

## Press Statement

### Launch of the Revised National Accounts Estimates

#### Introduction

In 2017, the Kenya National Bureau of Statistics initiated the process of revising and rebasing the National Accounts. The main objectives of the revision were to further implementation of recommendations of the international 2008 System of National Accounts (2008 SNA), change the base year from 2009 to 2016, and revise the annual and quarterly National Accounts over the same period. In addition, the revision aimed at incorporating development of Supply and Use Tables (SUT) as an integral part of National Accounts Statistics. Supply and Use Tables provide detailed information on production processes, interdependencies in production, use of goods and services and generation of income. The revision process made use of information from surveys, censuses and administrative records, in a coherent and consistent manner to achieve the overall goal of improved National Accounts.

This is the seventh time Kenya has revised National Accounts statistics. The first official estimates of domestic income were prepared in 1947 and the first revision carried out in 1957 after a number of surveys were conducted to fill in the data gaps. Subsequent revisions were carried out in 1967, 1976, 1985, 2005 and 2014.

The revision and rebasing exercise benefited immensely from technical support by Statistics Sweden and the IMF East AFRITAC. The process has been consultative as the revised estimates were presented to key stakeholders through a number of meetings under the auspices of the Macroeconomic Working Group (MWG) with the objectives of; apprising key users on the revised estimates, preparing users on the expected changes in the estimates thereof, and soliciting views and inputs from stakeholders prior to finalization of the estimates before the official launch. After incorporation of the stakeholders' views and inputs the estimates were peer reviewed by the IMF Statistics Department. Recommendations from the peer reviewers have been incorporated in the estimates to be published.

#### Revision and Rebasing of National Accounts

Revision and rebasing of National Accounts is a normal statistical procedure undertaken internationally by National Statistics Offices, to ensure macroeconomic statistics present the most up to date reflection of the economy.

Quality official statistics are required for informed decision making. Maintaining and ensuring the quality of statistics is a delicate balance which National Statistics Offices maintain, whilst adhering to timelines and accuracy. To maintain this balance, Statistical offices may compile provisional estimates, which are subjected to revision, as more data is availed. Revision improves the quality of statistics.

Data **revisions** are routine part of dissemination of quality statistics. Revision ensures incorporation of better source data; adoption of new methodological or conceptual framework; updating base periods; correction of errors; and making improvements. To minimize disruptions to users through bringing in structural breaks in time series, National Statistics offices undertake major revisions less frequently, thereby aligning them with change of base period exercise. This process is known as rebasing. **Rebasing** of National Accounts refers to replacing the old base year used for compilation of the constant price estimates to a new and more recent base year. It is essentially done to ensure the principal measure of economic growth yields good estimates over the medium term following the base year.

Revision and rebasing of National Accounts statistics are also necessitated by the need to meet users' demands and to capture changes occasioned by information and communication technologies, rise in globalization and digitalization of the economy and the existence of new types of transactions in the economy. Best international practice requires revision and rebasing of National Accounts every five years, with a base year not older than 10 years. Failure to observe these recommendations lead to lower ranking of a country's statistical capacity (as captured in the World Bank's Statistical Capacity Index).

In Kenya, National Accounts have been subjected to minor revisions on a regular basis mostly revisions in source data. However, comprehensive revisions are usually done to incorporate significant changes in data, new methodologies and the change of base year. Such revisions usually, but not always, result in upward adjustments of Gross Domestic Product (GDP) as improved data sources increase the coverage of economic activities, and as new weights for growing industries more accurately reflect their contributions to the economy, but scale economies can also significantly lower prices.

#### **Outcome of revision and rebasing**

The process of the revision and rebasing of National Accounts has resulted in;

- Improved compliance with the 2008 System of National Accounts compilation guidelines.
  - Improved coverage of economic activities due to improved data sources.
  - Better estimates of the size of the economy and rate of growth.
- Improved accuracy, consistency and reliability of the National Accounts estimates.

#### **Products to be published**

Output from the revision and rebasing exercise include revised annual and quarterly National Accounts estimates for the period 2009 to 2019 and development of 2016 Supply and Use Tables (SUT).

Specifically, the following output will be published;

- Revised annual National Accounts series (2009 - 2019) and provisional 2020 estimates which will be contained in the 2021 Economic Survey report.
- National Accounts revision report to be uploaded on KNBS website.
- National Accounts Sources and Methods to be uploaded on KNBS website.

**Launch of the 2021 Economic Survey**

The revised and rebased National Accounts will be contained in the 2021 Economic Survey report scheduled for release **on 8<sup>th</sup> September, 2021**. The revised and rebased estimates provide a more accurate set of economic statistics that better reflect current realities. This will benefit evidence-based decision making by policy makers, analysts and researchers.

**A snapshot of the revised and rebased estimates and key implications**

The revised and rebased National Accounts has resulted in; increase in the size of GDP, increase in per-capita income, change in the production structure and revised GDP growth rates, among other changes.

KNBS intends to publish the 2021 First and Second Quarter GDP and the Gross County Product - GCP (County GDP) aligned to the revised and rebased National Accounts, in October 2021. In addition, the 2019 SUT will be used to develop an Input-Output Table (IOT) and a Social Accounting Matrix (SAM) for 2019.

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