

Oil for Development (OfD) and Official Statistics
Draft Project proposal: Statistics from the natural gas extraction industry in Mozambique

1. Background

The foundations of national statistical systems are based on the United Nations' Fundamental Principles of Official Statistics. The first principle states that,

“Official statistics provide an indispensable element in the information system of a democratic society, serving the Government, the economy and the public with data about the economic, demographic, social and environmental situation. To this end, official statistics that meet the test of practical utility are to be compiled and made available on an impartial basis by official statistical agencies to honour citizens' entitlement to public information.”

(<http://unstats.un.org/unsd/methods/statorg/FP-English.htm>)

The national statistical offices are mandated to systematize and manage information in a reliable and professional manner and to provide equal access to this information. Statistics form the foundation for evidence-based management and policy making as well as information for civil society and non-government organisations.

Statistics Norway has been part of institutional capacity building in sister statistical institutions for over 20 years helping to establish sustainable practices in these institutions. Building multi-purpose data systems serving user needs is also an important perspective – where data is collected once but used many times. The legal framework for collecting and using the data needs to be clearly established and set up in a way that supports confidentiality – as described in Principle 6:

Individual data collected by statistical agencies for statistical compilation, whether they refer to natural or legal persons, are to be strictly confidential and used exclusively for statistical purposes.

The statistical system is not only based on sample surveys or censuses but can be drawn from all types of sources – including administrative records. The use of administrative records can lead to increased quality, timeliness, reduced costs and reduced burden on respondents (Principle 5). The national statistical system typically includes several different specialized institutes – including the national statistical office and other agencies such as the tax authorities, mapping authorities, and the meteorological offices. It is essential to have a high degree of coordination among different agencies within countries to achieve consistency and efficiency in the overall system (Principle 8).

The national statistical offices have the responsibility for the national accounts – which includes indicators such as GDP and unemployment. The economic activity related to natural resource extraction – such as mining or oil and natural gas extraction – must be included in the economic and natural resource accounting systems which feed information into the national accounts. Production information – such as the physical amounts and the production costs – also needs to be reported to the statistical offices for use in energy and environment statistics.

This reporting can be set up as a separate and isolated statistical reporting system – typically some type of questionnaire (paper-based or electronic). Or in order to reduce the reporting burden, streamline reporting channels, improve consistency and move towards a multi-purpose data reporting systems where the information systems being developed by other government institutions in OfD projects also include reporting of the necessary data to the national statistical offices.

If reporting to the statistical offices is included as an integral part of the OfD projects, this will improve the statistical system overall, give more validity to the work of the statistical offices since

they will be obtaining good data from an important economic activity, help provide important data needed in the development of the national accounts and support the creation of impartial and official statistics – especially with respect to the oil and natural gas extraction activity.

2. Overview of proposed project

As an initial project for introducing the development of official statistics in conjunction with the Oil for Development program an initial evaluation of how the two areas naturally interact is needed.

First there is a need to identify the different data that are required for various types of statistics that are based on information from the natural gas extraction industry. Identifying what information is needed from the extraction of crude petroleum and natural gas industry (ISIC/NACE 06) to develop industry level statistics including investment and employment information, government finance statistics – including taxes, subsidies and royalties – which are all inputs into the national accounts; energy statistics that can lead to the development of greenhouse gas emissions inventories. When developing data collection systems it is necessary to identify the important, or “need to know” variables, that are critical to the development of the statistics which will use these data as a foundation. In addition, the “nice to know” or secondary variables, which can give important other dimensions to the data set and which can enable better analyses, are also important to identify. If the data are also to be used in macro-economic modelling, the “need to know” type of data increases.

These different data requirements can be largely identified in the statistical system at Statistics Norway, but Norway’s reporting system and reporting culture for providing information to the government is unprecedented in the use of registers and openness. Therefore, the Norwegian reporting system may not be a realistic model for implementing in other countries. Multi-purpose data systems serving user needs where data are collected once and used many times is the goal but this type of system may be too advanced or have too high expectations for realistic implementation in developing countries. It is proposed that Mozambique is used as a case study country – where a functioning statistical system exists that could be used as a model for implementing in other countries.

In Mozambique, there is an established and functioning national statistical institute (Instituto Nacional de Estatística - INE) which publishes statistics related to the extractive industry. For example from the 2009 Statistical Yearbook there are figures for:

1. Quantities and prices for natural gas and coal (Table 3.3.1)
2. Economic figures for ISIC 11.1 Crude petroleum and natural gas in current and constant prices and per cent volume change (Table 3.4.1)
3. Trade statistics show exports and imports for category 05.27 Mineral fuels, mineral oils and products of their distillation (Tables 4.2.1 and 4.2.3)
4. Tax income (Table 5.2.1)

Mozambique is also an EITI compliant country where in the latest report, the payment amounts reported by enterprises and the revenue figures reported by the government are within 1% in 2009 and 2010 (2012 – see <http://eiti.org/Mozambique>). The information available from EITI would indicate that there is also information available regarding investments in the “mining and hydrocarbon sectors” available from INE.

Based on the figures publically available it appears that there is consistent reporting between the extraction enterprises and the statistical system (currently Sasol Petroleum Temane). With new discoveries of natural gas in the Rovuma basin reporting from additional companies will need to be incorporated in the future - Anadarko and ENI hold the rights.

Based on the 2009 Yearbook tables, it would also appear that the data are being used in a number of different statistical products. This shows that INE understands how different pieces of the puzzle are to be assembled into different statistical processes and products.

Evaluating the current situation in Mozambique including mapping of the processes and documentation is typically the first steps of a quality improvement project and could help to identify areas for improvement within Mozambique. It may also be used to identify opportunities for streamlining reporting from the operations from the activities that are part of the OfD project to the already established statistical system. The systems established in Mozambique could then also serve as a map or model regarding the different data collection activities which can potentially be used in other countries. Use of the data to support macro-economic modeling would also be considered in the overall evaluation. A project plan for further development will be one of the main outcomes of this project.

3. Benefactors of the project.

Mozambique will have a mapping and evaluation of its reporting systems related to the extraction of natural gas. At the moment this activity does not include too many actors. It is expected that there will be increased activity in the extraction industries so it is important to know that the information and reporting systems are robust and well established so that future reporting can be accommodated without compromising the integrity of the information.

Oil for Development program will have an additional and important component of the third pillar – environment and civil society – strengthened by adding the related economic and environmental information produced by OfD activities into the standard work of statistical offices. In the long run, statistics can contribute to the goals of transparency and good governance.

4. The objectives and expected results of the project are:

- Mapping of data reporting systems in Norway and data uses in different statistical products. Identifying key reporting variables – most important / valuable data and secondary data
- Mapping of data reporting in Mozambique for key reporting variables
- Development of a project plan for improving/streamlining the reporting systems in Mozambique for data coming from the extraction of natural gas.
- Development of a system which can be used in other countries which include reporting of data for physical and monetary flows (production, emissions, taxes, subsidies, royalties, etc.) – and how these figures can be used appropriately within the national statistical system to produce official statistics – focusing first on extraction industry statistics, energy statistics, government finance statistics and air emissions inventories.

5. Reporting

The Mozambique mapping and evaluation report will be part of the overall project proposal for further development and support for a future cooperative project including Statistics Norway, OfD and partner institutions in Mozambique.

Based on the success of this work, proposals for other cooperation projects in relevant countries will be developed as requested.