

# Report on the sector review of business statistics in Palestine

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## Abbreviations

|       |   |
|-------|---|
| ACSP  | President's Assistant for Statistical Affairs                 |
| BR    | Business register   |
| BS    | Business statistics   |
| DESAP | European Self-Assessment Checklist for Survey Managers        |
| ENP   | European Neighbourhood Policy                                 |
| ESCoP | European statistics Code of Practice                          |
| EU    | European Union  |
| CAPI  | Computer-assisted personal interviewing (CAPI)                |
| CCI   | Construction cost index                                       |
| CPC   | Central Product Classification                                |
| CPI   | Consumer price index  |
| CV    | Coefficient of variation                                      |
| ESS   | European Statistical System                                   |
| EU    | European Union  |
| GDP   | Gross domestic product  |
| ICT   | Information and communications technology                     |
| ILO   | International Labour Organization                             |
| ISIC  | Standard Industrial Classification of All Economic Activities |
| IPI   | Industrial production index                                   |
| IT    | Information technologies                                      |
| KAU   | Kind-of-activity unit   |
| NA    | National accounts   |
| NACE  | Statistical Classification of Economic Activities             |
| NADA  | National Data Archive   |
| PCBS  | Palestinian Central Bureau of Statistics                      |
| PPI   | Producer price index  |
| PSU   | Primary sampling unit   |
| SAQ   | Self-Assessment Questionnaire                                 |
| SBR   | Statistical Business Register                                 |
| SBS   | Structural business statistics                                |
| SNA   | System of National Accounts                                   |
| SPSS  | Statistical Package for the Social Sciences                   |
| SR    | Sector Review   |
| SRS   | Systematic random sampling                                    |
| STS   | Short-term statistics   |
| UN    | United Nations  |
| UNRWA | United Nations Relief and Works Agency                        |
| WPI   | Wholesale price index   |

## Preface

1. Eurostat supports enlargement countries (Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Kosovo<sup>1</sup>, Montenegro, Serbia and Turkey) and European Neighbourhood Policy countries (ENP-East: Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine; ENP-South: Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Syria<sup>2</sup> and Tunisia) in aligning their statistical production with European and international standards and assessing their statistical systems.
2. To assess and support partner countries' efforts, a number of tools have been put in place: peer reviews, global assessments and sector reviews. Sector reviews support partner countries in their efforts to align the core sectors of statistics (e.g. national accounts, business statistics and labour force surveys) with European and/or international standards. Sector reviews assess the administrative and technical capacity of the statistical systems to produce high-quality statistics in a particular sector, assess the statistical production in that sector in terms of the EU acquis, and propose actions to improve and strengthen the statistical system.
3. Eurostat publishes the reports on sector reviews, peer reviews (formerly called light peer reviews) and global assessments (formerly called adapted global assessments) on its website (<http://ec.europa.eu/eurostat/web/european-neighbourhood-policy/publications/reports>).
4. The present sector review assessed the business statistics sector of the Palestinian Central Bureau of Statistics (hereinafter referred to as PCBS) under the Eurostat project '*The provision of global assessments, sector assessments and light peer reviews for enlargement and ENP countries*'. Eurostat initiated this review following a request from the PCBS. The lead contractor was DevStat in consortium with Statistics Lithuania (contract No 14467.2014.002-2014.742). The review was implemented by two international experts: Ms Virginia Balea and Ms Violeta Kunigeliene.
5. The assessment covered two subdomains of business statistics: structural business statistics (SBS) and short-term statistics (STS).
6. Prior to the mission, PCBS staff completed a self-assessment questionnaire (SAQ) that assessed how well business statistics in Palestine comply with the European statistics Code of Practice (ESCoP) and with specific EU regulations on business statistics. Responses to the SAQ served as a starting point for the review, which took place in Ramallah between 5 and 8 December 2016.
7. The SAQ covered the following aspects: institutional environment, statistical processes and statistical outputs. Accordingly, the compliance of Palestine's official business statistics with the principles of the ESCoP was evaluated. Based on the ESCoP, 13<sup>3</sup> out of 15 principles were considered and included in the SR. Discussions and documentation supplemented the information provided by the SAQ.
8. The findings of the SR were based on analysis of documents provided by the PCBS, documents available on the PCBS website, and information collected and discussed during the in-country mission.
9. Cooperation between the review experts and the PCBS team was constructive throughout the SR.

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<sup>1</sup> This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo Declaration of Independence.

<sup>2</sup> Syria's participation in regional programmes was suspended in September 2011 and the provision of loans and technical assistance through the European Investment Bank (EIB) was ceased in November 2011.

<sup>3</sup> Missing principles: 1 – Professional Independence and 5 – Statistical Confidentiality.

## Executive summary

10. The SR was tailored to the needs of the PCBS. The SR assessed the alignment of Palestinian business statistics with European and/or international standards. The SR covered structural business statistics (SBS) and short-term statistics (STS).
11. The main tasks of the SR were as follows:
  - ✓ to assess the administrative and technical capacity of the national statistical system (NSS) of Palestine to produce SBS and STS;
  - ✓ to assess the level of compliance with European and/or international standards;
  - ✓ to assess the production process for SBS and STS;
  - ✓ to propose recommendations to improve the business statistics production process.
12. The review was based on the documentation provided by the PCBS, information collected during the mission and discussions throughout the mission.
13. The Economic Statistics Directorate is responsible for Palestinian business statistics. Two departments within the directorate are in charge of business statistics: the Industry and Construction Department and the Services Sector Statistics Department.
14. The PCBS does not have a business register (BR). The units surveyed each year are selected from a sampling frame that is based on data from the establishment census. The establishment census is carried out every five years. The most recent establishment census was conducted in 2012. Enterprises created after 2012 are therefore not included in the sampling frame and are not surveyed. The sampling frame includes all establishments (registered and unregistered) in the Palestinian economy, except for those engaged in agriculture, forestry and fishing.
15. The sampling frame contains both types of statistical units: establishments and enterprises. These two statistical units are linked by statistical identification codes. Establishments are assigned to the enterprises to which they belong.
16. The statistical unit that is used for reporting and collecting business statistics is the establishment. Interviewers collect data face-to-face using tablets.
17. The Palestinian Industrial Classification of Economic Activities is the national version of the ISIC Rev. 4. The national version contains additional levels. A five-digit level was introduced, and splits the class (four-digit) level into several subclasses.
18. The PCBS implemented ISIC Rev.4 in census 2012 and used classification for BS conducted in 2010.
19. The annual economic survey was introduced in 1995. In 2013 a technical assistance mission was carried out. The purpose was to redesign the economic survey. The SBS questionnaire collects data on employment, compensation of employees, goods production input, production expenditures, taxes on production, financial transfers, revenues by type and fixed assets. Same questionnaire for the six activities (Industry, Construction, Retail Trade, Services, ICT, and Transport) is used but additional variables for each survey are included according to the type of activity.
20. Industrial establishments provide data on the production of goods at the five-digit level of the Palestinian Industrial Classification of Economic Activities. Establishments whose main activity is construction provide data on the value of construction works by type of construction works. Trade establishments provide data on goods purchased for resale. Establishments whose main activity is

transport provide data on the number of vehicles that are used for transport activities. For tourism establishments, the following variables are included in the SBS questionnaire: number of trips, days spent at tourist accommodation establishments and number of tourists.

21. The annual economic survey follows SNA standards and methodologies, so it is not compliant with business statistics principles. The variables are defined according to national accounts principles. The main variables are as follows: output (production), intermediate consumption, value added, compensation of employees and employment.
22. The PCBS receives annual financial statements of legal units (profit and loss statements, balance sheets, etc.) from the tax authority. The PCBS receives these data under a memorandum of understanding between the two institutions. For the 2015 annual economic survey, administrative sources were used to impute data for 35 large units that did not respond (unit non-response).
23. The PCBS collects some STS variables. Most EU STS regulation requirements are met for producer price statistics. The industrial producer price index (PPI) and construction cost index (CCI) are calculated and disseminated. A number of indicators are calculated under STS regulations. These indicators include the production index and building permits. ESCWA is working on STS and an assessment committee is constituted to work on it.
24. The annual economic survey is conducted principally to meet SNA needs. The variables should be collected and disseminated to meet business statistics requirements instead.
25. STS and SBS data that are compiled and produced by the PCBS are published on the PCBS website and can be accessed free of charge. Users can access the database and download data in Excel format or PDF. In addition, raw data, SPPS and tables can be downloaded in HTML format.
26. Data dissemination in the PCBS is centralised. The PCBS provides a single entry point for data requests via a dedicated email address.

## 1. Part 1: Institutional environment

Part 1 assesses the Business Statistics Department based on four institutional and organisational principles that influence the effectiveness and credibility of statistical authorities that develop, produce and disseminate business statistics. The relevant aspects are mandate for data collection, adequacy of resources, commitment to quality, and impartiality and objectivity.

### 1.1. Principle 2: Mandate for data collection

28. The legal basis for data collection, production and dissemination of statistics, including business statistics, is the General Statistics Law No 4/2000.
29. The General Statistics Law No 4/2000 establishes the legal framework for collecting, processing, producing and disseminating official statistics in Palestine.
30. The Fundamental Principles of Palestinian Official Statistics were approved by the Palestinian Cabinet of Ministers in October 2005.
31. Article 2 of the General Statistics Law stipulates the following: *'The Palestinian Central Bureau of Statistics aims to develop and enhance the Palestinian official statistical system based on legal grounds that organise the process of data collection and utilization for statistical purposes.'*
32. In compliance with Article 19 of the General Statistics Law, the PCBS is allowed to penalise units that fail to provide data or intentionally provide incorrect data. These units are prosecuted under the procedure stipulated by the Law and must pay a fine as established by Article 19 of the General Statistics Law.
33. Information is collected, compiled and disseminated in accordance with the National Strategy for the Development of Official Statistics (NSDS), which spans a five-year period. The current NSDS is for the period 2014-2018.
34. The National Strategy *'...aims to develop an integrated, sustainable and effective national statistical system to pursue the goals of Palestinian official statistics, provide comprehensive and accurate information on the Palestinian economy, social and environmental structure, improve the evidence-based policy making process, and contribute to the promotion of scientific research.'*
35. In the EU, SBS are compiled under Regulation (EC) No 295/2008 of the European Parliament and of the Council of 11 March 2008 concerning structural business statistics and amendments to Council Regulation (EC, Euratom) No 58/97 of 20 December 1996 concerning structural business statistics. In the EU, SBS are produced in accordance with the definitions, breakdowns, deadlines for data delivery and quality aspects specified in Implementing Regulations No 250/2009 and No 251/2009.
36. The legal basis for the European STS is Council Regulation No 1165/98 19 May 1998 concerning short-term statistics, last amended by Commission Regulation (EU) No 461/2012 of 31 May 2012. In the EU, STS are produced in accordance with the definitions and quality aspects specified in Commission Regulation (EC) No 1503/2006 of 28 September 2006, which establishes definitions of variables, lists of variables and frequency of data compilation.

### **1.2. Principle 3: Adequacy of resources**

37. The PCBS Economic Statistics Directorate has eight departments. Two departments are responsible for SBS (one department for industry and construction and the other for services). The Price Statistics Department is responsible for STS.
38. Two heads of department (one for each department) coordinate the SBS departments. Ten specialists are responsible for validating collected data, processing data and compiling annual indicators.
39. More than 100 interviewers are hired annually for SBS and STS data collection. They collect the data via CAPI. While the software implements basic checks, the interviewers have to solve logical and mathematical errors and warnings for all SBS questionnaires, including for questionnaires received on paper. Staff members from the regional PCBS offices are principally involved in additional data validation and re-contacting units when necessary.
40. The number of personnel is considered adequate for SBS and acceptable for STS. Despite receiving external and internal training, however, employees report a need for more training programmes in certain areas and on specific issues relating to business statistics.

### **1.3. Principle 4: Commitment to quality**

41. Although the PCBS has not yet implemented specific quality standards within business statistics, it prepared quality reports on business surveys for 2010-2012 and completed the self-assessment checklist for survey managers (DESAP). The reports are for internal use only, however, and are unavailable to the public.
42. The phases of the surveys are documented and monitored for completeness, quality and timeliness. Procedures and work descriptions for annual business surveys provide an overview of the purpose, methodology, quality checks and data comparisons.
43. Standard errors and coefficients of variation are published annually for the following variables: number of persons employed, compensation of employees, output, intermediate consumption and value added.

### **1.4. Principle 6: Impartiality and objectivity**

44. Article 3 of the General Statistics Law states that the PCBS provides ‘...*truthful and impartial official statistics on the demographic, social, economic and environmental states and trends....*’
45. In 2012, the President of the PCBS endorsed the current PCBS policy for correcting and revising errors in press releases or published statistical reports. If errors are published or revisions are required, the department responsible for making these revisions files a written report to the Director General on the nature of the intended modification. The Director General reports the case to the President’s Assistant for Statistical Affairs (ACSP). Finally, the ACSP informs the President of the PCBS and advises on the necessary steps.
46. Explanatory notes detailing the nature of and reasons for any changes and providing links to the updated version(s) of the document(s) are published on the website.



## 2. Part 2: Statistical processes

Part 2 assesses business statistics survey processes for their compliance with European standards and the guidelines and best practices adopted within the ESS based on ESCoP principles.

### 2.1. General overview

47. The PCBS Economic Statistics Directorate has eight departments, three of which deal with business statistics.
48. For business statistics, the PCBS departments work closely together to establish methodological procedures such as questionnaire design, sampling design, data collection, data capturing and data dissemination.

### Structural business statistics

49. A Technical Committee is appointed each year to conduct an annual business survey. The Technical Committee comprises staff from the departments of Industry and Construction, Service Sector Statistics, Quality and Samples and Sampling Frame, National Accounts, and IT.
50. The Technical Committee meets regularly to report and monitor progress and ensure that the requirements for defining methodological tools are met.
51. The PCBS does not yet have a Statistical Business Register (SBR). In 2014 international experts from France advised the PCBS on business register (BR) development.
52. One component of the current MEDSTAT project is dedicated to the BR and SBS. The PCBS and the Tunisian National Institute of Statistics are co-leading the BR working group. With a support of ESCWA a committee led by Palestine is responsible for BS in Arab region and for establishing a strategy to improve BS.
53. The main data source used to build the sampling frame for SBS is the establishment census, which is conducted every five years. The last census was conducted in 2012. The data collected by the census are as follows: commercial name of establishment, owner, address, operational status, main economic activity, legal status, year of creation of the establishment, number of persons employed by category and type of establishment (registered or informal).
54. The sampling frame contains information on both types of statistical units: establishments and enterprises.
55. The sampling frame is not updated between censuses, except for labour force data. The closed and temporally closed establishments in the previous year of the economic survey are excluded from the sampling frame. Labour force data are also used to calibrate SBS estimates.
56. The PCBS has begun to use administrative data for annual business statistics. A dataset was used in 2015 to impute data for 35 large units that did not respond to the survey. A team of statisticians and experts from the Ministry of Finance converted accounting information into statistical variables.
57. SBS are produced using data from a structural sampling survey that covers active enterprises operating within State of Palestine. In the West Bank, CAPI (based on an IT tool developed by PCBS IT staff) is used to collect SBS data directly from enterprises. STS data are partially collected through CAPI method using IT tools developed by PCBS.

58. Since 2013, SBS and STS data have been published in accordance with ISIC Rev. 4. SBS sample was selected according to ISIC Rev. 3 in 2010 and was converted to ISIC Rev. 4. Not for all STS ISIC Rev.4 was used.
59. According to the scope of the survey, the statistical unit of data collection is the establishment. Data are compiled and published under an enterprise approach. The PCBS does not compile regional business statistics.

### **Short-term statistics**

60. In 2015, the STS unit response rate was 100%.
61. The PCBS publishes STS data between t+20 and t+35 days after the end of the reference period.
62. A PCBS publication calendar provides planned publication dates and times (for most publications at 10am, for others at 12am). Most of the publications are published at 10:00 while some other are published at 12:00.
63. The PCBS revises monthly and quarterly STS indicators after receiving annual business statistics survey data. The time series are recalculated using the new coefficients.
64. The PCBS does not perform seasonal and working day adjustments for time series.

## **2.2. Principle 7: Sound methodology**

### **Structural business statistics**

65. The PCBS SBS experts produce reliable statistics that are aligned with European and international standards for national accounts.
66. Since 1995, the PCBS has produced SBS using survey data.
67. For SBS, the observation unit is the enterprise, which is equivalent to the legal unit.
68. The reference period is the calendar year, which is the same as the fiscal year.
69. Since 2013, the PCBS has used CAPI to collect SBS data directly from enterprises in the West Bank. In the Gaza Strip, data are collected using paper questionnaires. Fieldworkers visit some enterprises a second time to confirm the accuracy of the data provided in the first interview.
70. Before launching the annual SBS survey, a Technical Committee is appointed. The Technical Committee defines the concepts, methods and classifications applied throughout the PCBS' statistical activities.
71. Interviewers provide large enterprises with a paper questionnaire if data must be gathered from multiple departments.
72. Fieldworkers are recruited and trained for each operation. Recruited interviewers receive training and instructions from the PCBS business statistics personnel on how to collect data, address questions and resolve issues. The Technical Committee management receives daily progress reports and response rates.
73. SBS cover the following domains: industry, construction, retail trade, information and telecommunication, transport and storage, services. Agriculture, forestry, fishing and public administration services are excluded.

74. The forms used to collect SBS information do not include any definitions of the variables that are collected but a manual comprising all the definitions of the variables collected is provided to each interviewer.
75. In 2015, the number of enterprises in the sampling frame was 135,880. Of these enterprises, 9,126 were surveyed.
76. All establishments above a certain threshold are exhaustively surveyed; establishments below the threshold are surveyed on sampling base.
77. The method used to select the units in the sample is stratified random sampling. The characteristics used for stratification are as follows: location, main activity class (ISIC four-digit level) and size class (according to number of employees).
78. The size thresholds are established according to main economic activity as follows:
  - Industry – 12 employees
  - Construction – 17 employees
  - Trade – 8 employees
  - Services – 15 employees.
79. The annual gross sample comprises about 7% of the population of enterprises.
80. The unit non-response rate decreased from 14.8% in 2012 to 6.5% in 2015. The grossing-up weights (the ratio of non-respondent units to the total number of units in the sample) are adjusted to compensate for non-response.
81. The sampling frame is updated every five years. Therefore, to improve the accuracy of estimates, the grossing up weights are calibrated using data from the labour force survey.
82. Unit non-response refers to enterprises that are unable or unwilling to answer and temporarily inactive enterprises although such units should not count as non-responding. However, in Palestine the register/sampling frame is not updated in between censuses and hence, non-active units are only discovered during the surveys.
83. For internal use PCBS developed a document (in Arabic) concerning the imputation procedures for the item non-response.
84. In 2016, data for 35 large enterprises were collected using administrative data.
85. The questionnaire is principally designed to address national accounts needs.
86. In addition to collecting data for a common set of SBS variables, the questionnaire gathers data for the following variables.
  - For the industry sector, the SBS questionnaire collects the following data: value of production, value of production sold and value of stock of production at the beginning and end of the year.
  - For the construction sector, the SBS questionnaire collects data on construction works by type and location.
  - For internal trade (retail trade), the SBS questionnaire collects data on purchase of goods, sales and trade margin.
  - For transport activities, the SBS questionnaire collects data on the number of owned and registered vehicles by category.

- For tourism services, the SBS questionnaire collects data on the number of trips and number of tourists.
87. The following questionnaire variables could be used for SBS purposes:
- number of wage employees (for number of employees);
  - number of employed persons;
  - compensation of employees (for the personnel costs variable);
  - purchases of materials and other production expenses (for the purchases of goods and services variable);
  - revenue from services, industrial production sold and resale of goods (for turnover);
  - fixed assets (for investments).
88. The value of production and value added are computed using the questionnaire variables.
89. An SBS dataset for the year t is published 10 months after the reference period.
90. Data are compiled and published at the aggregate (division) level. Data by size class are available but are not published.
91. Additional variables collected through questionnaires are also published at the division level.
92. The PCBS collects the necessary data to produce and disseminate some SBS series in accordance with SBS regulations. The following paragraphs state, by annex, the SBS series the PCBS could produce and disseminate.

**Annex 1 – Services.** Out of 6 series, the following series could be produced and disseminated:

- 1A. Annual enterprise statistics for services;
- 1B. Annual enterprise statistics by size class for services;
- 1C. Annual preliminary results for services.

**Annex 2 – Industry.** Out of 12 series, the following series could be produced and disseminated:

- 2A. Annual enterprise statistics for industry;
- 2B. Annual enterprise statistics by size class for industry;
- 2P. Annual preliminary results for industry.

**Annex 3 – Trade.** Out of 12 series, the following series could be produced and disseminated:

- 3A. Annual enterprise statistics for distributive trade;
- 3B. Annual enterprise statistics by size class for distributive trade;
- 3P. Annual preliminary results for distributive trade.

**Annex 4 – Construction.** Out of 9 series, the following series could be produced and disseminated:

- 4A. Annual enterprise statistics for construction;
- 4B. Annual enterprise statistics by size class for construction;
- 4P. Annual preliminary results for construction.

93. Using the data it collects, the PCBS publishes the following variables: number of enterprises, production value, total purchases of goods and services, wages and salaries, gross investment in tangible goods, number of employees, and number of persons employed.

### **Short-term statistics**

#### **Industry (Annex A)**

94. Variables: production value, turnover, number of persons employed, gross wages and salaries, and hours worked.
95. The industrial production index (IPI) has been computed monthly since 2011.
96. Interviewers collect data on commodities. Data collection based on CAPI is carried out using tablets. Interviewers visit establishments monthly from the 1<sup>st</sup> to the 15<sup>th</sup> day of the month. About 380 statistical units are surveyed every month. Enterprises are selected using two-step sampling. First, enterprises that represent separate geographical areas are selected. Second, these enterprises are listed and selected by applying a turnover cut-off. About 70% of enterprises from the list are included in the monthly survey. The sampling frame is built from the establishment census.
97. The IPI measures changes in the volume of industrial production between two periods. The base period is December of the previous year. The Laspeyres formula is used to calculate the IPI. The Laspeyres formula measures volume in the current period in relation to volume in the base period. This quotient is multiplied by the proportional weight of commodities or the weight of a basket of goods in the base period.
98. The base year is changed every year using the chain-linking method.
99. The response rate for the industry survey is 100% (considering that no business register exists and sampling lists are updated in January every year, hence response is 100% throughout the rest of the year).
100. The production index is published in a press release issued 35 days after the reference month (in line with the publication calendar). The base period is the previous year. Data for the current year are compared with the average for the previous year. Indices are published in unadjusted form. The monthly production index is published on the PCBS website as preliminary data. The monthly time series data are revised after the reference year. Data from the industrial part of the annual economic survey are used for annual revision. Revised monthly production indices are published in the database as final data.
101. The production index is calculated as per recommendations by the United Nations.
102. The monthly turnover index has not yet been calculated.

#### **Construction (Annex B)**

103. Variables: production, production of building construction, production of civil engineering, number of employees, wages and salaries, and two variables for building permits (i.e. number of dwellings and square metres).
104. Data on building permits are collected quarterly. The data are taken from administrative records provided by the Ministry of Local Government of the Palestinian National Authority.
105. The published data are broken down by different categories such as granting authority (United Nations Relief and Works Agency (UNRWA), economic organization, municipality, rural council,

etc.), use of the building (residential, non-residential or boundary walls) and ownership of the building (private, governmental, local authority, cooperative, charity, etc.).

106. Production, production of building construction, production of civil engineering, number of employees, wages and salaries, and (in construction activities) are collected annually.

### **Wholesale price index (WPI)**

107. The PCBS calculates the WPI using data from the producers of goods, not from the enterprises involved in wholesale trade.

108. A quarterly WPI has been calculated since 2005. The sample survey covers 450 wholesale enterprises and 120 types of goods. For these enterprises, interviewers collect data on the prices of goods purchased from manufacturers. For the calculation of the wholesale price index, import prices are used. The weighting system is based on data from domestic producers and external trade statistics at the ISIC Rev. 4 four-digit level.

109. The response rate is 100% (considering the specific method used by the PCBS to update the sampling lists every year in January according to the existing reality). If an enterprise is not found, it is replaced by another statistical unit.

110. The WPI measures changes in wholesale prices between two periods: the current period and the base period. Wholesale prices are defined as prices received after the resale (sale without transformation) of new and used goods to the following entities: retailers; industrial, commercial, institutional or professional users; other wholesalers; or agents or brokers buying merchandise for or selling merchandise to persons or companies. The wholesale price includes VAT and transport costs.

111. The Laspeyres formula is used to calculate the WPI. The Laspeyres formula measures current period prices in relation to prices in the base period. This quotient is multiplied by the proportional weight of commodities or the weight of a basket of goods in the base period.

112. A press release is issued on the 20<sup>th</sup> day after the reference quarter. Data are published by type of activity (agriculture, fishing, mining and quarrying, or manufacturing) and by place of origin of the commodity (domestic or import).

### **Industrial producer price index (PPI)**

113. Producer prices are collected using monthly surveys. About 380 statistical units are surveyed each month. During the first two weeks of each month, interviewers visit enterprises and collect data on commodity prices. The enterprises are also asked to provide data on prices of the production sold in the domestic and non-domestic markets. For classifying and coding commodities, the PCBS does not use the Central Product Classification (CPC). Instead, the PCBS uses the national version of the ISIC Rev. 4, which is extended to the five-digit level. Producer prices are calculated at the five-digit level.

114. Weights are calculated based on the data collected in the annual economic survey.

115. The press release is issued on the 29<sup>th</sup> day after the reference month.

116. Producer prices are defined as the amount of money that is received by the producer from the purchaser for a unit of a good or service produced as output, minus any VAT and similar deductible taxes invoiced to the purchaser, transport costs invoiced separately by the producer and any other charges.

117. The Laspeyres formula is used to calculate the PPI. The Laspeyres formula measures current period prices in relation to prices in the base period. This quotient is multiplied by the proportional weight of commodities or the weight of a basket of goods in the base period.
118. Data are calculated by activity (agriculture, fishing – although not part of STS – as well as mining and quarrying, or manufacturing) and by production (domestic or non-domestic market).

### **Construction cost index (CCI)**

119. The monthly CCI has been calculated since 2008. The data required to compute the CCI are collected from a monthly survey. Each month, interviewers collect data on the prices of construction materials sold at the biggest building material shops and bought by construction organisations that carried out construction works in that month. The CCI is calculated using data for 200 goods. The average price for each good is calculated using data from at least three enterprises. Each month, the CCI is calculated taking the 2013 monthly average as the base rate. The current base year is 2013. The base year is changed every five years. CCI data are calculated at the ISIC Rev. 4 three-digit level. The response rate is 100% (considering the specific method used by the PCBS to update the sampling lists every year in January according to the existing reality).
120. A press release is issued on the 25<sup>th</sup> day after the reference month. Data are published monthly and average changes from the beginning of the year.
121. The CCI measures changes in the prices of goods and services used in the construction of buildings between two periods: the current period and the base period.
122. The Laspeyres formula is used to calculate the CCI. The Laspeyres formula measures current period prices in relation to prices in the base period. This quotient is multiplied by the proportional weight of commodities or the weight of a basket of goods in the base period.
123. Data are published by major group (raw and primary materials or equipment hire) and by type of building (residential or non-residential).

### **Labour force indicators**

124. Data for short-term labour force statistics (number of persons employed, wages and salaries, and hours worked) are collected based on quarterly survey being conducted since 1995.

#### Administrative data:

125. Article 14 of the General Statistics Law No 4/2000, Chapter Five: Statistical Activity of the Ministries (Paragraph 2), states the following: *'The Bureau has the right to obtain administrative records data from government departments to be used for statistical purposes.'*
126. According to the Strategy for the Development of Official Statistics (NSDS 2014–2018), the PCBS has taken a strategic decision to use administrative records as data sources for statistical production. Use of administrative data is important for reducing costs and the burden on respondents.
127. The PCBS has a memorandum of understanding with the Ministry of Finance regarding the exchange of administrative data and data from financial statements. Such data were used in 2016 to impute data for 35 enterprises that refused to respond to the SBS questionnaire.
128. For STS, administrative sources are used to compile data on building permits.
129. The identification code used in administrative sources (financial statements) differs from the statistical code used in the sampling frame. Nonetheless, the two codes may be easily linked.

### Non-response:

130. In Palestine, the non-response rate is low and is steadily decreasing. In 2015, the non-response rate in SBS was around 6.5%, mainly because of refusal to answer the questionnaire.
131. To compensate for non-response in the SBS sample, non-response adjustment is applied to grossing-up weights.

### Data processing:

132. In addition to preliminary checks by interviewers and controllers, SBS and STS staff members validate data by checking them against data for the previous year or crosschecking between variables. The statisticians responsible for SBS and STS apply logical and mathematical controls at the enterprise level because the software only includes some basic checks. When errors and inconsistencies are detected, enterprises are contacted to confirm and correct the conflicting data.
133. SPSS software is used to calculate the coefficient of variation for SBS.

## **2.3. Principle 8: Appropriate statistical procedures**

134. The annual economic survey is based on a formalised procedure that covers the following aspects: outline of the project, list of proposed indicators, members of the Technical Committee, timetable, budget, training programme, instruction manual, validation procedure, data aggregation and data dissemination.
135. The Technical Committee provides guidelines, recommends appropriate methodologies and evaluates the methods used in statistical processes.
136. The *Economic Survey Series* publication contains a chapter on *Methodology and Data Quality*, which informs users of survey objectives, sampling methods, sample selection and estimation. The publication provides definitions for all main indicators.

## **2.4. Principle 9: Non-excessive burden on respondents**

137. Recently, the PCBS has started collecting data electronically using tablets. Tablet questionnaires are currently used for SBS and STS.
138. The SBS economic survey questionnaire collects data on the time spent by interviewers to complete the questionnaires (the start and completion times for each interview).

## **2.5. Principle 10: Cost-effectiveness**

139. The budget for the annual survey is part of the SBS dossier. The Technical Committee monitors the use of resources according to the budget.
140. The NSDS 2014-2018 states that the cost of responding to requests for data should be acceptable, and data should be collected only when the benefits exceed the costs of conducting a survey.
141. To improve data collection efficiency, the PCBS uses a tablet for data collection, which allows instant validation and correction of data. This method reduces the time needed to contact the respondent to correct errors and avoids manual intervention in the data collection process.



### 3. Part 3: Statistical outputs

#### 3.1. Principle 11: Relevance

142. The main user of SBS and STS data is the National Accounts Department. Before the new annual survey is launched, a Technical Committee is appointed. The members of the Technical Committee are from various departments of the PCBS. The members of the Technical Committee discuss and decide on the entire process of the annual SBS survey. Other users of SBS and STS are enterprises, researchers, planners, investors, policy makers and private as well as governmental institutions.
143. According to the latest results (from the 2013 survey), 78.4% of legal entities (government, businesses, etc.) and 75% of natural persons consider business statistics relevant.
144. The PCBS conducts user satisfaction surveys every three years. In December 2016, a new round of user satisfaction surveys was launched. Survey questionnaires are sent by email to the main users of statistical products. A similar questionnaire covering fewer questions is available online and is published on the PCBS website.

#### 3.2. Principle 12: Accuracy and reliability

145. CVs, standard errors and annual data are calculated for the main SBS variables. The data and CVs are computed in SPSS.
146. Measurement and processing errors are identified by comparing data for the current period with the corresponding data for previous periods.

#### 3.3. Principle 13: Timeliness and punctuality

147. The PCBS produces a release calendar, which applies to business statistics and is available on the PCBS website.
148. For STS, multiple deadlines for multiple projects, applying for SDDS requirements in STS.
149. The PCBS respects deadlines and publishes business statistics according to the following calendar:

| Monthly / quarterly and annual results for 2013 | Key dates in the national production process |   |  |   |  |
|---|--|---|--|---|--|
|   | Date of the start of data collection         | Date of completion of data collection     | Date of completion of quality checks and weighting for statistics published in the press release | Date of the national issue of the press release | Date of the national dissemination of metadata |
| <b>SBS</b>                                      |  |   |  |   |  |
|   | 1 April                                      | 30 June                                   | 30 July  | 20 October                                      | 26 November                                    |
| <b>STS</b>                                      |  |   |  |   |  |
| IPI   | 1 day after last day of reference month      | 15 days after last day of reference month | N/A  | 35 days after last day of reference month       | N/A  |
| PPI   | 1 day after last day of reference month      | 15 days after last day of reference month | N/A  | 29 days after last day of reference month       | N/A  |

| Monthly / quarterly and annual results for 2013 | Key dates in the national production process |   |  |   |  |
|---|--|---|--|---|--|
|   | Date of the start of data collection         | Date of completion of data collection       | Date of completion of quality checks and weighting for statistics published in the press release | Date of the national issue of the press release | Date of the national dissemination of metadata |
| CCI   | Admin. Data                                  | Admin. data                                 | N/A  | 25 days after last day of reference month       | N/A  |
| WPI   | 1 day after last day of reference quarter    | 15 days after last day of reference quarter | N/A  | 20 days after last day of reference quarter     | N/A  |

### 3.4. Principle 14: Coherence and comparability

150. The PCBS has some procedures and guidelines to monitor internal data coherence and consistency between micro-data and aggregated data.
151. The sample for Industry production index is different from the sample for BS, it's a part of it, so it may not be a comparison between them.
152. The definition of the statistical unit does not comply with EU standards because most indicators follow national accounts methodology rather than business statistics methodology.
153. As previously mentioned, not all variables and breakdowns stipulated in the SBS regulations are collected, produced and disseminated.

### 3.5. Principle 15: Accessibility and clarity

154. SBS results are disseminated through the publication *Economic Surveys Series: Main Results*, which is available for download in PDF and MS Word format from the PCBS website. Data are also available on the PCBS website in Excel format.
155. The STS results are used to produce the IPI, PPI, WPI and CCI. These indices are disseminated through the database, press releases, monthly and quarterly reports, and public user files.
156. The PCBS uses the National Data Archive (NADA) to publish metadata. Although the PCBS lacks a standardised metadata format, staff members who are in charge of business statistics use a standard metadata format for business statistics.
157. The PCBS has already started documenting survey methodology, metadata and quality reports.

## 4. International organisations and activities related to business statistics

158. The PCBS cooperates with international organisations mainly by participating in projects related to business statistics.
159. Between 2012 and 2015, the PCBS participated in the EU-funded project *Capacity Building for the Statistical Programme*, which covered several areas: training activities, IT and infrastructure, external trade statistics, price statistics (CPI, PPI and purchasing power parity), economic census, labour market statistics and agricultural statistics, amongst others. The main tasks of *Project Component 2 – Business Statistics* was to develop key statistics on socioeconomic conditions, build business registers and develop administrative records in ministries.

160. In 2015, the *Core Statistical Programme* project was implemented. The project covered management, organisational issues and human resources, quality management training, IT and infrastructure, price statistics (CPI and PPI), the statistical business register, structural business statistics and short-term statistics. The principal objectives of the project were to develop the capacity of the PCBS and help the PCBS establish its priorities so that it achieves its goals. The project was thus designed to help the PCBS contribute to evidence-based decision-making by the State of Palestine.
161. Since 2014, the project *Support to Business Register Development in Palestine* has been helping the PCBS coordinate the work of the Palestinian administration. The project has helped the PCBS update and improve the quality of business registers, including the register managed by the PCBS (SBR), and create a Common Business Register.

## 5. Further developments

162. The PCBS must adopt a progressive approach to STS and SBS and start to prepare missing STS indicators, as per STS regulations.
163. In SBS, the PCBS should improve its processing of administrative data. The PCBS should analyse and use additional data sources to increase the number of variables that are compiled.
164. A BR should be introduced as soon as possible. Rules and procedures for maintaining and updating the BR should be established.
165. The possibility of international technical assistance to help the PCBS align business statistics with international standards and methodology should be investigated.

## 6. Conclusions and recommendations

Based on the evaluation of business statistics in the PCBS, the following recommendations could further improve Palestinian business statistics.

166. Business statistics help policy-makers create a favourable business environment, which leads to stable economic growth, job creation and wealth. Therefore, a business statistics approach to the collection and dissemination of data should be developed by adapting concepts, questionnaires and outputs accordingly. Therefore, the PCBS participates in three committees that are working on improving BS indicators and conducted priorities, definitions and standards for countries to be proportional with international concepts (SDG's, MEDSTAT 4, and ESCWA).
167. The PCBS should build an SBR. This SBR would provide a tool for coordinating business surveys and a data source for the statistical analysis of the business population. The SBR could be used to identify and construct statistical units.
168. The SBR should be used to establish the sampling frame for business statistics surveys.
169. International practices have shown that a unique identification code for enterprise and for establishments is crucial for producing reliable business statistics. Awareness of this issue should be heightened within the public administration, and the unique identification code should be introduced.
170. In the SBR, establishments, enterprises and legal units should be clearly defined. The SBR should include a clear link between all types of statistical units as well as a set of economic variables such as employment, output, activity, etc.

171. A clear process to update and maintain the population of the SBR is needed so that the SBR can be used for compiling consistent, comparable data on the number of enterprises in Palestine.
172. The PCBS should use kind-of-activity units (KAUs) for collecting and processing data relating to business statistics. The use of KAUs is fundamental for computing macroeconomic aggregates.
173. The PCBS should ensure that the dissemination of data is consistent with international standards on business statistics.
174. The use of administrative data should be improved. The use of administrative data could reduce the response burden and improve data quality through imputation and data crosschecking.
175. Statistical processes should be formalised and documented. Modern NSIs use standards and models (such as GSBPM, DESAP and ISO) to describe statistical processes coherently. Information on how statistical outputs are produced is needed to understand and use these outputs more effectively.
176. STS and SBS data should be treated consistently. If the statistical unit is treated differently in STS and SBS, it might lead to data incoherence and low data quality.
177. Data collection should continue to be modernised through greater use of electronic methods. Doing so would reduce costs and the response burden, enabling the PCBS to allocate resources to improving the quality of business statistics.
178. An official annual work programme should be prepared. Doing so would enable the PCBS to monitor achievements and make further improvements. Nevertheless, an annual working program for internal use is available in the PCBS.
179. The PCBS training programme should be reviewed to ensure it focuses on all aspects of business statistics production. The training programme should be tailored to the needs of all staff members whose work relates to business statistics.
180. The Central Product Classification (CPC) should be introduced for all commodity statistics and PPIs.
181. The PCBS should regularly publish the metadata for STS indicators.
182. To comply with STS regulations, the PCBS should consider preparing the following missing indicators: turnover in industry, retail trade, services, producer prices for services, construction production, number of persons employed, hours worked, and wages and salaries.

## References

1. General Statistics Law
2. Organisational Chart of the Business Statistics Department
3. SBS, STS questionnaires and methodology
4. Concepts and definitions of SBS, STS
5. Draft Quality Report SBS, STS
6. Data collection process SBS, STS
7. Technical reports for SBR, SBS, STS
8. Confidentiality and dissemination rules