is acceptable as long as this is done within a short interval of 5 to 10 years.*

## 1 Background

The Central Statistical Office (CSO) of Zambia has been inundated by several emails and phone calls following Mr. Morten Jerven's book in which he has explicitly singled out Zambia on the issue of producing poor statistics. Mr. Jerven has based much of his conclusions on the interviews he had held with two Junior officers (Statisticians) in 2007 and 2010 with no attempt to seek for clarification from CSO Senior Management. He had actually sneaked into CSO premises and started collecting information on such a big institution without any authorization at all. This leads us to make a counterfactual conclusion that if Mr. Morten Jerven had consulted CSO Senior Management on his observations, he was probably not going to be as sensational as he has been in his writing. We do agree with some of the observations that he has made in his book, but the problem is that he has exaggerated most of the problems that CSO, Zambia has been facing.

It is natural as an office to react to such disparaging remarks and observations that have been made by Mr. Jerven. There is no National Statistical Office (NSO) particularly in Africa which does not face challenges in their day-to-day operations. What is important is what the NSOs and the governments in general are doing in order to overcome such challenges and improve their operations. The Zambian Government has been aware of all these challenges that Mr. Jerven has highlighted long before he came to Zambia. The CSO has always brought to the attention of Senior Management in the Ministry of Finance and the Government at large about the need to overcome observed shortcomings in some of our statistics through the adoption and implementation of the National Strategy for the Development of Statistics (NSDS). The main aim of the NSDS is to improve CSO's efficiency in the production of statistics through improved staffing levels and establishment of an integrated National Statistical System (NSS).

Work on the NSDS commenced as early as 2007 and some of the statistical programmes that were envisaged in this strategy have since been implemented. For instance the CSO has already rebased and revised the estimation method for the

Consumer Price Index (CPI) in line with international best practices. It is also important to note that the CSO also commenced the process of revising the whole set of national accounts including Gross Domestic Product in 2007 by conducting the first phase of the Economic Census that involved the listing of all business establishments in the country. Coincidentally, this is the same year when Mr. Jerven made his first visit to the national statistical office.

In his preface, Morten Jerven has categorically stated that the Zambian CSO has no capacity to produce economic statistics and has out-rightly criticized the methodology that CSO uses in producing these statistics. He has based his conclusions on a discussion that he had with 2 Junior officers that he had found in the office without taking into account whether they were in a position to provide him with correct information for his thesis. Whilst there is some element of truth in his observations, Mr. Jerven has opted to be sensational in his writing style when presenting the challenges that CSO Zambia is facing to the general readership. It is important to be as objective as possible when presenting research findings to the general readership. CSO Zambia would like to put it on record that Top Management had never met Mr. Jerven on both of his visits to Zambia and therefore, would like to disassociate itself from the negative information that he had received from the two junior officers.

Obviously such narratives cannot go without eliciting a reaction. Our reaction will be centred on the six (6) issues that Mr. Jerven has raised namely: lack of capacity, understaffing, obsolete IT equipment, rudimentary GDP estimation methodology, field work versus production of statistics and Donor perception of CSO. In order to put matters into context, these issues will be presented and discussed under each of Mr. Jerven's visits to Zambia in 2007 and 2010.

## **2.1 Morten Jervens' Observations and Conclusions during the 2007 visit**

In 2007 Mr. Morten Jerven sneaked into the Zambian Central Statistical Office (CSO) without any notice and chose to interrogate a Junior Statistician he had found in National Accounts Branch about the procedure that the office uses to compile the country's National Accounts. He claims that during his visit, no one at CSO could give an account of how the income estimates were made over ten years prior to his visit. The Junior Statistician categorically informed him that the person that normally compiles the National Accounts estimates was on leave and advised him to get in touch with him once he was back in the office. The Statistician informed him that he was relatively new in the Branch, hence his advice that Mr. Jerven gets in touch with the Head of National Accounts Branch as he was a bit more experienced in matters of national accounting.

Notwithstanding the absence of the head of National Accounts, the Junior Statistician went on to give Mr. Jerven an unrevised handbook that CSO was using to guide the compilation of GDP estimates for the previous years. According to his observation, basic data that is required for the compilation of national accounts was completely missing except on government finances and mining sector. He concluded without verifying that for the rest of the economy there was no data available. Of course Mr. Jerven correctly noted the level of understaffing particularly in National Accounts Branch and in Economic Statistics Division in general.

Based on his review of the old national accounting handbook and his observation of missing basic data, Mr. Jerven concluded the CSO was using rudimentary methods when estimating GDP. He further stated that only eight (8) crops were covered in the Crop Forecasting Survey (CFS) and concluded that CSO estimates agriculture GDP using eight crops only. He also questioned the way CSO was estimating mining, manufacturing and services GDPs. He outrightly condemned CSO for not revising the base for the GDP estimates.

At the time of his visit, the office was preparing to deploy field staff for the 2006/7 Crop Forecasting Survey. When Mr. Jerven saw field staff waiting for their transport, he concluded that the 2006/7 Crop Forecasting Survey was in disarray. During this visit, Mr. Jerven also claims that Computers were either too old or missing at CSO and that most of the offices were in darkness. He further claims that the CSO Library had very limited publications with no record of any statistical activities during the 1970s and 1980s. Based on these observations he concluded that the office was as good as dead.

## **2.2 CSO's Reaction to Mr. Morten Jervens' Observations on his 2007 visit**

It is clear from Mr. Jerven's writing that he took advantage of an inexperienced Junior Statistician and opted to make sweeping and sensational conclusions without any attempt to verify or validate the information he was given with Senior Management at CSO. In research ethics, this is extremely unethical, unscholarly and definitely dilutes Mr. Jervens findings since his conclusions were based on circumstantial and highly subjective evidence.

The questions are:

1. "Why did Morten Jerven decide to sneak into the CSO premises without any authorization from the head of the institution?"
2. "Why did Morten Jerven choose not to talk or interview CSO Senior Management to get clarification or validate the initial information he had dubiously collected from the Junior Statistician?"

A genuine and well-meaning Researcher would have first alerted the head of the institution about the purpose of his visit. Had he notified CSO Management about his visit and research objectives, he would have been directed to competent personnel within CSO to attend to his information requirements. The fact that he chose not to

inform Senior Management about his visit suggest that his visit was laden with malice-aforethought.

In microeconomics, there is a subject that has gained a lot of attention called Information Asymmetry. The problem of asymmetrical information arises when only one party to a transaction has information not available to the other. When this happens, we end up with a problem of adverse selection (Hidden Information) and moral hazards (Hidden Action).

Our office is not denying that there have been some challenges in compiling economic statistics. This is the more reason why the Zambian Government has single-handedly supported the conduct of the 2011-2012 Economic Census.

Putting things into context first: In 2000, the Government of the Republic of Zambia (GRZ) had restructured the Central Statistical Office (CSO) by downsizing the institution in line with the Public Service Reform Programme (PSRP) initiated by the Government in 1992. This led to the reduction in the staffing levels from 1,340 to 656 for the entire office. As a result of this restructuring, the Economic Statistics Division, which has six (6) Branches namely, National Accounts (NA), Prices and Consumption Studies (PCS), Industrial Production (IP), External Trade (ET), Public Finance (PF) and Living Conditions Monitoring Survey (LCMS) branches, was the most affected. Obviously this development affected the efficacy and capacity of the Economic Statistics Division to produce statistics on time.

After recognizing these structural problems, in 2007 the Office had earnestly commenced the process of coming up with the National Strategy for the Development of Statistics (NSDS), which was meant to address some of these challenges. The main objective of the NSDS is to improve the production of official statistics in line with increasing demand for timely and relevant statistics in the country. This is to be achieved through enhanced human capacity and through the development of an integrated National Statistical System (NSS).

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The implementation of the NSDS has taken long and what the office has been doing as a stop-gap measure is to engage Interns to supplement the few professional staff in the various Divisions. The office has since implemented some of the statistical activities that were planned in the NSDS such as the rebasing and revision of the CPI compilation methodology by following best practice standards, 2010 Census of Population and Housing, 2008 and 2012 Labour Force Surveys, the 2010 Living Conditions Monitoring Survey, etc. The office has also positioned itself to revise the base for the GDP by moving it from 1994 to 2010.

It is important to note that the Economic Census, which involved listing and enumeration of all business establishments in the country had commenced in 2007. This is the year when Morten Jerven first came to Zambia. At that time the office had already recognized the need to change the base year for the constant GDP series. This was emanating from the fact that the structure of the economy of the country had drastically changed overtime and there was thus need for the office to update and start compiling national accounts by rigorously following the 1993 SNA. The results of the Economic Census were meant to address the problem of the old base year as well as to take into account the changed structure of the economy. If Jerven had made an effort to meet with CSO Management, all this information was going to be made available to him and he was not going to be as sensational and subjective as he has been in his writing.

With regards to staffing issues, CSO Management had noticed the capacity constraint especially in Economic Statistics Division and Readers may wish to note that in January 2011 the Zambian Government responded positively to the call by CSO Management to fill-up all the 22 vacant positions at professional level. In April this year (2013), the Government has further responded well to CSO's Management request for the creation of additional 45 positions at professional level and has since given authority to recruit.

On the issue of GDP compilation, the manual was revised with the help of international experts in National Accounts. The manual clearly shows how GDP for each industry should be estimated. It indicates the indicators that need to be used as well as the assumptions behind the use of the chosen indicators. The procedures that CSO uses to compile National Accounts are well documented and even known by international institutions such as the IMF and World Bank (WB). Every year, CSO is called upon to explain how GDP is estimated whenever experts from these institutions are in the country.

The use of the Indicator system when deriving GDP is not rudimentary at all as long as the estimates are close enough to the base year. In Zambia, however, some of the GDP estimates were extrapolated way too far from the 1994 base year; hence the attempt to rebase in 2008. If the country had not experienced the tragic loss of its Head of State in 2008, the office was going to have undertaken a successful rebasing by 2008. All this is now water under the bridge as we are about to rebase the GDP to 2010.

The other claim by Mr. Jerven that some data was missing is baseless because the Office has since 1994 been collecting volume indicators for purposes of compiling the Index of Industrial Production, which is in turn used to estimate real manufacturing GDP. In addition to this information, the office has also been collecting output data on electricity, water and sewerage, transport and construction.

In the case of the agricultural GDP estimate, it is not true that this is based on eight (8) crops only. Since 2004, the crop part of the GDP has been based on all the crops that are covered in the Crop Forecasting Survey, which are more than fourteen (14). What Mr. Jerven failed to note was that our office has also been attempting to measure GDP by Expenditure Approach as a way of checking on the efficacy of the GDP estimates using the Production Approach. Further, his assertion that there was no one to provide him with an account of how the GDP estimates were derived is very misleading. The fact that there was a manual which guided the compilation process provides adequate account of how these estimates were generated in the past.

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The alleged delay in the conduct of the CFS does not hold, as per standard practice, field vehicles have to undergo mechanical servicing before deployment of staff into the field. His allegation that computers were missing or that they were old is another exaggeration. The office has always been buying the latest computers on the market through various survey programs. In fact the office has always had decentralized data capture system to all the provinces, which are equipped with modern IT equipment.

### **3.1 Morten Jerven's Observations and Conclusions during the 2010 visit**

During his 2010 visit, once again Morten Jerven chose to only interview the head of National Accounts and decided to base his conclusions on the subjective statement that the Head of National Accounts Branch had made regarding the temporal administrative changes Management had put in place. According to his encounter during this visit, he claims there was only one person that was compiling the National Accounts in 2010, which of course is not true. He also states that a Statistician was removed from National Accounts Branch and taken to work on the 2010 Census. This too is not true. He observes that there were no statisticians in Public Finance and Industrial Production branches. Again this is false and grossly exaggerated. He also claims that his Informant, who happened to be the Head of National accounts at that time, informed him that in the event that he left CSO he did not know what would happen to the production of National Accounts.

Morten Jerven further laments that his meeting was cut short because his informant (the then Head of National Accounts), who has since left the CSO, had to attend to a scheduled meeting with DfID. Shockingly, Mr. Jerven also managed to extract additional information from his Informant about the operational changes and administrative arrangements that the office had put in place regarding the coordination of the Living Conditions Monitoring Branch. Again without substantiating his facts, he alleges that

DfID wanted his Informant to finalise the 2010 Living Conditions Monitoring Survey (LCMS) Report.

The other Informants that Morten Jerven exploited include an Economic Advisor from a European Embassy and a representative of DfID. According to Morten Jerven, the Economic Advisor intimated to him that the CSO was in dire need of reform because the available Statisticians put more emphasis on field work as it attracted an allowance than working at their desks on producing estimates and reports, which do not attract an allowance. He further alleges that CSO Programme managers always found justification for going into the field to collect additional data even if it meant using staff from other branches as well. The other Informant of Morten Jerven, a UK DfID representative, informed him that Donors were focusing much of their financial assistance on the MDG agenda, whose evaluation is largely dependent on social statistics; hence the bias of resources on social statistics. This observation by the DfID representative is to some extent correct as most of the assistance that has been coming through for economic statistics is mainly in form of technical assistance.

Based on this asymmetrical discussions or interviews or fairy tales Jerven had with his Informants, he concludes by stating that these stories he had solicited from them illustrate the kind of problems national accountants in Africa encounter during the production of income statistics.

### **3.2 CSO's Response to Mr. Morten Jervens' Observations based on his 2010 visit**

“What happens if I disappear?” Well, the Gentleman who uttered those words has since disappeared but the compilation of National Accounts statistics has continued. This is the nature of life that when we leave institutions, we do not carry the institutions memory along. Institutions are bigger than the individuals that constitute them.

All those allegations that there was only one person compiling national accounts are false. In fact, in 2010, Management had decided to beef-up staffing levels in Economic Statistics Division by withdrawing professional and competent staff from the provincial offices as well as from other Divisions at CSO headquarters. In this case, a Statistician was withdrawn from Demography Branch and from Central Province to complement staffing levels in National Accounts and Public Finance branches, respectively. Another Statistician was placed to be in charge of Industrial Production Branch. In the same year, 2010, Management had made a request to fill-up all vacancies at professional levels and 22 professional staff (14 Statisticians and 8 Systems Analysts) in January 2011 were expressly recruited from a horde of Interns that were with the office for a long time.

Morten Jervens' assertion that the Head of National Accounts was being withdrawn from his core duties of compiling national accounts in order to handle LCMS assignments is a fabrication only aimed at making CSO look incompetent in the eyes of right-thinking readers. The officer was never withdrawn from his core duties. What Management had done even before the Head of LCMS had left for studies in Japan was to constitute a Technical Committee comprising staff from within and outside Economic Statistics Division to spearhead the analysis of the 2010 LCMS data. CSO has always formed technical committees whenever the office was undertaking an inter-disciplinary survey which calls for a variety of expertise and different statistical skills. Once again, if Morten Jerven had consulted Management for an explanation regarding this operational arrangement, he probably was not going to arrive at the negative conclusions that he has included in his book about the Zambian Central Statistical Office.

Obviously what the European Advisor told him about CSO's focus on fieldwork because of allowances is another sensational fabrication. Fieldwork is an integral part of the statistical activities that all statistical offices in the world undertake. There are very few developing countries that have ICT-enabled National Statistical Systems whereby data is collected via internet technology. This so called economic advisor was at one point invited to go in the field during the 2010 LCMS survey. The Advisor appreciated why

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field staff required a field allowance when they go into the field. It is not true that statisticians at CSO do not perform office work. Most of the times, fieldwork is done by our staff in the provinces such that head office staff only go into the field for shorter periods for quality and ethical monitoring. This is how we as an office manage to release CPI every last Thursday of the month. This is also why as an office we are in a position to release preliminary and revised GDP estimates at two (2) points in time.

Lastly, the observation by the European Embassy representative that donors financial assistance is biased towards social statistics is correct. Nonetheless, the Zambian Government has managed to provide financial resources for the successful conduct of economic statistics activities including the 2012 Economic Census.

#### **4. Conclusion**

We find it strange and unethical for a Researcher of Jerven's caliber to single out one country when narrating his experiences when he had visited several other countries. It is true that some of the methods that the statistical office in Zambia uses to estimate GDP may not be full-proof and sound enough. Nonetheless these methods are valid insofar as they are applied on a shorter benchmarked series. The approach of enquiry that Morten Jerven used together with his conclusion about Zambian statistics leaves much to be desired as it is based on subjective and unsubstantiated information that he had obtained from some of his informants. It is clear from the asymmetrical information that he had collected that Mr. Jerven had some hidden agenda which leaves us to conclude that he was probably a hired gun meant to discredit African National Accountants and eventually create work and room for more European based technical assistance missions.