

**Philippines: Report on the Observance of Standards and Codes—Data Module,
Response by the Authorities, and Detailed Assessments Using
Data Quality Assessment Framework**

This Report on the Observance of Standards and Codes on Data Module for the **Philippines** was prepared by a staff team of the International Monetary Fund as background documentation for the periodic consultation with the member country. It is based on the information available at the time it was completed on **August 10, 2004**. The views expressed in this document are those of the staff team and do not necessarily reflect the views of the government of the **Philippines** or the Executive Board of the IMF.

The response by the Authorities on this report, and the Detailed Assessments Using the Data Quality Assessment Framework (DQAF) are also included.

The policy of publication of staff reports and other documents by the IMF allows for the deletion of market-sensitive information.

To assist the IMF in evaluating the publication policy, reader comments are invited and may be sent by e-mail to publicationpolicy@imf.org

Copies of this report are available to the public from

International Monetary Fund • Publication Services
700 19th Street, N.W. • Washington, D.C. 20431
Telephone: (202) 623 7430 • Telefax: (202) 623 7201
E-mail: publications@imf.org • Internet: <http://www.imf.org>

Price: \$15.00 a copy

**International Monetary Fund
Washington, D.C.**

INTERNATIONAL MONETARY FUND

PHILIPPINES

Report on the Observance of Standards and Codes (ROSC)—Data Module

Prepared by the Statistics Department

Approved by Carol S. Carson and David Burton

August 10, 2004

Contents		Page
Acronyms		2
Executive Summary		3
I. Introduction		4
II. Assessment of Data Dissemination Practices and the SDDS		5
A. Overview of the SDDS		5
B. Current Dissemination Practices		5
Data: coverage, periodicity, and timeliness		6
Access		6
Transparency		8
Integrity		8
III. Summary Data Quality Assessment		8
Prerequisites of Quality		8
Integrity		11
Methodological Soundness		12
Accuracy and Reliability		13
Serviceability		14
Accessibility		16
IV. Fund Staff Recommendations		17
General Recommendations		17
National Accounts		17
Consumer and Producer Price Indices		18
Government Finance Statistics		18
Balance of Payments		18
Monetary Statistics		19
Text Tables		
1. Overview of Dissemination Practices Regarding Coverage, Periodicity and Timeliness of Data Compared to the SDDS		7
2. Data Quality Assessment Framework: Summary Presentation of Results		20

ACRONYMS

<i>1968 SNA</i>	<i>System of National Accounts 1968</i>
<i>1993 SNA</i>	<i>System of National Accounts 1993</i>
BLES	Bureau of Labor and Employment Statistics
BOP	Balance of Payments
<i>BPM5</i>	<i>Balance of Payments Manual</i> , fifth edition
BSP	Bangko Sentral ng Pilipinas
BTr	Bureau of the Treasury, DOF
CPI	Consumer Price Index
DER	Department of Economic Research, BSP
DOF	Department of Finance
DSBB	Dissemination Standards Bulletin Board
DQAF	Data Quality Assessment Framework
FCDUs	Foreign Currency Deposit Units
GDP	Gross Domestic Product
GFS	Government Finance Statistics
<i>GFSM 1986</i>	<i>A Manual on Government Finance Statistics 1986</i>
<i>GFSM 2001</i>	<i>Government Financial Statistics Manual 2001</i>
IMF	International Monetary Fund
<i>MFSM</i>	<i>Monetary and Financial Statistics Manual</i>
NEDA	National Economic and Development Authority
NSCB	National Statistical Coordination Board
NSO	National Statistics Office
OFWs	Overseas Filipino Workers
PPI	Producer Price Index
ROSC	Report on the Observance of Standards and Codes
SDDS	Special Data Dissemination Standard
STA	Statistics Department, IMF

EXECUTIVE SUMMARY

This data module of the Report on the Observance of Standards and Codes (ROSC) contains a summary assessment of dissemination practices relative to the Special Data Dissemination Standard (SDDS); a summary assessment of data quality for national accounts, consumer price, producer price, balance of payments, government finance, and monetary statistics, based on the Data Quality Assessment Framework (DQAF) prepared by the Statistics Department (STA) of the IMF; and recommendations for improvement (see Section IV).

Assessed datasets are compiled by the Bangko Sentral ng Pilipinas (BSP), the Department of Finance (DOF) and its Bureau of the Treasury (BTr), the National Statistical Coordination Board (NSCB), and the National Statistics Office (NSO). This report was prepared by the IMF mission that visited Manila during September 1–16, 2003.

The main findings are the following:

- **Overall assessment:** The statistical system of the Philippines is sustained by generally strong legal and institutional frameworks and solid methodological foundations. Following recent progress, the authorities should persevere with efforts to improve accuracy and reliability, which is particularly urgent in the balance of payments. The commendably high accessibility to data should be supported by continued production of macroeconomic statistics useful for economic analysis and policymaking.
- **SDDS:** Dissemination practices are consistent with SDDS requirements.
- **Prerequisites of quality:** While the legal and institutional frameworks are generally strong, there is scope for some improvement. More effective inter-agency cooperation and greater focus on developing good source data will be necessary to enhance accuracy and reliability, particularly as regards the national accounts and the balance of payments. With increased reliance on survey data, it will be important to achieve high response rates through continued voluntary cooperation and a credible enforcement capacity. To this end, the legal ability of the BSP to collect data needs to be strengthened. In some agencies, there is a need to increase managerial focus and staff time devoted to statistical production. In addition, more computer resources are needed in most agencies.
- **Integrity:** Technical considerations and professionalism guide statistical production, and staff are provided with appropriate ethical guidelines. In the case of the fiscal statistics, compilers have provided no advance notice of major changes in methodology, source data, and statistical techniques.
- **Methodological soundness:** The methodological foundations of the macroeconomic accounts are generally sound, and further improvements are underway. In particular, in the case of the national accounts, which follow the *System of National Accounts*

1968 (1968 SNA), work is proceeding to produce new series based on the *System of National Accounts 1993 (1993 SNA)*. Statistics on the consolidated operations of the central and general governments are not available, but substantial progress has been achieved in establishing source data for public sector balance sheets and moving to accrual accounting. Plans are in place to compile monetary data following the guidelines of the new *Monetary and Financial Statistics Manual (MFSM)*, which would improve coverage, sectorization, and valuation of financial instruments.

- **Accuracy and reliability:** Generating better data for analysis and policymaking will require redressing shortcomings in data sources and statistical techniques. The most serious deficiencies relate to the national accounts and the balance of payments. As regards the fiscal statistics, there are no procedures to ensure the use of the most accurate and reliable source data available. Source data for the monetary statistics are generally adequate, but there is a long delay in the transmission of the balance sheet of the BSP to compilers. With the exception of the national accounts, revision studies are not conducted on a routine basis.
- **Serviceability:** Compiling agencies have an excellent track record of disseminating key macroeconomic statistics with good timeliness. There is scope for improving intra- and intersectoral consistency. Surveyed users expressed interest in greater periodicity and timeliness for selected data, and more detail on fiscal operations, financial derivatives, and the composition of monetary aggregates.
- **Accessibility:** Dissemination of data and explanatory notes on methodology and data sources (metadata) are broadly adequate for most datasets. Agencies provide excellent access to data through electronic means, and assistance to users is good.

I. INTRODUCTION

1. Assessments in this data module of the Report on the Observance of Standards and Codes (ROSC) are based on information provided by the authorities to the team that visited Manila during September 1–16, 2003,¹ official data available to the public, and user’s views. The report includes the following main components:

- a summary assessment of dissemination practices of macroeconomic statistics relative to the Special Data Dissemination Standard (SDDS) (Section II);
- a summary assessment of the quality of key macroeconomic statistics (Section III), based on the Data Quality Assessment Framework (DQAF) (detailed assessments are presented in a companion document—Detailed Assessments Using the Data Quality Assessment Framework); and

¹ The team comprised Messrs. J.R. Rosales (Head), Segismundo Fassler, Jaroslav Kučera, John Motala, David V. Pritchett (all STA), Kari Manninen (Expert), and Ms. Sonia Bright (Assistant).

- recommendations for improving the quality of macroeconomic statistics (Section IV).
2. To enrich the basis for assessment, the mission elicited the views of users of the macroeconomic statistics. With the assistance of the Bangko Sentral ng Pilipinas (BSP), a survey was conducted and a meeting held with selected users. Users were largely satisfied with the macroeconomic statistics, with a majority expressing satisfaction with access to official data. However, users saw scope for improvement, indicating interest on more detail (fiscal, external, and monetary data) and expanded coverage (fiscal data). In particular, there was interest in additional indicators of fiscal performance, sectoral classification of credit and other monetary aggregates, detailed foreign exchange market data, and longer balance of payments (BOP) series for data revised as a result of methodological change. Only a relatively small number of users were aware of the availability of advance release calendars, and a majority expressed dissatisfaction with available metadata for the government finance statistics (GFS). Most pointed to a need for more information on data revisions.

II. Assessment of Data Dissemination Practices and the SDDS

A. Overview of the SDDS

3. Dissemination practices have been assessed against the requirements of the SDDS. The SDDS is a dissemination standard (rather than a data quality standard) that promotes disclosure of information, including for assessing the suitability of data for various purposes. For each of four dimensions of dissemination (data, access, transparency, and integrity), the SDDS prescribes two to four practices to be monitored. The SDDS was established in 1996 to help countries disseminate comprehensive, timely, accessible, and reliable economic and financial statistics.

B. Current Dissemination Practices

4. The Philippines subscribed to the SDDS in August 1996 and started posting descriptions of methodology and source data (metadata) on the Dissemination Standards Bulletin Board (DSBB) in September 1996. As of September 15, 2003, the Philippines is in observance of the SDDS,² having met specifications for coverage, periodicity, timeliness, and advance release calendars since January 2001. Also, the Data Template on International Reserves and Foreign Currency Liquidity has been disseminated and hyperlinked to the DSBB since January 2001. The National Summary Data Page has been hyperlinked to the DSBB since April 2001.

5. The institutions responsible for the compilation and dissemination of prescribed SDDS data categories are the BSP, the Department of Finance (DOF) and its Bureau of the

² In accordance with the IMF Executive Board's Third Review of the SDDS, IMF staff began monitoring subscriber performance in July 2000. Monitoring seeks to verify that data are released according to advance release calendars and correspond to metadata on the DSBB.

Treasury (BTr), the National Statistical Coordination Board (NSCB), the National Statistics Office (NSO), and the Bureau of Labor and Employment Statistics (BLES). The NSCB produces the national accounts and is the SDDS national coordinator. The BSP is responsible for producing data on the banking system, interest rates, balance of payments, international reserves and foreign currency liquidity, international investment position, external debt, and exchange rates. The NSO produces statistics on production, employment, unemployment, prices, merchandise trade, and population. The BTr produces data on central government operations and debt, while the DOF disseminates data on general government operations.

6. The Philippines provides access to these data through a variety of publications and the following Internet Websites:

- Bangko Sentral ng Pilipinas: <http://www.bsp.gov.ph/home.htm>
- National Statistical Coordination Board: <http://www.nscb.gov.ph/panguna.asp>
- National Statistics Office: <http://www.census.gov.ph/index.html>
- Bureau of the Treasury: <http://www.treasury.gov.ph>
- Department of Finance: <http://www.dof.gov.ph/dofweb.asp>

Data: coverage, periodicity, and timeliness

7. The coverage, periodicity, and timeliness of macroeconomic data are compared with SDDS requirements in Table 1. The Philippines meets SDDS specifications using flexibility options for the periodicity and timeliness of wage data (“as relevant”), and for the timeliness of production and producer price indices. Data on the central government, national accounts, and consumer prices exceed SDDS prescriptions on timeliness, while BOP data exceed the prescription for periodicity.

Access

8. Easy and equal access to official data is a fundamental condition for statistics to address the public’s needs and facilitate market efficiency. In observance of SDDS requirements on public access, advance release calendars are disseminated on the websites of the agencies responsible for data subject to this standard. These advance release calendars are supplemented by a quarter-ahead presentation of release dates on the DSBB. Data are released simultaneously to all users on the NSCB’s national statistics data page (<http://www.nscb.gov.ph/sdds/nsdp.asp>).

Table 1. Philippines: Overview of Current Practices Regarding Coverage, Periodicity, and Timeliness of Data Compared to the SDDS

SDDS Data Category	Coverage (meets SDDS requirement)	Periodicity		Timeliness		Comments
		SDDS	The Philippines	SDDS	The Philippines	
Real Sector						
National accounts	Yes	Q	Q	1 Q	2 M, 1 M for Fourth quarter	Timeliness exceeds SDDS requirements.
Production index/indices	Yes	M	M	6W, M encouraged	6-8 W	Flexibility option for timeliness.
Employment	Yes	Q	Q	1Q	6 W	
Unemployment	Yes	Q	Q	1Q	6 W	
Wages/earnings	Yes	Q	Every 2 years	1Q	4 Q	“As relevant” flexibility option for periodicity and timeliness.
Consumer price index	Yes	M	M	1M	5 D	Timeliness exceeds SDDS requirements.
Producer price index	Yes	M	M	1M	8 W	Flexibility option for timeliness.
Fiscal Sector						
General government operations	Yes	A	A	2Q	2Q	
Central government operations	Yes	M	M	1M	3 W	Timeliness exceeds requirements.
Central government debt	Yes	Q	M	1Q	8-10 W	Periodicity and timeliness exceed SDDS requirements.
Financial Sector						
Analytical accounts of the banking sector	Yes	M	M	1M	1M	
Analytical accounts of the central bank	Yes	M (W recommended)	M	2W (1W encouraged)	2 W	
Interest rates	Yes	D	D	1/	1 D	
Stock market	Yes	D	D	1/	1 D	
External Sector						
Balance of payments	Yes	Q	M	1Q	NLT 1 Q	Periodicity exceeds SDDS requirements.
International reserves	Yes	M (W recommended)	M	1W	1 W	
Reserves template	Yes	M	M	1M	NLT 1 M	
Merchandise trade	Yes	M	M	8W (4-6W encouraged)	7-8 W	
International investment position	Yes	A (Q recommended)	A	3Q	NLT 3 Q	
External debt	Yes	Q	Q	1Q	NLT 1 Q	
Exchange rates	Yes	D	D	1/	1 D	
Addendum: Population	Yes	A	A	...	8 M	

Periodicity and timeliness: (D) daily; (W) weekly or with a lag of no more than one week from the reference data or the closing of the reference week; (M) monthly or with a lag of no more than one month; (Q) quarterly or with a lag of no more than one quarter; (A) annually; and (...) not applicable.

1/ Given that the data are broadly disseminated by private means, the timeliness with which official data are disseminated is not time critical.

Transparency

9. The SDDS requires dissemination of documentation on methodology, data sources, and component detail. Summary methodology descriptions for the SDDS data categories are posted on the DSBB. In addition, agencies disseminate methodological information, component detail, and additional series to permit crosschecks and checks of reasonableness.

Integrity

10. The SDDS requires disclosure of the terms and conditions that govern data collection, compilation, and dissemination, including the provisions governing confidentiality. The laws, regulations, and decrees under which the official statistics are collected, compiled, and disseminated are posted in the websites of compiling agencies, and upon request.

11. Information on pre-release access is made known to the public only through the DSBB. The national accounts are transmitted to the Chairman of the NSCB and the President of the Republic one or two days before release. Employment data are transmitted for information to the Director General of the National Economic and Development Authority (NEDA) two days ahead of release, and to the President following clearance by the NEDA. Wage data are transmitted to senior officials at the Department of Labor and Employment at least three days before release. The monthly price report is delivered to the Director General of the NEDA one day prior to release. The producer price index is also delivered to the Director General of the Department of Trade and Industry. Data on central government operations are distributed to the BSP and the NEDA, and the commissioners of internal revenue and customs, one day prior to release. The BOP is made available to the BSP Governor and the Monetary Board under strict restrictions two working days prior to release. Merchandise trade data are provided to the Director General of the NEDA and the Secretary of the Department of Trade and Industry one day prior to release. Data released by statistical agencies are not accompanied by ministerial commentary, except for data on general government operations, which are usually accompanied by commentary on the reasons for deviations from targets and the outlook for the following year.

III. SUMMARY DATA QUALITY ASSESSMENT

Prerequisites of Quality

12. The statistical system is supported by adequate legal and institutional frameworks. These frameworks are the result of a long tradition of policy aimed at creating the conditions for statistical improvement, commencing with the consolidation of government statistical activity in 1940. Providing an overarching mandate for the dissemination of statistics, the Constitution recognizes the right of access to official records, including data used as a basis for policy development (Section 7, Article III). In addition, a substantial body of legislation underpins coordination in the production of macroeconomic statistics, with the NSCB playing a central role under the chairmanship of the NEDA. The NSCB is responsible for statistical coordination and policymaking. The Executive Board of the NSCB includes

representatives from all ministries, other public sector compilers, local governments, and the private sector. Policy and operational coordination is fostered through NSCB approval of all surveys to be circulated to respondents, approval of selected new products and methodological changes, and formation of inter-agency task forces.

13. The **NSCB** promotes collaboration and quality awareness among compiling agencies, with varying degrees of success. Collaborative arrangements are not always effective in inducing early action to correct compilation problems. Long standing discrepancies in estimates of external sector data of the service and income accounts prepared by the NSCB and the BSP suggest a need for more results-oriented coordination of the statistical system. In addition, gaps in the compilation of import data involving the Bureau of Customs and the NSO highlight the urgent need for closer and more frequent collaboration at the technical level. In contrast, the NSCB has been very effective in raising awareness of new quality standards among government compilers and issued data dissemination guidelines and advance release calendars following the country's subscription to the SDDS. In addition, it rates agencies according to progress toward statistical improvement. Also, its coordination of system-wide statistical plans (a rolling five-year annual statistical plan and a medium-term statistical development plan) has helped to articulate short- and medium-term objectives.

14. Statistical activity at the **NSO** is supported by adequate legislation and ample quality awareness. However, the NSO is faced with challenges in the collection and processing of data for the national accounts and foreign trade statistics. In particular, the response rate to surveys by the target collection date is low, which contributes to the very slow processing of survey data. To help address this problem, the NSO has recently streamlined the questionnaire of a key annual survey (with support from AusAID) and is planning to move to electronic circulation of a monthly indicators survey. As regards the legal basis for collection, the law mandates respondents to supply data within thirty days of the receipt of a request, and empowers the NSO to impose penalties for noncompliance. In line with NSCB policy, however, the NSO relies on close contact to promote voluntary response, including through public acknowledgement of good response performance. In the event, there is an imbalance in penalty options, which are set as six months imprisonment and/or an unindexed fine of 600 pesos (about US\$12). The low cost of noncompliance weakens dissuasive power and enforcement capacity. There are strict legal safeguards on the confidentiality of data collected by the NSO.

15. Given current priorities, there are questions about the adequacy of NSO resources devoted to producing source data for national accounts and foreign trade statistics. While resources dedicated to price statistics appear broadly adequate, more staff time appears necessary to follow up on survey responses and process results. In addition, processing of customs data (which are available in electronic form) continues to rely on manual means, with unexploited opportunities to advise customs staff on ways to improve the trade data reporting system. This is a cause for grave concern as the NSO has been slow to correct the under-recording of imports of electronic goods, which was identified in the late 1990s. As this assessment is limited to NSO work on the macroeconomic statistics, it is difficult to judge whether the institution lacks sufficient budgetary resources or whether the need is for a

refocusing of priorities (it produces over two-thirds of the statistics under the responsibility of the public sector). To support quality improvement, the NSO conducts a Quarterly Customer Satisfaction Survey and periodic consultative meetings with users.

16. The legal framework of the **BSP** along with good inter-agency consultations provide adequate support for the compilation and dissemination of the BOP and monetary statistics. There appears to be a need, however, to strengthen the BSP's legal power to collect data from nonbanks. At present, supervisory legislation empowers the BSP to collect bank data, but there is no provision in its charter requiring nonbanks to respond to data requests. This gap notwithstanding, the BSP remains able to collect data, most likely on the basis of its excellent reputation and high credibility. As BOP compilation continues to move toward greater reliance on surveys and respondents (including nonbanks) are faced with more extensive data requests, maintaining a high response rate could become a challenge. While the BSP charter contains provisions to safeguard the confidentiality of individual data, the policy to guide the Monetary Board in granting access to such data is not specified. Recourse to penalty is sometimes necessary to ensure timely delivery of data, but the unindexed fine of 1,200 pesos (about US\$25) per day appears low relative to banks' financial capacity.

17. The BSP faces important resource management challenges in the pursuit for quality. Staffing constraints are severe in the units preparing the BOP and monetary statistics, even as the number of staff assigned to these units appears nominally adequate. This is because staff members are very frequently required to perform other high-profile duties. As a result, senior staff often dedicate less than half their time to statistical tasks. The focus of work incentives and performance appraisals are thus diverted from statistical responsibilities. Adverse consequences include insufficient attention to validation and analysis of the data, and a decreased capacity to absorb and implement technical assistance, including from the IMF. This is further complicated by a relatively high turnover rate that erodes human capital acquired through training, including that provided by the IMF. More computer resources would facilitate needed improvements, particularly in the monetary area. In spite of these constraints, the BSP is making progress in revising methodologies and improving data collection. While the BSP does not conduct user surveys and lacks an advisory body to review the quality of its statistics, it recently created a data quality team to monitor adherence to international standards.

18. While the legal framework requires the **DOF** and the **BTr** to compile fiscal data needed for policymaking, there is no specific requirement for public dissemination. Nevertheless, these institutions disseminate fiscal data on the operations of the national government with good periodicity and timeliness. The lack of complete and consistent information on the consolidated accounts of the central and general governments is in part related to the sporadic and informal nature of the collaboration between the DOF and BTr. Another factor has been the absence of sufficient provisions granting compilers timely access to source data and an adequate role in the classification of accounting data.

19. While endowed with sufficient staff and computers for compilation, there is some scope at the DOF and the BTr to improve resource management in the pursuit of quality

statistics. In particular, the generation of the GFS from accounting records is not yet automated, which greatly complicates compilation of accurate fiscal statistics. While recent revisions to the national chart of accounts and the introduction of a New Government Accounting System reflect a pursuit of quality, these new norms do not fully conform to international statistical guidelines.

Integrity

20. The legal framework and the policy environment of the **NSCB** and the **NSO** contain ample assurances of integrity concerning the entire statistical system. These institutions emphasize technical independence and professionalism in their work, and provide ethical guidelines to staff. An excellent example of a policy to foster culture of professionalism is the Statistical Survey Review and Clearance System, under which the NSCB evaluates and approves all statistical surveys/censuses to be conducted by public sector agencies. In addition, the NSCB has prepared studies assessing the quality of the statistical system,³ while compilers are encouraged to present papers to the bi-annual National Convention on Statistics sponsored by the NSCB. The NSO publishes ample methodological information and advance release calendars on its website and was the first government agency to receive the Philippine Quality Award in 1999.

21. In a context of fiscal and administrative autonomy, the **BSP** maintains technical independence and high standards of professionalism, transparency, and ethical conduct. It emphasizes professionalism in the hiring and promotion of staff, encourages staff to lecture, attend professional conferences, and work on research relevant to their areas of responsibility. Selection of data sources is based exclusively on statistical considerations, and the BSP comments on erroneous interpretations of its data in the media. In line with SDDS prescriptions, the BSP disseminates metadata as well as terms and conditions of statistical production and has given advance notice of major changes in methodology or source data. Employees are subject to ethical and professional guidelines.

22. The **DOF** and the **BTr** promote professionalism and ethical conduct, but there is insufficient emphasis placed on the need for transparency. There are safeguards that help ensure technical autonomy in the compilation of the GFS, with the choice of data sources and methods free from political influence. Staff from both agencies is able to provide expert advice on technical aspects of the GFS. There is no advance notice of major changes in methodology, statistical techniques, or source data; but changes that cause a break in the series are often identified at the time of publication.

³ Virola, R.A., 2000, "National Experiences in the Quality Assessment and Improvement of Statistical Inputs and Outputs," presented at the Statistical Quality Seminar in Taejon, Korea, December 2000; and, Virola, R.A., Salutan, M., and Cabrales, R., 2001, "Measuring the Quality of Products and Services of the Philippine Statistical System."

Methodological Soundness

23. The **national accounts** follow the concepts and definitions of the *System of National Accounts 1968 (1968 SNA)*. However, significant progress has been achieved in implementing new annual series on the basis of the *System of National Accounts 1993 (1993 SNA)*, with publication planned for 2004. Since 1991, a quarterly compilation system generates GDP estimates at current and at constant prices of 1985, both by production and by expenditure, with an annual breakdown by factor income. It also generates consolidated accounts of the nation, income and outlay accounts by sectors, and regional accounts. The scope, classification/sectorization, and basis of recording are broadly in accordance with international guidelines, with a few exceptions. One such exception relates to scope, as compilers treat as residents Overseas Filipino Workers (OFWs) residing abroad for more than one year. This treatment is not in conformity with the one-year rule for establishing “center of economic interest” (residency) in the *1993 SNA* and the *Balance of Payments Manual*, fifth edition (*BPM5*), with a resulting overestimation of Gross National Income.

24. The concepts and definitions of the **CPI** are in line with international guidelines. The weights are derived from data consistent with household final consumption in the national accounts, and include owner-occupied housing and own-account production. Collection of market prices has a good geographical coverage, and national classifications are derived according to international guidelines.

25. The **PPI**, which is produced along with a set of short-term output indicators, is based on concepts and classification consistent with internationally accepted concepts. However, it covers only manufacturing with weights derived from sales data collected from an establishment survey. More detailed transaction specifications in recording commodity prices are needed to improve source data.

26. The **GFS** are compiled following most of the guidelines of *A Manual on Government Finance Statistics (GFSM 1986)*. A major deviation relates to coverage, with no comprehensive statistics available on the consolidated finances of the central and general governments. Deviations also affect revenue and financing. Revenue includes privatization receipts, while financing includes government purchases of securities issued by the National Power Corporation, which should be treated as net lending. While substantial progress has been achieved in establishing source data for public sector balance sheets and in moving toward accrual accounting, no migration path has been considered for implementing the *Government Finance Statistics Manual 2001 (GFSM 2001)*.

27. The **balance of payments** broadly follows the concepts and definitions set out in the *BPM5*. With regard to scope, the treatment of OFWs residing abroad for more than one year as residents deviates from *BPM5*, resulting in increased factor income credits and decreased current transfers in the external current account. The classification/sectorization of transactions is largely in line with international guidelines. Regarding the basis for recording, transactions are recorded at market prices and conversions of foreign-currency transactions into U.S. dollars—the unit of account—is made at exchange rates prevailing on the day of

the transaction, or, when appropriate, by taking the change in two outstanding balances, sometimes adjusted for valuation changes (e.g., reserve assets). Transactions are generally recorded on a cash basis rather than on an accruals basis.

28. The analytical framework for compiling the **monetary statistics** follows concepts and definitions that are, in general, based on the IMF's draft *Guide to Money and Banking Statistics in International Financial Statistics*, of December 1984. However, the BSP plans to revise procedures and formats for collection and compilation in line with the new *Monetary and Financial Statistics Manual (MFSM)*. Currently, the definition of money is underestimated because the coverage of the monetary statistics does not include all financial institutions that accept deposits or issue deposit substitutes. Deposits at excluded institutions amounted to the equivalent of about 10 percent of bank deposits as of end-December 2002. Sectorization of the domestic economy is not in full compliance with international guidelines; for example, the household sector and private nonfinancial corporations are not separately identified. Holdings of securities are not valued at market prices and there are inconsistencies in the conversion of foreign currency denominated accounts to national currency values. With a few exceptions, accrued interest is not reflected in the underlying financial instrument.

Accuracy and Reliability

29. Quarterly survey data provide insufficient information for the compilation of the **national accounts**. Gaps are filled, to some extent, with data from various administrative sources. Although a comprehensive data collection program is in place, annual establishment surveys become available with a significant delay and thus are not being used for compiling the national accounts. Quarterly establishment surveys do not provide information on intermediate consumption, and a breakdown of inventories by type is also lacking. At present, compilation relies on an outdated benchmark year (1988) and fixed input-output ratios at 1985 prices. There are shortcomings in statistical techniques, especially those for deriving estimates at constant prices. For most activities, not all components of the production accounts are compiled. Instead, only value added at current prices is estimated, with the corresponding estimates at constant prices obtained by deflation. Also, taxes on value added and imports are calculated by direct deflation. The NSCB maintains the good practice of conducting revision studies on a regular basis.

30. Source data for the **CPI** are comprehensive, timely, and follow international guidelines on definitions and valuation. Statistical techniques are generally good, although sampling methods have not been employed. The lack of quality adjustments could undermine accuracy as the market basket evolves. Basic validation of data is emphasized, but further steps to ensure quality and investigate potential sources of bias in the index are needed to meet international standards. Data revisions are not investigated.

31. Annual establishment survey data used for current **PPI** weights are comprehensive and provide reasonable detail on industrial activities. Statistical methods and validation of the survey are also on par with international guidelines. However, the timeliness of these data is

poor and does not allow timely index updates. Also, the number of price observations is fairly small and selection methods for establishments and products need improvement. Largely due to its role in a set of short-term indicators, the PPI lacks the degree of accuracy of more thorough index programs elsewhere, where the PPI plays a more independent role. While broadly adequate, there is room for improving the methods for aggregation, treatment of quality change, resolving missing prices, and updating the commodity basket.

32. Substantial source data (on public sector stocks and flows) are available, but not sufficiently used for compiling the **GFS**. While conforming to the 2003 chart of accounts, however, some of these data are not fully consistent with *GFSM 1986* or *GFSM 2001*. No documented procedures are in place to assure that the audit findings on national government data are taken fully into account and that only the most accurate and reliable data sources are used.

33. Source data used for compiling the **balance of payments** remain incomplete and result in significant undercoverage. Such undercoverage is related to incomplete recording of trade flows derived from customs declarations by the NSO and remittances from OFWs channeled outside the banking system, limited survey coverage of other transactions settled outside the banking system, and difficulties in correctly classifying transactions channeled through foreign currency deposit units (FCDU). Assessment and validation needs to be strengthened and revision studies conducted on a routine basis.

34. Source data for **monetary statistics** are affected by a few shortcomings. Except for commercial banks and thrift banks, accounting data lacks adequate sectorization and classification, and data on financial derivatives are not available. The unaudited BSP balance sheet is provided to compilers with a lag of four weeks. To comply with SDDS requirements, the preliminary analytical accounts of the central bank are disseminated based on operational data. In view of delays in data reporting by commercial banks, estimates are used to comply with timeliness requirements. Statistical techniques are automated, including to prepare seasonally adjusted monetary data. The BSP verifies that data reporting practices followed by the banks are consistent with regulations and has systems and procedures in place to ensure quality in the compilation process. This includes adequate arrangements to ensure the flow of information among the various BSP units contributing to statistical production. Accuracy and reliability in collection and processing is monitored through crosschecks, but there are no routine revision studies.

Serviceability

35. Users and experts are continuously consulted in different forums concerning statistical issues related to the **national accounts**. Other mechanisms used to ensure the relevance of the statistics compiled are a Steering Committee for the implementation of the *1993 SNA* and feedback received at the regular quarterly press conference for the release of the national accounts. The national accounts, which are disseminated on a timely basis, are generally consistent over a reasonable period of time. However, a recent major revision of electronic imports gave rise to a break in the series starting with the estimates for 2000.

Moreover, there are inconsistencies with the BOP involving data on inward remittances from OFWs and travel expenditure of residents. A well established revision policy and practice is in place for routine revisions of quarterly estimates, although there is no policy for updating benchmark and base year estimates. Studies and analyses of revisions are made public.

36. To inform the production of the **CPI** and the **PPI**, the NSO participates in technical committees and policy meetings that include users. A quarterly user survey is also conducted to assess the overall serviceability of NSO statistics. However, the timeliness of the PPI does not meet the SDDS prescription, and there is a lack of long time series for the PPI. Revision policies for both indices are not well communicated to the public.

37. Dissemination of the monthly summary Cash Operations Report is timely and well received by users of the **GFS**. In contrast, the annual *Statistical Bulletin* is not released until almost two years after the reference year, limiting its usefulness to users. Also, it does not cover the consolidated finances of the central and general government operations. Disseminated data on the consolidated public sector suffer from shortcomings. Data on the public sector deficit do not match reported financing data largely because the above-the-line institutional coverage is different from that used to estimate financing. There are also differences in net bank credit according to Treasury and bank data, and budgetary arrears are poorly defined. More generally, reconciliation of fiscal data disseminated by various agencies (DOF, BTr, and the Office of the Commission on Audit) is hampered by differences in coverage, concepts and definitions, and the insufficient use of explanatory notes. No revision studies are made public.

38. Monthly press briefings in connection with the release of the **balance of payments** and annual consultations afford BSP the opportunity to seek feedback on the relevance of BOP data. Dissemination of BOP estimates is timely, with periodicity (monthly) exceeding the SDDS prescription. While broadly consistent within the dataset, there have been several large breaks in the series since the mid-1990s. Also, there are discrepancies with some external sector items incorporated in the national accounts. In addition, data on trade credit liabilities are not consistent with external debt statistics. Revision policy and practices are not formally communicated to the public, but revisions are explained through technical notes posted in the BSP website.

39. As regards the **monetary statistics**, preliminary estimates of central bank aggregates are disseminated with good timeliness, but revised data—based on the unaudited BSP balance sheet—are disseminated only about five weeks after the reference month. The preliminary data on the depositary corporations' survey (monetary survey) are first disseminated on the BSP website 30 days after the reference month. The revised data are disseminated about six weeks after the reference month. There are differences in claims of commercial banks on the BSP vis-à-vis BSP's liabilities to commercial banks in foreign currencies. These differences relate to BSP's certificates of indebtedness originally sold to foreign banks and later bought by local banks. Main breaks and discontinuities in the time series are explained in detail in disseminated notes/footnotes. There are inconsistencies as regards the foreign liabilities of commercial banks presented in the BOP statistics in U.S.

dollars and monetary data shown in pesos due to differences in currency conversion. The sectorization of bank claims on/deposits of the public sector is based on an outdated list of public sector entities, which may complicate accurate identification of bank financing of the different levels of government. Revised data are clearly identified, but users are not made aware of the causes for revisions.

Accessibility

40. Access to **national accounts** data is very good. Estimates, including a confidence interval for GDP, are made public simultaneously at a press conference and in the website of the NSCB. A publication available at the time of dissemination facilitates the understanding of the data by using appropriate layout, tables, and charts. Metadata is available on the DSBB, and reasonably extensive information on sources and methods is available on the website of the NSCB. A Manual on Sources and Methods is also publicly available for consultation. Assistance to users is good, with the names for contact persons along with telephone numbers and addresses available in the NSCB website.

41. Both the **CPI** and **PPI** are disseminated in a clear and predictable form through various media. Advance release calendars are published and data made available simultaneously to all users. Appropriate assistance to users is provided in the form of technical notes, contact information, publication lists and through the NSO library and the NSCB information center. Additional non-confidential data are available on request, including to academia. Metadata and technical notes are disseminated through the DSBB and the NSO website.

42. Monthly **GFS** on the national government are presented and disseminated in a manner that allows major aggregates to be identified and facilitates budgetary analysis. The level of detail for annual data is adequate even though not fully consistent with international methodologies. There is significant scope to improve descriptions of data sources and compilation methods, particularly in the *Statistical Bulletin*, which would permit a better understanding of fiscal data. Contact persons are identified in the website, but not in publications. No catalogues of publications on fiscal data are available.

43. The **balance of payments** are accessible through a range of dissemination media and are released simultaneously to all interested parties. The *Balance of Payments Developments* provides a monthly analysis of external sector developments including useful tables and charts. Nonpublished nonconfidential data or longer series can be provided upon request. However, the sign convention for recording financial account transactions (assets) and the terminology used for errors and omissions differ from *BPM5* and may create confusion to users. The monthly data are released according to a pre-announced schedule, metadata in support of the statistics are available, and assistance to users is adequate.

44. **Monetary statistics** are disseminated in accordance with a pre-announced schedule in hardcopy and in electronic format with a presentation that generally facilitates the interpretation. The monthly *Selected Philippine Economic Indicators* covers developments in

money markets, focusing on the balance sheet of the BSP, broad money, and credit. In addition to monthly monetary data, other key statistical indicators are disseminated weekly through press releases. It would be desirable that the BSP also disseminate other available data, including components of the central bank and the other depository corporations surveys, and details on sectoral components of money and credit aggregates to facilitate analysis. Unpublished and nonconfidential data are made available upon request free of charge. The BSP disseminates in the *Selected Philippine Economic Indicators* a short description of published indicators and aggregates. Also, the *Concept Handbook* provides users with full information on the framework for the compilation and presentation of the monetary statistics and important metadata details, such as concepts, scope, data sources, and compilation practices. A catalogue of publications is available in a hard copy and on the BSP website.

IV. FUND STAFF RECOMMENDATIONS

45. Based on the data quality assessment, discussions with the authorities, and user feedback, the following actions are proposed to bring the compilation and dissemination of macroeconomic statistics more in line with best practice and to enhance their analytical usefulness. Recommendations on the BOP, the national accounts, and the fiscal statistics should be addressed with particular urgency.

General Recommendations

High priority

- Strengthen coordination to facilitate early resolution of compilation problems that involve several agencies.
- Intensify efforts to improve intersectoral data consistency and reconciliation.

Other recommendations

- Ensure that agencies and units compiling macroeconomic statistics have adequate computer resources, staff, and training.
- To improve the usefulness of statistics, initiate regular consultations with public and private sector users (including advisory committees), inform the public ahead of time of planned major methodological changes, disseminate revision policies, and prepare and publish revision studies.
- Provide in relevant agency websites the information on pre-release access currently posted in the DSBB.

National Accounts

High priority

- Adhere to the planned timetable for disseminating a new annual series based on the 1993 SNA guidelines. Also, begin development of consistent quarterly estimates.
- Streamline establishment surveys, taking into account the absorptive capacity of the collecting agency and the need to limit the processing burden for respondents.
- Ensure the comprehensiveness and representativeness of samples used in quarterly surveys of official activity.

Other recommendations

- Derive from establishment surveys quarterly indicators of aggregate intermediate consumption by economic activity and a breakdown of inventories by type.
- Change the compilation system of quarterly national accounts to produce all the components of the production account.
- Improve the methodology for estimating value added and taxes at constant prices.

Consumer and Producer Price Indices

High priority

- Improve the timeliness of PPI surveys.
- To facilitate expanded coverage and improved accuracy of the PPI, consider separating its production from the program to compile a set of short-term indicators, where it plays a subsidiary role.

Other recommendations

- Closely monitor consumer markets to identify possible sources of problems in the measurement of the CPI, and identify equivalent indicators for validation purposes.
- Clarify the revision policy for the CPI and the PPI and disseminate more information on revisions.
- Improve the aggregation method of the PPI and the treatment of missing prices.
- Prepare a plan to incorporate the treatment of quality change in the calculation of the CPI and the PPI.

Government Finance Statistics

High priority

- Grant one DOF entity the authority to coordinate data collection in accordance with international statistical guidelines, and the compilation and dissemination of a comprehensive and consolidated set of stock and flow data on the central and general governments.
- Disseminate timely quarterly consolidated stock and flow data on the central government (including extrabudgetary funds) and annual data on general government.

Other recommendations

- Adopt a plan to migrate to the *GFSM 2001*.
- Establish procedures to help ensure the use of only the most accurate and reliable data sources for general government stock and flows.

Balance of Payments

High priority

- Implement organizational changes to ensure that staff can concentrate on statistical production, and increase computer resources.
- Improve the coverage of customs trade data and develop estimates of the value of remittances of OFWs channeled outside banks.

- Intensify efforts to extend the coverage of enterprise surveys to close gaps with respect to transactions settled through accounts abroad.
- Improve the recording of direct investment—services, income, flows, and stocks.
- Remove the current estimates of trade credit and develop estimates based on surveys.

Other recommendations

- Consider amending bank secrecy legislation to permit data collection for statistical purposes, while strengthening safeguards on confidentiality. Alternatively, conduct surveys to close gaps associated with FCDU secrecy rules.
- Modify the residency concept applied to OFWs, with appropriate coverage (i.e., travel) and classification (i.e., workers' remittances) changes.
- Develop an alternative methodology to record freight and insurance transactions and to eliminate duplication in the estimation of passenger fares and other transportation services.
- Compile interest on an accrual basis.
- Develop a common dataset on exports and imports of goods and services for use in compiling the BOP and national accounts. Also ensure consistency across BOP, external debt, and international investment position statistics.
- Incorporate estimates of financial derivatives.
- Improve coverage of private sector debt, including intercompany debt and resident holdings of debt securities issued abroad by residents (e.g., pension funds).
- For improved recording, consider foreign airlines as nonresident rather than resident.

Monetary Statistics

High priority

- Implement organizational changes to ensure that staff can concentrate on statistical production, and increase computer resources.
- Expand coverage to include all financial institutions accepting deposits or issuing deposit substitutes, establish uniform conversion of foreign currency accounts, and incorporate market valuation of bank securities in the compilation.

Other recommendations

- Adopt a plan to implement the methodology/terminology of *SNA 1993* and *MFSM*.
- Establish routine updating of sectorization of bank assets and liabilities in line with changes in the composition of the different levels of government.
- Provide compilers of monetary data with unaudited BSP balance sheet within 10 calendar days after the end of the reference month.
- Exclude deposits of banks in liquidation from the monetary aggregates.
- Incorporate accrued interest in the underlying financial instrument.
- Improve coverage of financial instruments by collecting data on financial derivatives.
- Disseminate on a monthly basis the detailed central bank survey, the other depository corporation survey, more components of the key monetary aggregates, and data on financial derivatives.

Table 2. The Philippines—Data Quality Assessment Framework: Summary Presentation of Results

	National Accounts	Consumer Prices	Producer Prices	Balance of Payments	Government Finance	Monetary Statistics	Comments
Key to symbols: NA = Not applicable; O = Practice Observed; LO = Practice Largely Observed; LNO = Practice Largely Not Observed; NO = Practice not observed							
0. Prerequisites							
0.1 Legal and institutional environment	O	O	O	LO	LO	LO	See paragraphs 16–19.
0.2 Resources	O	O	LO	LNO	LO	LNO	
0.3 Quality awareness	O	O	O	LO	LO	LO	
1. Integrity							
1.1 Professionalism	O	O	O	O	O	O	See paragraph 22.
1.2 Transparency	O	O	O	O	LO	O	
1.3 Ethical Standards	O	O	O	O	O	O	
2. Methodological Soundness							
2.1 Concepts and definitions	LO	O	O	O	LO	O	See paragraphs 23, 25–28.
2.2 Scope	LO	O	O	LO	LO	LO	
2.3 Classification/sectorization	O	O	O	LO	O	LO	
2.4 Basis for recording	LO	O	LO	LO	O	LNO	
3. Accuracy and reliability							
3.1 Source data	LNO	O	LNO	LNO	LO	LO	See paragraph 29–34.
3.2 Statistical techniques	LNO	LO	LO	LO	LO	O	
3.3 Assessment and validation of source data	O	O	O	O	LO	O	
3.4 Assessment and validation of intermediate data	LO	LO	LO	LO	LO	O	
3.5 Revision studies	O	LO	LO	LO	LO	LO	
4. Serviceability							
4.1 Relevance	O	O	LO	O	LO	O	See paragraphs 35–39.
4.2 Timeliness and periodicity	O	O	LO	O	O	O	
4.3 Consistency	LO	O	LO	LNO	LO	LO	
4.4 Revision policy and practice	LO	LO	LO	LO	LO	LO	
5. Accessibility							
5.1 Data accessibility	O	O	O	LO	O	LO	See paragraphs 42–44.
5.2 Metadata accessibility	O	O	O	O	LO	O	
5.3 Assistance to users	O	O	O	O	LO	O	

INTERNATIONAL MONETARY FUND

PHILIPPINES

**Report on Observance of Standards and Codes (ROSC)—
Response of the Authorities**

August 10, 2004

- This Response of the Authorities has been prepared by the agencies responsible for the various macroeconomic datasets: Bangko Sentral ng Pilipinas (balance of payments and monetary statistics), National Statistical Coordination Board (national accounts), National Statistics Office (producer price index and consumer price index), and the Department of Finance, the Bureau of the Treasury and the Commission on Audit (government finance statistics).
- Sections authored by each of these agencies are clearly identified. Each section presents clarifications and differences of view, and some also include a list of plans for improvement. In some cases remedial action was already in train at the time of the assessment (September 2003) or has been initiated since then.
- The Bangko Sentral ng Pilipinas has moved to set the institutional conditions needed for statistical improvement. In particular, it is taking steps to create a separate department of statistics and modify its charter to add a provision extending its legal power to collect data from nonbanks.

BANGKO SENTRAL NG PILIPINAS (BSP)

1. Balance of Payments (BOP)

A. Comments on Detailed DQAF Assessment—BOP

Section	Section Heading	Issue/s Raised	Comments
0.2.1	Staff, financial, and computing resources are commensurate with statistical programs.	Staff, particularly senior officers, are frequently assigned to do non-compilation activities.	It is the management's view that staff working on statistics should be well aware of how the inputs they generate serve as the basis for the formulation of good policy. Statistics and policy form a continuum. Therefore, senior staff members (at the statistics groups) should not be an enclave by themselves. As they assume higher responsibilities, they—like other senior staff—will have to take on other high-profile duties (including attending committee meetings, representing the BSP in various fora, drafting speeches, contributing materials for publication). In these tasks, they should be able to explain not only the numbers but also the policy that accrues from these numbers.
0.2.2	Measures to ensure efficient use of resources are implemented.	Because of work pressures, staff has not been able to implement recommendations of the BOP technical assistance mission on a timely basis.	It should also be recognized that some of the causes in the delay of implementation of recommendations are beyond the control of the BSP. For instance, trade statistics is the responsibility of the NSO. Despite the resources poured by the BSP to assist NSO in improving trade data, there remain institutional bottlenecks

Section	Section Heading	Issue/s Raised	Comments
0.3.3	Processes are in place to deal with quality considerations, including tradeoffs within quality, and to guide planning for existing and emerging needs.	Consideration is being given to disseminating quarterly rather than monthly BOP.	that need to be resolved by agencies directly involved in data collection. Since the BSP cannot impose its timetable on these agencies, both the BSP and the NSCB are considering options for a common methodology that would result in a better estimate of trade balance until trade data can be improved.
2.2.1	The scope is broadly consistent with internationally accepted standards, guidelines, or good practices.	Treatment of overseas Filipino workers (OFWs) as residents, and their remittances under income account rather than under current transfers.	The Monetary Board has approved the shift to quarterly compilation and release of the BOP beginning with the December 2003 BOP report. The quarterly report contains monthly disaggregation. Meanwhile, the change in NIR (BOP position) is still released every month.
			The present treatment of OFW remittances under Income Account is due more to data constraints since it is impossible to determine the residency of the remitter, based on the length of stay of Filipinos abroad, from the bank reports. The BSP has already established alternative estimates (2002–Q1 2004) consistent with internationally-recommended definition. Incorporation into the BOP statistics will be done simultaneously with other recommendations of the peripatetic mission.

Section	Section Heading	Issue/s Raised	Comments
2.3.1	Classification/sectorization systems used are broadly consistent with internationally accepted standards, guidelines, or good practices.	Repairs and goods procured in ports classified as services and not as goods.	Beginning January 2004, the ITRS provided a separate item on this. The “new set” of BOP statistics (based on the peripatetic mission’s recommendations), to be released simultaneously with all revisions, has already reclassified this account under goods.
		The classification/sectorization of BOP transactions deviates from <i>BPM5</i> in a few areas.	<p>In general, the problems in classification and in the design of methodology are borne out of data limitations. This is particularly true with respect to methodology on trade credit, which, because of unavailability of data on trade between affiliates, does not take into consideration that portion that should be classified under direct investment. In response to this, the CBTS has generated data that show distinction between affiliated and non-affiliated trade credits. However, it should be also noted that trade credit transactions between affiliates are properly classified under direct investment in the IIP compilation.</p> <p>The “new set” of statistics on trade credits are based on the CBTS and external debt statistics.</p> <p>With respect to the treatment of OBUs as residents, the BSP has been generating two data sets of Reserves data; the old series that treats OBU as non-residents, and the new series that reclassifies OBUs as residents. The BSP has</p>

Section	Section Heading	Issue/s Raised	Comments
2.4.2	Recording is done on an accrual basis.	Income data are reported on a cash basis	released in March 2004 a revised series of GIR (as far back as end Dec 2002), taking into consideration the reclassification of OBUs as residents. Similarly, a revised series (1990–2002 annual, 2004 quarterly) of external debt had been released in March. Except for interest payment on zero-coupon bond which is recorded on an accrual basis starting 2003.
3.1.1	Source data are collected from comprehensive data collection programs that take into account country-specific conditions.	Partner country data from the IMF's Direction of Trade Statistics suggest that exports and imports for 2000–2002 (and earlier years) may be considerably understated.	For completeness, the statement should also include a remark on the possible impact of the understatement of trade statistics on current account surplus/deficit (i.e., whether current account surplus is overstated/understated).
		Data on financial flows of OBUs are not yet included in BOP.	OBUs' external transactions will be incorporated in the BOP in the release of the revised series.
3.1.2	Source data reasonably approximate the definitions, scope, classifications, valuation, and time of recording required.	The stock data on the foreign assets and liabilities include some domestic claims and liabilities.	For the BOP compilation, banking data on foreign assets and liabilities have already been adjusted to exclude foreign-currency denominated domestic claims and liabilities. Both BOP and Banking groups are now working together for the improvement of coverage and classification of banks' external transactions.

B. Plans/Status of Implementation of ROSC Recommendations—BOP

I. RECOMMENDATIONS	II. IMPLEMENTATION STATUS/PLANS
<p>A. High Priority</p> <ul style="list-style-type: none"> Implement organizational changes to ensure that the staff can concentrate on statistical production, and increase computer resources. 	<p>In October 2003, the Monetary Board (MB) approved the shift of the periodicity of BOP publication from monthly to quarterly to enable the staff of BOPIRG to have more time to reflect on the quality of data, develop new data sources, reconcile data obtained from different sources and adequately analyze the data being collected.</p> <p>The first quarterly publication of BOP came out in December 2003 covering data up to 3rd quarter 2003. Subsequently, publication of BOP has been on a quarterly basis with monthly breakdowns.</p> <p>The creation of a Department of Economic Statistics (DES) independent of the Department of Economic Research (DER) was considered and approved in principle during the BSP Strategic Management Planning Conference in November 2003. Moreover, in June 2004, the Monetary Board approved in principle a bankwide reorganization plan, including the creation of the DES. Details of the organizational set-up are being worked out.</p> <p>Meantime, a dedicated group was formed within the Balance of Payments and International Research Group (BOPIRG) tasked to do solely the BOP compilation and initiate improvements in the system of compilation and in the quality of BOP statistics.</p>

<p>I. RECOMMENDATIONS</p> <ul style="list-style-type: none"> • Improve the coverage of customs trade data and develop estimates of the value of remittances of Overseas Filipino Workers (OFWs) channeled outside banks. 	<p style="text-align: center;">II. IMPLEMENTATION STATUS/PLANS</p> <p>In addition to the Task Force on import statistics, the creation of a task force to address issues on exports is also being recommended to the National Statistical Coordination Board (NSCB). The NSCB Board has recently approved the creation of the IAC on Trade Statistics. One of the functions of the IAC is to review and address issues pertaining to trade statistics with the view to improve the quality of trade data. Initial efforts of the IAC included a series of trainings on the use of a new system, the automated export documentation system (AEDS) for companies in the electronics industry. The AEDS is expected to facilitate the collection and processing of exports data. The IAC will also roll out the training program to non-PEZA exporters/importers. Core members of the IAC, aside from BSP and NSCB, include the National Statistics Office (NSO), Bureau of Customs (BOC), Philippine Economic Zone Authority (PEZA), Export Development Council and the Department of Trade and Industry.</p> <p>With respect to the estimates of OFW remittances, a review of the NSO's survey methodology on OFW remittances is being discussed in the newly created Small Technical Working Group on Estimation Methodology for OFW Stock and Flow under the IAC on Overseas Employment and Tourism Statistics. This could provide the parameters to estimate remittances sourced outside banks and generate data that will unify estimation methods on OFW remittances with National Accounts.</p> <p>The Inter-agency Committee on Labor, Income, and Population Statistics (IAC-LIPS) has approved the adoption of the "one-year rule" in determining residency of OFWs. The recommendation will be elevated to the NSCB Board. The Task Force agreed that data on documented OFWs will be taken from the Philippine Overseas Employment Administration (POEA) while data on undocumented OFWs will be obtained from NSO's survey.</p>
--	---

I. RECOMMENDATIONS	II. IMPLEMENTATION STATUS/PLANS
	<p>RoP has received a TA from ADB to conduct a study on OFW remittances. The study is aimed at increasing OFW remittances, promoting flow of remittances to official channels and using OFW remittances as a tool for poverty alleviation. The proposed policies and recommendations that will come out of the study could be used as inputs to address some of the statistical concerns on OFW remittances. The ADB is finalizing the final report of the TA which is expected to come out in August 2004.</p> <p>There are also plans to include the profile of OFWs in the quarterly Labor Force Survey of the NSO. Information from the survey could be used in setting benchmarks for estimating OFW remittances.</p>
<ul style="list-style-type: none"> Intensify efforts to extend the coverage of enterprise surveys to close gaps with respect to transactions settled through accounts abroad. 	<p>Additional available results from the Cross Border Transactions Survey (CBTS), e.g., those pertaining to the electronics and airline industries that are not yet integrated into the present compilation process are now being incorporated in the BOP accounts.</p> <p>Administrative data pertaining to nonresident airlines that are available from the Civil Aeronautics Board (CAB) are also being incorporated in the revised BOP.</p> <p>In close coordination with an IMF TA mission, the coverage of the CBTS is being extended to cover major foreign direct investment (FDI) enterprises and major service industry groups.</p>

I. RECOMMENDATIONS	II. IMPLEMENTATION STATUS/PLANS
	<p>A list of top corporations with foreign equity has been secured from the Securities and Exchange Commission (SEC). This will constitute the frame of respondents for the proposed survey of FDI enterprises.</p> <p>A consultative meeting with 50 top corporations with foreign equity was held in February 2004. The pilot survey on foreign direct investment enterprises was launched after the meeting and preliminary results are now available for evaluation. 34 of the 50 target top corporations have submitted their comprehensive responses to the pilot survey. These 34 corporations account for a significant share of total direct investment in the country.</p> <p>The pilot survey on FDI enterprises was carried out by the BSP but the full-blown FDI survey and the survey for the service-industry establishments are planned to be done in collaboration with the National Statistics Office. Preliminary discussions have already been made with NSO.</p>
<ul style="list-style-type: none"> • Improve the recording of direct investment—services, income, flows, and stocks. 	<p>The questionnaire that was developed for direct investment enterprises contains not only data on stock of investment, but also all other related data/transactions.</p>
<ul style="list-style-type: none"> • Remove the current estimates of trade credit and develop estimates based on surveys. 	<p>Estimates of trade credits for the electronics industry based on the CBTS are available from 2001. Meanwhile, annual trade credits from 1990 to present, based on data from the SEC top 5000 corporations, were calculated. The revised estimates of trade credits will be included in the forthcoming overall revision of BOP.</p>

I. RECOMMENDATIONS	II. IMPLEMENTATION STATUS/PLANS
<p>B. Other Recommendations</p>	
<ul style="list-style-type: none"> • Consider amending bank secrecy legislation to permit data collection for statistical purposes, while strengthening safeguards on confidentiality. 	<p>A proposal to amend the BSP charter to include a provision that would give BSP the authority to get BOP-related data from non-financial corporations will be pursued in the next Congress. In the meantime, the MB instructed the DER to link up with NSO, and use the latter's authority in conducting survey to get additional information for BOP purposes.</p>
<ul style="list-style-type: none"> • Modify the residency concept applied to OFWs, with appropriate coverage (i.e., travel) and classification (i.e., workers' remittances) changes. 	<p>The issue has been brought to the attention of the IAC on Overseas Employment and Tourism Statistics. The 1-year criterion was approved by the group but still to be elevated to the NSCB Board for approval.</p>
<ul style="list-style-type: none"> • Develop an alternative methodology to record freight and insurance transactions and to eliminate duplication in the estimation of passenger fares and other transportation services. 	<p>It is being proposed that all domestic carriers be covered in the CBTS. At present, survey data from the major airline company have already been secured. However, there is difficulty in soliciting responses from other companies.</p>

I. RECOMMENDATIONS	II. IMPLEMENTATION STATUS/PLANS
	<p>There is no more need to conduct another survey for foreign airlines operating in the Philippines, as these airlines submit quarterly reports on their receipts and disbursements to the Civil Aeronautics Board (CAB). Instead, arrangements have been made with CAB for it to provide BSP with the necessary information. However, BSP is still coordinating and working closely with CAB in order to correct some of the data processing flaws it observed in the way these data are processed and tabulated.</p> <p>The BOP peripatetic mission has also recommended the conduct of a survey on international transactions of freight forwarders and transport operators. The frame to be used for the survey is currently being drafted and the questionnaire is being designed. This will be discussed during the next proposed TA mission.</p>
<ul style="list-style-type: none"> • Compile interest on accrual basis. 	<p>This is being studied by both DER and IOD, although computation of interest on zero coupon bonds on accrual basis is presently being done by DER.</p>
<ul style="list-style-type: none"> • Develop a common dataset on exports and imports of goods and services for use in compiling the BOP and national accounts. 	<p>The IAC on Overseas Employment and Tourism Statistics are working on unified data sets and estimation methods.</p>

I. RECOMMENDATIONS	II. IMPLEMENTATION STATUS/PLANS
	<p>BSP's proposed methodology on OFW income was approved by the BOP peripatetic mission. NSCB has yet to comment on the methodology.</p> <p>The ongoing coordination among concerned agencies has significantly addressed issues on imports. The issue on export valuation is currently being discussed in the IAC on Trade Statistics. BSP has sought the technical guidance of the IMF statistics department on the issue.</p>
<ul style="list-style-type: none"> • Incorporate estimates of financial derivatives. 	<p>The forthcoming revised 2002–2003 BOP statistics will incorporate estimates of financial derivatives.</p>
<ul style="list-style-type: none"> • Improve coverage of private sector debt, including intercompany debt and resident holdings of debt securities issued abroad by residents (e.g., pension funds). 	<p>The BOP will be tapping the external debt database for information on the purchase by local pension/insurance sectors of resident debt issues abroad. This will start with the June 2004 BOP to come out in September 2004.</p>
<ul style="list-style-type: none"> • For improved recording, consider foreign airlines as nonresident rather than resident. 	<p>Implementation of the revised treatment of foreign airlines as non-residents will be incorporated in the revised 2002–2003 BOP statistics.</p>

2. Monetary Statistics

A. Comments on DQAF for the Monetary Statistics

Section	Section Heading	Issue/s Raised	Comments
<p>Summary Data Quality Assessment (par. 16).</p>	<p>Prerequisites of Quality.</p>	<p>There appears to be a need, however, to strengthen the BSP's legal power to collect data from non-banks. At present, supervisory legislation empowers the BSP to collect bank data, but there is no provision in its charter requiring non-banks to respond to data requests.</p>	<p>The proposal for BSP to strengthen its legal power to collect data from non-banks may entail legislative action which may take sometime to pursue. To improve BSP's collection of data from non-banks, the BSP has already forged agreements with other government agencies such as the PDIC, the SEC and the Insurance Commission to facilitate exchange of information on supervised entities, thus facilitate the compilation of data. For instance, the BSP-SEC Coordinating Committee is conducting a study on the reporting requirements by the BSP and SEC for non-banks which aims to come up with uniform periodic reports to be submitted by non-banks that will serve the purpose of both SEC and BSP.</p> <p>The second statement may not be accurate as the BSP has supervisory authority over non-banks engaged in allied activities which are subsidiaries or affiliates of banks, as provided under Section 25 of R.A. No. 7653. The above comments of the IMF applies only to stand-alone non-banks without quasi-bank licenses.</p>

Section	Section Heading	Issue/s Raised	Comments
<p>Summary Data Quality Assessment (par. 16).</p>	<p>Prerequisites of Quality.</p>	<p>Recourse to penalty is sometimes necessary to ensure timely delivery of data, but the unindexed fine of P1,200 (about U.S. \$22) per day appears low relative to bank's financial capacity.</p>	<p>The fine of P1,200 per day is not based on the bank's financial capacity. The amount laid down had undergone careful study. Penalties were set depending on the impact of delayed reports based on the category of reports as identified by the BSP. The accumulated amount may also be burdensome on banks having liquidity problems. However, should the penalty be based on the financial capacity of the bank, this may deter the commission of certain bank violations and, therefore, enhance the efficiency of banks as well as their compliance with BSP regulations. Moreover, in case of willful delay in the submission of reports, erring banks and other financial institutions are subject to appropriate administrative sanctions including monetary penalties in amounts as may be determined by the MB but in no case to exceed P30,000 a day for each violation, as provided under Sec. 37 of R.A. No. 7653.</p>
<p>Summary Data Quality Assessment (par. 28).</p>	<p>Methodological Soundness.</p>	<p>Currently, the definition of money is underestimated because the coverage of the</p>	<p>Starting 31 March 2004, the Depository Corporations Survey (DCS) covering all deposit-taking institutions has been published in the SDDS and BSP websites. Initial data covered Dec 2001,</p>

Section	Section Heading	Issue/s Raised	Comments
Summary Data Quality Assessment (par. 28).	Methodological Soundness.	<p>monetary statistics does not include all financial institutions that accept deposits or issue deposit substitutes.</p> <p>Holdings of securities are not valued at market prices.</p>	<p>Dec 2002, Dec 2003, Jan 2004 and February 2004. The objective is to publish a five-year monthly series by end 2005.</p>
			<p>The statement may only be partly accurate since banks and NBQBs are required to mark-to-market their investments in all debt securities and marketable equity securities classified under “Trading Account Securities (TAS)”, “Available for Sale Securities (ASS)” and “Underwriting Accounts (UA)” under Circular No.161 dated March 30, 1998. Circular Letter dated December 29, 2000 establishes the market benchmarks/reference prices as well as computation method used by banks and NBQBs to mark-to-market debt and marketable equity securities.</p> <p>As for investments in bonds and other debt instruments (IBODI), these are valued at cost adjusted for discount or premium, less any needed provision for permanent impairment in value.</p>
Sec. 3.1.2 Detailed DQAF.	Source data reasonably approximate the definition, scope, classifications, valuations, and time of recording required.	Transactions of the BSP and commercial banks with counterparties that cannot be reasonably approximated or allocated to specific	Proper classification to specific instruments or sectors shall be adopted for inclusion in the forthcoming implementation of the Subsidiary Ledger (SL) reporting system for commercial banks which will have staggered parallel testing starting with the Due From and Other Liabilities accounts

Section	Section Heading	Issue/s Raised	Comments
		<p>instruments or sectors are recorded in “other assets” and “other liabilities.” Supporting schedules of rural banks and nonbank financial institutions with quasi banking functions are not provided to compilers of monetary data by the SRSO.</p>	<p>effective for January 2004 reports for submission fifteen (15) banking days after end of reference month. Each subsidiary ledger shall undergo a two-month parallel testing and shall go live reporting on the third month.</p> <p>With regard to the reconciled supporting schedules and main report of thrift banks and rural banks, this issue shall also be addressed by the forthcoming implementation of their respective Subsidiary Ledger (SL) reporting systems.</p>
<p>Sec. 3.1.2 Detailed DQAF.</p>	<p>Source data reasonably approximate the definition, scope, classifications, valuations, and time of recording required.</p>	<p>Data reported by savings and loan associations do not provide needed detail for the proper sectorization and classification of their records.</p>	<p>The relevant reporting changes are already incorporated in the SL reporting system for thrift banks. The proposed issuance to implement the needed changes was already extensively exposed to the Chamber of Thrift Banks for comments.</p> <p>Staggered parallel testing by account has started in February 2004 reports and live implementation started with April 2004 reports. Consultation with banks ongoing.</p>
<p>Summary Data Quality Assessment (par. 34).</p>	<p>Accuracy and Reliability.</p>	<p>Except for commercial banks and thrift banks, accounting data lacks adequate sectorization and classification, and data on financial derivatives are not</p>	<p>Banks are required to submit monthly report on “Outstanding Derivatives Contract” showing the notional and mark-to-market values of their outstanding derivatives contract as of month-end. We recognize though that said data on derivatives may not be sufficient to serve IMF’s purpose. However, a revised report format on derivative</p>

Section	Section Heading	Issue/s Raised	Comments
		available.	<p>transactions consolidating or covering all the data on contingent foreign exchange (FX) spot and derivative transactions required by the different BSP departments including statistics needed for the IMF reports is under preparation/finalization. A derivatives database within the SES shall be established to provide an electronic means of checking outstanding obligations and double-hedged underlying transactions. The revised report shall be electronically transmitted by the banks to the BSP, for consolidation in the derivatives database that the Information and System Technology Department (ISTD) will develop. Each user department, in coordination with ISTD, will design its own report template so that it can generate its required data/information from the derivatives database.</p>
Detailed Assessment using DQAF (Sec. 0.2.1).	Staff, financial, and computing resources are commensurate with statistical programs.	Staff, particularly senior officers, are frequently assigned to do non-compilation activities.	<p>It is the management's view that staff working on statistics should be well aware of how the inputs they generate serve as the basis for the formulation of good policy. Statistics and policy form a continuum. Therefore, senior staff members (at the statistics groups) should not be an enclave by themselves. As they assume higher responsibilities, they—like other senior staff—will have to take on other high-profile duties (including attending committee meetings, representing the BSP in various fora, drafting speeches, contributing materials for publication). In these tasks, they should be able to</p>

Section	Section Heading	Issue/s Raised	Comments
Executive Summary.	Accuracy and Reliability	Source data for the monetary statistics are generally adequate, but there is a long delay in the transmission of the balance sheet of the BSP to compilers.	<p>explain not only the numbers but also the policy that accrues from these numbers.</p> <p>This observation appears to be inconsistent with the statements found under Detailed Assessment using DQAF, which say that “Source data are timely (sec. 3.1.3)” and “timeliness follows dissemination standards (sec. 4.2.1).” If the dissemination of preliminary analytical accounts of the central bank based on operational data from concerned BSP units is already acceptable, then there is no immediate need for the BSP unaudited balance sheet to be submitted to compilers within 10 calendar days after end of reference month. Moreover, the ten-day timeline is presently not feasible because data on BSP’s externally managed funds are received by BSP from custodians only ten days after reference month, providing no time for processing of said data.</p>

B. Plans/Status of Implementation of ROSC Recommendations- Monetary Statistics

III. RECOMMENDATIONS	IV. IMPLEMENTATION STATUS/PLANS
<p>A. High Priority</p> <ul style="list-style-type: none"> Implement organizational changes to ensure that the staff can concentrate on statistical production, and increase computer resources. 	<p>The creation of a Department of Economic Statistics (DES) independent of the Department of Economic Research (DER) was considered and approved in principle during the BSP Strategic Management Planning Conference in November 2003. The Monetary Board is now working on the reorganization of the entire BSP, including Research and Statistics.</p> <p>In the proposed DES, a separate group for monetary and financial statistics will be formed out of the EFMG, which currently also covers business expectations survey and other leading indicators, to enable staff to focus on compilation of monetary statistics.</p>
<ul style="list-style-type: none"> Expand the coverage to include all financial institutions accepting deposits or issuing deposit substitutes, establish uniform conversion of foreign currency accounts, and incorporate market valuation of bank securities in the compilation. 	<p>The expansion in institutional coverage and the uniform conversion of foreign currency accounts have been implemented starting in March 2004 with the publication of the Depository Corporations Survey (DCS) covering all deposit-taking institutions. Initial periods covered were Dec. 2001, Dec. 2002, Dec. 2003, January 2004 and February 2004.</p> <p>As for market valuation of bank securities holdings, except for investments in bonds and other debt instruments (IBODI), which are valued at cost adjusted for discount or premium and any needed provision for permanent impairment in value, banks and NBQBs are required to mark-to-market their investments in all debt securities and marketable equity securities as required under Circular No. 161 dated March 30, 1998.</p>

III. RECOMMENDATIONS	IV. IMPLEMENTATION STATUS/PLANS
	Circular letter dated December 29, 2000 establishes the market benchmarks/reference prices as well as the computation method used by banks and NBQBs to mark-to-market debt and equity securities.
<p>B. Other Recommendations</p>	
<ul style="list-style-type: none"> • Adopt a plan to implement the methodology/terminology of <i>SNA 1993</i> and <i>MFSM</i>. 	<p>Quarterly action plans have been submitted to the Corporate Planning Office for this purpose. Implementation will be part of Phase II (Phase I is expansion in institutional coverage and uniform valuation of foreign currency-denominated accounts) and will start in the second half of 2004. Phase II would be limited basically to classification issues and is not expected to have further significant impact on the level of M3 and other monetary aggregates. A 5-year monthly DCS series (2001–2005) is expected to be completed by 2005.</p>
<ul style="list-style-type: none"> • Establish routine updating of sectorization of bank assets and liabilities in line with changes in the composition of the different levels of government. 	<p>Sectorization requirements are expected to be addressed by the implementation of the Subsidiary Ledger (SL) Reporting System for commercial banks (parallel testing started in Jan. 2004), thrift banks (parallel testing started in Feb. 2004) and rural banks. In this connection an inter-agency group consisting of representatives from BSP, NSCB, DOF and COA was organized in October 2003 to agree on a common, updated sectorization of GOCCs. The sectorization exercise/agreements will be forwarded to NSCB for endorsement and implementation by early 2005.</p>
<ul style="list-style-type: none"> • Provide compilers of monetary data with unaudited BSP balance sheet within 10 calendar days after the end of the reference month. 	<p>May not be feasible at this time since data on BSP's externally-managed funds are received by the BSP from custodians only ten days after reference month, providing no time for further processing of said data.</p>

<p>III. RECOMMENDATIONS</p>	<p>IV. IMPLEMENTATION STATUS/PLANS</p>
<ul style="list-style-type: none"> ● Exclude deposits of banks in liquidation from the monetary aggregates. 	<p>Implemented in March 2004, with the publication of the DCS.</p>
<ul style="list-style-type: none"> ● Incorporate accrued interest in the underlying financial instrument. 	<p>For incorporation in the SL Reporting System.</p>
<ul style="list-style-type: none"> ● Improve coverage of financial instruments by collecting data on financial derivatives. 	<p>A revised report format on derivative transactions consolidating or covering all data on contingent foreign exchange spot and derivative transactions required has been prepared and being finalized. A derivatives database within the SES shall be established to provide an electronic means of checking outstanding obligations and double-hedged underlying transactions. The revised report shall be electronically transmitted by the banks to the BSP, for consolidation in the derivatives database that the Information and System Technology Department (ISTD) will develop.</p>
<ul style="list-style-type: none"> ● Disseminate on a monthly basis the detailed central bank survey, the other depository corporation survey, more components of the key monetary aggregates, and data on financial derivatives. 	<p>Being implemented as data become available. A new table on DCS will be included in the April 2004 Monthly Selected Philippine Economic Indicators publication.</p>

NATIONAL STATISTICAL COORDINATION BOARD (NSCB)

National Accounts

1. *Data source*

- While the annual Philippine System of National Accounts (PSNA) to a certain extent relies on quarterly indicators due to the untimeliness/unreliability of annual establishment data, there was really **no** switching from an annual to a quarterly compilation. There are industries in the PSNA wherein the annual data is the summation of the quarterly raw data. This is true for agriculture, fishery and forestry, mining and quarrying, electricity, gas and water and private construction. For the other industries, both annual and quarterly approaches are considered since the NSCB also utilizes annual financial statements of key players in the respective industries in the absence of results of the Annual Survey of Philippine Business and Industry (ASPBI).

- Estimates are not based solely on matched establishments.

2. *Statistical techniques*

- Our national accounts have various data sources other than the NSO's Quarterly Survey of Philippine Business and Industry (QSPBI).

- We do not estimate taxes in our quarterly national accounts. We estimate taxes on an annual basis.

While the quarterly National Accounts publication does not include taxes as a separate item, the benchmark estimates of GVA by industry include taxes. The annual National Accounts publication, however, shows taxes as a separate item in the tables on Factor Shares by Institution and in a special table on Direct and Indirect Taxes.

3. *Classifying Philippine citizens as residents after having worked abroad for more than a year:*

- We would like to reiterate that our practice of classifying our Overseas Filipino Workers (OFWs) as residents is still consistent with the *1993 SNA Manual*, paragraph 4.15 which states that “*an institutional unit is a resident of that country when it has a center of economic interest in the economic territory of that country. In most cases, a long period of time may be interpreted as one year or more, although this is suggested only as a guideline and not as an inflexible rule.*”

As such, we consider our OFWs as members of resident households in the Philippines even if their contracts may last up to two years. This criterion of residence we set for the OFWs is based on the nature of their job and uniqueness of this segment of society in the Philippine setting. The center of their economic interest is still in the country as they come back and forth to visit their families. Eventually, they come home for good after the expiration of their contracts. The OFWs also remit a major portion of their compensation to their families.

4. ***Recent developments and plans for statistical improvement:***

With the advent of the *1993 SNA*, NSCB faces the challenge of carrying on the adoption of the new SNA to its annual accounts and to update our base year to 2000. The program of revision is comprehensive since it involves the improvements in the current estimation methodologies and at the same time will incorporate the recommendations of the *1993 SNA* to the extent possible. We are revising 1991–2001 PSNA series, to incorporate the annual establishment data results of 1991–1998, with 1999 to 2001 estimates based on annual/quarterly indicators. The annual series will be reconciled with the new quarterly accounts series. The new series that will be produced from this activity will have to be linked with the old link series, 1946–1999, which was published in 2002.

As we shift to the new base year, and given our plans to use chain volume measures or update the base year every five years, extrapolation will definitely be shortened. Double-deflation may not be feasible given the existing data sources but there will be significant improvements in the methodologies using the single deflation approach. It will be useful if Mr. Rosales can inform us which countries (developing, if possible) are doing double-deflation.

On Overseas Filipino Workers (OFWs), a Technical Working Group (TWG) was formed to address various issues on the OFWs and both the NSCB and the BSP are members of the TWG.

The TWG on OFWs under the Inter-Agency Committee on Labor, Income and Productivity Statistics (IACLIPS) of the NSCB has already been meeting on a regular basis. Similarly, NSCB has convened the Inter-Agency on Trade Statistics and has been meeting regularly to address emerging issues/concerns on foreign and domestic trade statistics.

In line with the revision program, a computerized compilation system is currently in place and in the process of further refinement, for the quarterly PSNA that will make the accounts more transparent and will minimize, if not totally eliminate estimation errors. Likewise, we are also assessing the feasibility of an earlier release of the quarterly national accounts in 2005.

NATIONAL STATISTICS OFFICE (NSO)

Producer Price Index

1. Transaction specific characteristics of commodities are not included.

This concept is difficult to operationalize for the producer's price survey. What are included in defining the commodity in the market basket are the unit of measure, detailed product specification and brand name.

2. Revision Policy

The NSO sets revision policies which are internally recorded, and not published in its website nor at IMF's. Technical Notes of the MISSI which are published at NSO website will be updated to include statement of these policies, sectoral weights, dissemination practice, etc. Likewise, metadata provided to IMF will be updated.

3. Imputation of missing data

The method used for imputing missing price data is to use the latest price data reported, with about three (3) months lag. This is the most acceptable method since prices do not fluctuate very much on a monthly basis. Generally for most industries, there is no significant difference between the preliminary and revised indices as the response rate is fairly high on the release date of the index (close to 90%).

4. Methodology of PPI computation

At the 4-digit PSIC, the PPI is simply the average price relatives of the commodities. No weights are available at the commodity level for the PPI if the entire 4-digit PSIC is considered.

For another survey conducted which collects data at the commodity level, there is a recommendation to use commodity weights based on the proportion of the value of production of a particular sample commodity to total production reported by all sample commodities of the sub-industry. Total production of these commodities are collected in the said survey.

If this same weight determination will be used for the PPI, the use of a new methodology will have to be presented to the NSCB Technical Committee on Survey Design for evaluation.

5. Availability of Weights

The PPI's latest weight is from the 1998 annual survey of manufactures. Starting the January 2004 PPI, the weights will hopefully be updated with the forthcoming release of the 2000 Census of Philippine Business and Industry for manufacturing (reference year is 1999). There is still a lag, however, since the 2002 annual survey (reference year 2001) is yet at the processing stage. Since the weights are based on the industries production data,

there is not much yearly variation on the industries' contribution to total manufacturing. The 2003 annual survey is scheduled to be conducted in mid-2004.

Consumer Price Index

6. A study on the imputation of missing items shall be undertaken this year.

DEPARTMENT OF FINANCE (DOF) and BUREAU OF THE TREASURY (BTr)

Government Finance Statistics

1. *Authority of DOF to compile GFS data (Sec. 0.1.1)*—The legal mandates of the DOF (Department of Finance) and the Bureau of the Treasury (BTr) do not have any specific provision about the function of data compilation. However, as the IMF report also recognizes the DOF, through the FPPO and the BTr, “collects, compiles, and disseminates fiscal data for the public sector.” The IMF also recognizes that significant dissemination of fiscal data occurs as a public service.
2. *Data sharing and coordination in conformity with GFSM 1986 and GFSM 2001, and submission in a reasonable time frame is not yet accomplished through an authorized and documented set of procedures, (Secs. 0.1.2 and 0.1.4)*—Ad hoc arrangements are in place to document data sharing and coordination. To strengthen coordination, we propose that a DOF order be issued instructing compliance with the timely submission of data requirements for GFS. The BTr has been tasked to draft the order.
3. *Existing computer system has not been authorized to, or been able to, automatically generate GFS from existing records. (Sec. 0.2.1)*—Automation will follow as soon as the New Government Accounting System (NGAS) is fully operationalized. Pilot tests on automation are being undertaken by BTr to thresh out bugs in the system.
4. *Compiling in the most efficient manner (Sec. 0.2.2)*—We agree with the report’s observation that the existing automated system can be improved in order to more efficiently compile GFS, than the present manual system. In this instance we may find the need to request technical assistance from the IMF.
5. *Undocumented processes to ensure quality of data collection, existence of plans for emerging GFS needs (Sec. 0.3.1 to Sec. 0.3.3)*—The proposed DOF order can substantially mitigate these concern. Current compilation practices have been followed for several years as without being documented into a standard manual of procedures. The proposed DOF order will document procedures and specify reportorial requirements.
6. *Evidence of analytical work or staff publications of methodological papers (Sec. 1.1.1)*—This will have to form part of future programs. We propose that technical assistance be requested from the IMF to guide the technical staff.
7. *Notice of change in series not indicated (Sec. 1.2.4)*—The staff agrees with this observation and will henceforth change reportorial procedures for future statistical updates.
8. *Not being aware of Act Establishing Code of Conduct and Ethical Standards for Public Officials and Employees (Sec. 1.3.1)*—The IMF report stated very specifically at the beginning of this section that “The staff behavior is consistent with high ethical standards.” It ended with the observation that ... “there is evidence that the experienced staff compiling fiscal data has high ethical standards.”

9. *Non-compliance with GFSM 2001 (Sec. 2.3.1, Sec. 2.4.2, Sec. 3.1.1, Sec. 3.1.2)*—The GOP is still not fully compliant with *GFSM 2001*. The implementation of the NGAS will be critical in ensuring compliance with the data compilation requirements of *GFSM 2001*, specially in the shift of reporting from cash transactions to accrual system.
10. *Reporting of annual data of LGUs (Sec. 3.2.1)*—The reporting of data for LGUs will be enhanced with the implementation of the Manual on the Statement of Income and Expenditures for Local Government Units. The manual took effect in 2003.
11. *Assessment and validation of source data (Sec. 3.3.1)*—The main source for the questions on the validity of source data stems from the cash reporting of transactions by the BTr and the accrual system of the COA. These problems will be resolved when the NGAS is implemented by all government entities.
12. *Reconciliation of data between fiscal sector and other macroeconomic statistical areas (Sec. 3.4.1)*—In the final meeting between the IMF and GOP, the Neda and the BSP clarified that they use BTr data for NG fiscal transactions.
13. *Reconciliation of GFS financing data and corresponding data with financial institutions (Sec. 3.4.3)*—BTr is scheduling a meeting with BSP so that there will be a reconciled report.
14. *Documentation for data revisions (Sec. 3.5.1)*—The GOP technical staff resolved to do this much more consistently in future reports. Future updates of the DOF Statistical Bulletin will indicate data series revisions in the explanatory notes.
15. *Available statistical reporting of annual data, while good in certain areas, is not comprehensive and consolidated for transactions or stocks of the central government, the general government, or the public sector. (Sec. 4.1.1)*—This concern will be addressed by the implementation of NGAS.
16. *Data on main aggregates of annual data do not fully conform to fully aggregated or consolidated data for on public sector operations. The fiscal data on the public sector include deficit and financing data that were not consistent. (Sec. 4.2.1) and Sec. 4.3.1)*—The fiscal sector agencies informed the IMF that they intend to improve the coverage of institutions as transactions of the public sector.
17. *Explanation of statistical breaks not evident (Sec. 4.3.2)*—This recommendation will be implemented in subsequent updates of statistical reports.
18. *Harmonization of fiscal accounts with related national income accounts (Sec. 4.3.3)*—The authorities during the final meeting have indicated that steps are to be taken to help ensure that fiscal data are consistent and reconcilable with national account, monetary and financial, and balance of payment statistics.
19. *No routine focus on coherence between preliminary and final data to ascertain if preliminary data can be used with confidence for policy determination and analysis. (Sec.*

4.4.2) and Sec. 4.4.3)—This is intended to be part of future improvements of the reportorial system.

20. *The aggregates and details of accounts of the National Government are not in full conformity with either GFSM 1986 or GFSM 2001. (Sec. 5.1.1)*—As mentioned earlier, the implementation of the NGAS and the shift to accrual accounting will enable GFS accounts to conform to *GFSM 2001*.

21. *Cash Operations Report not publicly disseminated (Sec. 5.1.2)*—On the contrary, the Cash Operations Report is disseminated via the BTr website and also through hard copies.

22. *Concepts, sources, methods (C, S, & M) are not significantly documented in reports. The information provided is not sufficient to allow users to understand fully the framework under which the statistics are produced (Sec. 5.2.1) and Sec. 5.2.2)*—We intend to request the IMF for technical assistance in order for the technical staff to improve the reporting of C, S, & M information.

23. *Contact persons and catalogue of statistical products and services are not provided in publications. (Sec. 5.3.2)*—The 2003 DOF Annual Report as well as the Statistical Bulletin will include contact persons and a list of statistical products

COMMISSION ON AUDIT (COA)

Government Finance Statistics

A. On differences of view with the assessments

1. Observation: The use of the NGAS chart of accounts does not permit the compilation of complete detailed data on holding gains and other changes in volume

The NGAS Chart of accounts provides Gain/Loss Accounts to be used in recording holding gains. However, these are recognized on transactions involving assets and liabilities expressed in foreign currency and upon disposal of assets and payment of liabilities. Rules and regulations in government accounting are being updated to conform with the international accounting standards on the subject.

2. Observation: General government consumption is estimated as the sum of cost of components both at current and at constant prices. These estimates include estimated consumption of fixed assets, based on the perpetual inventory method, as part of the cost of production of government.

The estimated consumption of fixed asset or property, plant and equipment or depreciation is based on the acquisition cost using the straight line method of computation after providing for an estimated salvage value. However, inventories or consumables are recorded using the perpetual inventory method and expenses are recorded upon issuance/consumption using the moving average method of computing the cost.

B. Recent developments

3. Observation: National source data on expenditures are recorded at the time the expenditure is authorized and funds are allocated to various agency accounts, rather than after the agencies have taken the funds from its government accounts (for cash basis of recording or actually received the purchased goods and services for the accrual basis of recording)

That practice is being done by National Government Agencies (NGAs) and Local Government Units (LGUs) before the adoption of NGAS in fiscal year 2002.

The COA Annual Financial Reports for NGAs and LGUs for the fiscal year 2002 and onwards reflect assets and expenses recorded upon receipt/purchase of goods and services rendered and not upon allocation of funds.

Government-Owned and/or Controlled Corporations (GOCCs) are already adopting the accrual method of accounting where expenditures are recorded in the books of accounts upon receipt of the goods and rendition of services.

C. Plans for statistical development.

4. Observation: The national chart of accounts under NGAS does not follow statistical guidelines provided under the *Government Finance Statistics Manual (GFSM)* for 1986 and 2001.

The NGAS chart of accounts may consider modification to include those accounting information/transactions which are aligned with international accounting standards. The financial transactions being defined in the report on the observance of standards and codes are specifically GOCCs transactions and these are covered under COA Circular No. 2004-002 dated April 29, 2004 re: the adoption of the NGAS chart of accounts by GOCCs effective January 1, 2005.

5. Observation: The use of the NGAS chart of accounts does not permit the compilation of complete detailed data on net acquisition of financial assets and complete liability data by instrument or by sector of creditor

Although the Commission on Audit (COA) is coming up with a standard accounts for use by the three (3) sectors in government, differences among the three still have to be considered. The NGAS Chart of Accounts when properly applied permits compilation of complete detailed data on net acquisition of assets and complete liability data by instrument, by sector or by creditor.

Compilation of detailed data by sector can also be done thru the adoption of the Responsibility Center Accounting when the electronic New Government Accounting System (e-NGAS) is in place in all government agencies.

6. Observation: Substantial source data (on public sector stocks and flows) are available, but not sufficiently used for compiling the Government Financial Statistics (GFS). While conforming to the 2003 chart of accounts, however, some of these data are not fully consistent with the *GFSM 1986* or *GFSM 2001*.

The chart of accounts prepared under the NGAS for adoption in government accounting may not be aligned to the GFSM but to International Accounting Standards.

7. Observation: The basis of recording transactions are at market prices and conversions of foreign-currency transactions into US dollar—the unit of account—is made at exchange rates prevailing on the day of the transactions, or, when appropriate, by taking the exchange in two outstanding balances, sometimes adjusted for valuation changes (e.g. reserve assets). Transactions are generally recorded on a cash basis rather than on an accrual basis. (On Introduction No. 27, last 2 sentences)

Appropriate accounting guidelines and procedures on the proper recording of financial transactions involving foreign currency is being updated under the NGAS to conform with the International Accounting Standards.

8. Observation: compilation/consolidation problems involving several agencies.

There are also differences in net bank credit according to Treasury and bank data, and budgetary arrears are poorly defined. More generally, reconciliation of fiscal data disseminated by various agencies (DOF, BTr and Commission on Audit) is hampered by difference in coverage, concepts and definitions, and the insufficient use of explanatory notes. No revision studies are made public. (On Introduction No. 37, last 3 sentences)

The agency compiling the national accounts, the NSCB, does not correct source data for the national accounts. Thus, it depends completely on the data collected by other government statistical agencies. The main agency providing source data for national accounts are the ...NSO, DA, BSP and DBM. The DBM is the source for the data referred to the general government. (On page 14, 3.1.1, first paragraph).

Government finance statistics are available annually from the “Commission on Audit of the Republic” and quarterly from the DBM. The latter data are based on cash flows registered by the Bureau of the Treasury. No data on government’s capital stock are available. (On page 14, 3.1.1, last paragraphs)

A recommendation which is considered a high priority is the grant to one DOF entity the authority to coordinate data collection in accordance with international statistical guidelines. This Office conforms with the recommendation that an entity be authorized to coordinate for the proper compilation and consolidation of accounts in government (three sectors). Since COA, particularly GAFMIS, is one of the compilers and providers of statistical/financial data, inclusion of that Office in the orientation as well as development of effective and efficient methodology of statistical data consolidation is with utmost importance. In the future, an integrated financial management system (IFMS) involving the above-mentioned agencies, may be established to ensure accurate, timely and complete compilation of national accounts.

9. Observation: No other statistical techniques have been reported for adjusting reporting fiscal data (and such absence is reflected in the mismatch between data on deficits and financing for the public sector, as reported by DOF). In light of new procedures being undertaken by the DOF officials, no need for dramatic adjustments was perceived. However, some adjustments are expected in view of the absence of certain details in the chart of accounts that would permit the accurate consolidation of quarterly stock and flow statistics on the central government, and consolidation of annual stock and flow statistics on the general government and the public sector.

The absence of details in the Chart of Accounts will be addressed by requiring agencies to maintain subsidiary ledgers.

Inasmuch as the NGA, LGUs, and GOCCs adopt the NGAS Chart of Accounts, consolidation of their financial transactions may be done although separate Annual Financial Reports for each sector shall be prepared by the Commission on Audit.

There is need, however, for clarification on the definition of public sector since the written definition/discussion implies that public sector pertains to public corporation but the Figure 2.2 presented implies that it consists of the general government and the public corporation.

INTERNATIONAL MONETARY FUND

PHILIPPINES

Detailed Assessments Using the Data Quality Assessment Framework (DQAF)

Prepared by the Statistics Department

Approved by Carol S. Carson and David Burton

August 10, 2004

This document contains a detailed assessment by dataset of the elements and indicators that underlie the data quality dimensions discussed in the Philippines's Report on the Observance of Standards and Codes (ROSC)—Data Module. It also includes as appendices the DQAF generic framework and the results of the users' survey.

Contents	Page
Acronyms	3
I. National Accounts.....	5
II. Price Statistics (Consumer Price Index).....	28
III. Price Statistics (Producer Price Index).....	45
IV. Government Finance Statistics	62
V. Monetary Statistics.....	87
VI. Balance of Payments Statistics	110
Text Tables	
1. Data Quality Assessment Framework: Summary of Results for National Accounts.....	27
2. Data Quality Assessment Framework: Summary of Results for Price Statistics (Consumer Price Index)	44
3. Data Quality Assessment Framework: Summary of Results for Price Statistics (Producer Price Index)	61
4. Data Quality Assessment Framework: Summary of Results for Government Finance Statistics	86
5. Data Quality Assessment Framework: Summary of Results for Monetary Statistics.....	109
6. Data Quality Assessment Framework: Summary of Results for Balance of Payments Statistics	135
Appendices	
I. Summary of the Special Data Dissemination Standard (SDDS)	136
II. Data Quality Assessment Framework—Generic Framework.....	138
III. User’s Survey.....	144

ACRONYMS

<i>1968 SNA</i>	<i>System of National Accounts 1968</i>
<i>1993 SNA</i>	<i>System of National Accounts 1993</i>
ASEAN	Association of Southeast Asian Nations
BOC	Bureau of Customs
BOP	Balance of Payments
BOPIRG	Balance of Payments and International Research Group
<i>BPM4</i>	<i>Balance of Payments Manual, fourth edition</i>
<i>BPM5</i>	<i>Balance of Payments Manual, fifth edition</i>
BSP	Bangko Sentral ng Pilipinas
BTr	Bureau of the Treasury, DOF
CBBOL	Central Bank Board of Liquidators
CBTS	Cross Border Transactions Survey
COFOG	Classification of the Functions of the Government
COICOP	Classification of Individual Consumption by Purpose
CPI	Consumer Price Index
DBM	Department of Budget and Management
DER	Department of Economic Research, BSP
DOA	Department of Agriculture
DOF	Department of Finance
DOT	Department of Tourism
DQAF	Data Quality Assessment Framework
DSBB	Dissemination Standards Bulletin Board
FCDUs	Foreign Currency Deposit Units
FIES	Family Income and Expenditure Survey
GDP	Gross Domestic Product
GFS	Government Finance Statistics
<i>GFSM 1986</i>	<i>A Manual of Government Finance Statistics 1986</i>
<i>GFSM 2001</i>	<i>Government Financial Statistics Manual 2001</i>
HBS	Household Budget Survey
IAC	Interagency Committee
IDEA	Institute for Development and Econometric Analysis
IIP	International Investment Position
IOD	International Operations Department (BSP)
<i>ISIC</i>	<i>International Standard Industrial Classification of all Economic Activities</i>
ITRS	International Transactions Reporting System
<i>MFSM</i>	<i>Monetary and Financial Statistics Manual</i>
MISSI	Monthly Integrated Survey of Selected Industries
NCR	National Capital Region
NEC	National Economic Council
NEDA	National Economic and Development Authority
NSCB	National Statistical Coordination Board

NSO	National Statistics Office
OBUs	Offshore Banking Units
ODCs	Other Depository Corporations
OFWs	Overseas Filipino Workers
OSCS	Office of Statistical Coordination and Standards
PPI	Producer Price Index
PMS	Performance Measurement Scheme
PSIC	Philippine Standard Industrial Classification
PSNA	Philippine System of National Accounts
RBU	Regular Banking Units
ROSC	Report on the Observance of Standards and Codes
SDDS	Special Data Dissemination Standard
SEC	Securities and Exchange Commission
SNA	System of National Accounts
TCP	Technical Committee on Price Statistics
TCS	Technical Committee on Survey Design
VSS	Visitor Sample Survey

DETAILED ASSESSMENT USING THE DATA QUALITY ASSESSMENT FRAMEWORK (DQAF)

The following detailed information on indicators of statistical practices in the areas of the national accounts, prices, government finance, money and banking, and balance of payments statistics was gathered from publicly available documents and information provided by officials. This information, which is organized along the lines of the generic DQAF (see Appendix II), was used to prepare the summary assessment of data quality elements, based on a four-part scale of observance, shown in Philippines's Report on the Observance of Standards and Codes (ROSC)—Data Module.

I. NATIONAL ACCOUNTS

0. Prerequisites of quality

0.1 Legal and institutional environment

0.1.1 The responsibility for collecting, processing, and disseminating statistics is clearly specified

The statistical activity has its legal basis in Commonwealth Act 591 of August 19, 1940 and a number of executive orders issued after the Act. The legal framework for the compilation of the national accounts is based mainly on Executive Orders 121 and 352.

Executive Order 121, issued on January 30, 1987, reorganized the Philippines' statistical system (PSS) and created the National Statistical Coordination Board (NSCB), the highest policymaking and coordinating agency on statistical matters in the Philippines.

Executive Order 352, July 1, 1996, lists and designates activities/statistics to be implemented by statistical agencies, the frequency of the statistics, and their schedule of data dissemination and timeliness. It designates NSCB as the compiler of national accounts.

Briefly, by way of background: Annual national accounts estimates in the Philippines were first compiled by the Bangko Sentral ng Pilipinas (BSP), for the period 1946–56. In 1957 the responsibility was taken over by the Office of Statistical Coordination and Standards (OSCS) of the National Economic Council (NEC). In 1987 Executive Order 121 abolished the OSCS and created the NSCB as an independent agency of the National Economic and Development Authority (NEDA), the successor of the NEC.

0.1.2 Data sharing and coordination among data producing agencies are adequate

Coordinating the production of statistics and establishing the compilation standards are two attributes conferred by law to the NSCB. A mandate of the agency is to create interagency and technical committees, technical working groups, and task forces, to discuss issues on data

being produced by the Philippine statistical system. The agency also has the task of reviewing and clearing the statistical surveys undertaken by other designated agencies in the system.

National accounts requirements provide a framework for identify data sets to be generated by data-producing agencies and on timeliness requirement for data provision to the NSCB. Data sharing and cooperation with other statistical agencies has also been formalized in the form of memoranda of agreement.

Notwithstanding this coordination shortcomings still exist regarding the timely availability of significant source statistics needed for compiling the national accounts. The most remarkable shortcoming is the long delay in the availability of the results of annual surveys.

0.1.3 Respondents' data are to be kept confidential and used for statistical purposes only

The confidentiality of data reported to the agencies of the PSS is guaranteed by law, stated in section 4 of the Commonwealth Act No. 591. In surveys and other statistical inquiries, respondents are informed that data collected is “confidential and cannot be used for purposes of taxation, investigation or regulation.” Reference is made to the Act 591, which in its section 3 defines the obligation to provide the data.

In the dissemination of the data, due care is taken to avoid disclosure of individual data by adopting relevant aggregation rules. Only authorized personnel have access to the individual data and only to those data required for implementing their tasks. Computers are protected with security access codes, and no persons other than the compilers and supervisors may access the data. The premises of the NSCB are constantly secured by guards, and no outsider is allowed to enter the NSCB without authorization.

0.1.4 Statistical reporting is ensured through legal mandate and/or measures to encourage response

Act 591 mandates the furnishing of data for statistical purposes. However, the fines prescribed for failure to comply with the law have not been updated since 1940 and therefore are unlikely to be effective in persuading respondents. The statistical agencies that collect basic data do not resort to the law but rely on the goodwill of the respondents. The NSCB does not collect basic data, and all data needed for national accounts compilation are provided by other agencies in the PSS.

The response to surveys conducted by the statistical agencies is facilitated by providing the names of contact persons who may assist in filling out the questionnaires. Additionally, prior to the conduction of surveys, respondents are provided with orientation on the nature and content of the questionnaires.

0.2 Resources

0.2.1 Staff, financial, and computing resources are commensurate with statistical programs

Relative to other government agencies and other countries, the NSCB staff working on national accounts is not sufficient. Given the limited resources, the NSCB generally practices multi-tasking. This however, does not hinder the staff from generating the annual and quarterly national accounts as well as the subnational dimension on a timely basis. At present, the relevant NSCB staff occupies 35, out of 50 positions available. There is a high turnover of new staff, who usually remain at work less than five years, attracted by better work opportunities outside NSCB. However, a core of about 20 staff members have been working more than five years.

An NSCB thrust is the continuing development and enhancement of its manpower. The national accounts compilers are provided regular training, both international and local. Most current training in national accounts focuses on concepts and compilation methodologies. Staff members have attended courses on national accounts conducted by the IMF. Also, the implementation of the *1993 SNA* has been favored with in-house training by consultants from the United Nations Statistical Division, the Australian Bureau of Statistics, and the United Nations Economic and Social Commission for Asia.

Sufficient computing resources exist, with all staff being provided with a personal computer and access to the Internet through the NSCB's own server. The computers are linked by a network, and most of the compilation process, starting from the receipt of the basic data up to the preparation of the publication, has been automated. Using the Windows 2000 operating system, a software that automates the complete national accounts compilation system has been internally designed and has been in operation since last year with excellent results. This has allowed, among other things, the speed-up of the compilation time and an increase in the quality of the estimates, with the additional advantage of making the compilation process more transparent.

The financial resources allocated to compiling of the national accounts in the Economic and Social Statistics Office of the NSCB are considered sufficient. However, there is a lack of financial resources for the PSS as a whole a situation that hinders the availability of timely source data. In 2003, from the total institutional budget of the NSCB, 22.2 percent was allocated to the compilation of the national accounts. The allocation is done under the proposal and approval of the NSCB, in accordance with the statistical development program, where the needs of the national accounts are highly considered. Most of the budget allocated to the NSCB for compiling of the national accounts covers labor cost and overheads, since the data needed for the compilation is provided free by the other compiling agencies.

0.2.2 Measures to ensure efficient use of resources are implemented

Procedures are constantly under review to increase the cost efficiency of data production. Consistency in concept, methodologies and classifications across the statistical producing agencies is encouraged through the work of a number of technical working groups (TWGs), task forces, and special meetings with data-producing agencies. As mentioned before, the national accounts compilation system has been computerized at all stages. Budgetary allocations to statistical works for the designated statistics are recommended by the NSCB technical staff to the Department of Budget and Management (DBM) in consideration of the needs of each institution. The NSCB monitors improvements of working processes through the Performance Measurement Scheme (PMS), by which ratings are given to the statistical agencies for their performance.

0.3 Quality awareness

0.3.1 Processes are in place to focus on quality

A high recognition of quality by management is reflected in the introduction of the PMS. The constant improvement of the statistical output is one of the main principles in the executive orders that regulate the compilation of the statistics in the Philippines. The NSCB staff is highly committed to the mission statement and the institutional core values, which emphasize quality.

0.3.2 Processes are in place to monitor the quality of the collection, processing, and dissemination of statistics

The Statistics Review and Clearance System, applying to all designated statistics and constitutes an important tool to ensure the quality of the statistical work. It checks the appropriateness of the methods and procedures to be implemented for the collection and processing of the statistics by all agencies of the PSS. Furthermore, the Statistical Advisory Council to the NSCB, with statistical experts and representatives from the academia and media, meets at least once a year, providing valuable inputs for the quality of the statistical work.

0.3.3 Processes are in place to deal with quality considerations, including tradeoffs within quality, and to guide planning for existing and emerging needs

Management is aware of the trade-off between dimensions of quality, and these issues are discussed with data producers and users, using transparent policy. In the case of the national accounts the public is informed, for example, that the quality of the first estimates for the last quarter of the year is lower than for other estimates, due to the relative short time for compilation (30 days after the end of the reference period)—a schedule agreed to meet data users' needs. The development of new statistics is carefully planned and budgeted with the involvement of the task forces.

1. Integrity

1.1 Professionalism

1.1.1 Statistics are compiled on an impartial basis

Executive Order (EO) 121, which rationalizes the existence of the NSCB, emphasizes the need to maintain a decentralized system, characterized by independence, objectivity, and integrity, to make it more responsive to the requirements of national development.

Recruitment and promotion of the staff is based on professional competence. The NSCB recruits staff mainly by advertising on the website and at schools and conducting career talks at universities. The selected candidates should pass through prescribed interviews and civil-servant exams. The NSCB's performance and appraisal system rates the staff biannually.

1.1.2 Choices of sources and statistical techniques are informed solely by statistical considerations

Given the limitations of the various data sources and the existing capacity of the data-producing agencies, the technical staff is encouraged to look for the best data sources and methodologies that meet the requirements of the data frameworks. Their findings are presented and discussed with management, which helps in making decisions on the most appropriate sources of data and methodology. The accuracy, reliability, timeliness, and sustainability are considered. The mechanism designed for this purpose is the NSCB discussion series on the national accounts, conducted regularly.

The staff is encouraged to prepare research papers on relevant issues of the national accounts. These papers are usually published after review by management of the NSCB (Directors, Assistant Secretary General, and the Secretary General). When papers are disseminated as products of the PSS, they are reviewed also by the other statistical agencies. Some of the staff research papers can be found in the NSCB's publication "Compilation of Special Studies for the Philippine System of National Accounts (PSNA)."

1.1.3 The appropriate statistical entity is entitled to comment on erroneous interpretation and misuse of statistics

The NSCB is entitled to comment on erroneous interpretations or misuse of the statistics, and it has done it by means of written communications to the press signed by the Secretary General. Most criticisms on the statistics and the responses of the NSCB have been made through newspapers columns. Cases that have required an NSCB response have decreased with the introduction of the "Technical Notes on the Quarterly PSNA," which are released almost at the same time the estimates are released in press conferences. The technical notes contain information on the limitations of the PSNA estimates, new features, improvement efforts and other relevant information. These notes are posted on the NSCB's website a few days after the press release. At the press conference, the media representatives are provided

with a kit containing the press release document, a copy of the presentation by the Secretary General of the NSCB, and an exemplar of the publication “National Accounts of the Philippines.” Besides including detailed tables and graphs, the exemplar provides also information on sources of revisions of previously published data, a description of main findings for the current period, and some technical notes.

1.2 Transparency

1.2.1 The terms and conditions under which statistics are collected, processed, and disseminated are available to the public

The Statistical Act, as well as the Executive Orders governing the functions of the NSCB, are posted on the institution’s website. They are also available at the NSCB National Statistical Information Center.

The NSCB website provides a wide range of information about the agency and its products, including where they can be found and the names, addresses and telephone numbers of the responsible compilers. A catalog of publications is available on the website and at the Information Center. The publications also contain the release calendar for the statistics and the names of the responsible staff, although not all publications refer to other publications of the institution.

1.2.2 Internal governmental access to statistics prior to their release is publicly identified

The quarterly national accounts estimates are made available to the NEDA Secretary and to the President of the Republic one day before the release at a press conference. The prior access to the data by the government has been made public only through the SDDS bulletin board on the IMF website.

1.2.3 Products of statistical agencies/units are clearly identified as such

The NSCB clearly identifies all its publications with its name and logo. It also acknowledges the inputs of other producing agencies in every publication. In case of joint publications with other institutions (the case of the input-output tables), both institutions are identified.

1.2.4 Advance notice is given of major changes in methodology, source data, and statistical techniques

In the case of the national accounts, the new methodology is discussed in advance in forums of experts and users. Discussions have been held on the forthcoming introduction of a new series of national accounts based on the 1993 SNA. In past special cases, such as when significant revisions to the data of foreign trade were to be introduced, the public was informed in advance by means of press releases by the NSCB, the National Statistics Office (NSO) and the BSP.

1.3 Ethical standards

1.3.1 Guidelines for staff behavior are in place and are well known to the staff

New staff members are given orientation on the norms of conduct of the NSCB and the ethical standards that a public servant should adhere to. The guidelines and standards are outlined on the NSCB intranet. The NSCB has also formulated a set of core values that each staff is required to inculcate. The staff also attends regularly the flag ceremony, and every year the NSCB conducts a values orientation workshop.

The staff of the NSCB, like all public servants, must adhere to the “Code of Conduct and Ethical Standards for Public Officials and Employees,” as provided in the Republic Act No. 6713, approved on February 20, 1989, and the rules for their implementation issued in April 1989.

2. Methodological Soundness

2.1 Concepts and definitions

2.1.1 The overall structure in terms of concepts and definitions follows internationally accepted standards, guidelines, or good practices

At present, the Philippines’s national accounts estimates disseminated are based on the 1968 SNA as their conceptual framework. In parallel, the NSCB is compiling a new series of national accounts following the 1993 SNA. The new series, which start with the data referred to year 1991, are to be released in May 2004.

2.2 Scope

2.2.1 The scope is broadly consistent with internationally accepted standards, guidelines, or good practices

The PSNA comprises estimates of GDP by production and by expenditure. GDP estimates are compiled at current prices and at constant prices of 1985. Quarterly estimates are available from 1981. Compilation of GDP in the most recent years has relied more on quarterly surveys than previously. Under the present PSNA all consolidated accounts of the nation up to the external transactions account are compiled. In addition, the income and outlay accounts are compiled by sector, following the classification of the 1968 SNA (private corporations, government corporations, general government and households including the nonprofit institutions serving households). Regional national accounts, an annual breakdown of GDP by income factors, and separate estimates for the nonobserved activities are also available.

The new series based on the *1993 SNA* are going to cover the whole sequence of accounts from production to the capital account for the nation and for the institutional sectors. Preliminary estimates of these series are available today for discussion for 1991–98.

The NSCB also compiles input-output tables with a scheduled five-year frequency. Presently, work is under way on tables for the year 2000. The most updated input-output tables available correspond to 1994.

For the purposes of the national accounts the definition of the economy also includes territorial enclaves in the rest of the world (government representations abroad), free zones, and factories operated by off-shore enterprises under customs control (export processing industries). Contrary to internationally recommended practices, nationals of the Philippines working abroad for more than one year are also considered as residents. The same concept of residence is used in the compilation of the balance of payment by the central bank of the Philippines.

Only the own-account production of agricultural products is included in the measure of output explicitly. Production for own-consumption of manufactured goods may in practice be included partially through the estimates of the nonobserved economic activity. Own-production of capital goods is included in the scope of output (separate data are obtained from the periodical establishment surveys). Research and development for third parties and mineral exploration are included in the scope of output to the extent that they are captured in the establishment surveys, but they are not included in the measure of output when these activities are for own use of the establishments.

The production of artistic originals and of specialized computer software are not included in the scope of output.

2.3 *Classification/sectorization*

2.3.1 *Classification/sectorization systems used are broadly consistent with internationally accepted standards, guidelines, or good practices*

In the present PSNA the classification of institutional units and transactions is done in accordance with the *1968 SNA*. In the new series under compilation, the classifications correspond to the *1993 SNA*. Industries are classified using the Philippine Standard Industrial Classification (PSIC), 1994 edition, based on the International Standard Industrial Classification of All Economic Activities (ISIC, Rev 3). A national classification of products, compatible with the Central Product Classification (CPA), is being used for the new series. In the present system of national accounts, the classification of household consumption expenditure follows the guidelines of the *1968 SNA* and no breakdown is used in the compilation of general government expenditures. The new series of national accounts would incorporate the COICOP and COFOG classifications.

2.4 Basis for recording

2.4.1 Market prices are used to value flows and stocks

Market output is valued at producer prices in the present PSNA and at basic prices in the new series based on the 1993 SNA. Output for own-use is valued at cost. The excise and sales taxes

levied on the purchases of inputs in production are included in the value of intermediate consumption, which is valued at purchaser prices, thus in accordance with international standards. The nondeductible portion of the value-added tax is included in intermediate consumption. No correction for transfer prices is made in the accounts. Detailed information on foreign trade provides data on freight and insurance for exports and imports by commodity.

2.4.2 Recording is done on an accrual basis

Most transactions are registered on an accrual basis. Exceptions are government revenues, based on cash flows. Preliminary quarterly estimates of general government expenditures are based on cash data adjuster accounts payables. Lately, these estimates are corrected when the annual report on an accrual basis becomes available.

2.4.3 Grossing/netting procedures are broadly consistent with internationally accepted standards, guidelines, or good practices

Transactions between establishments within the same enterprise are recorded on a gross basis, in accordance with international practices.

3. Accuracy and Reliability

3.1 Source data

3.1.1 Source data are collected from comprehensive data collection programs that take into account country-specific conditions

The agency compiling the national accounts, the NSCB, does not collect source data for the national accounts. Thus, it depends completely on the data collected by other agencies of the statistical system. The main institutions providing the source data for national accounts compilation are the NSO, the Department of Agriculture (DOA), the BSP and the DBM. The DBM is the source for the data referred to the general government, the DOA provides the data for the agriculture sector, and the central bank is the source for the balance of payments statistics. Other data sources include the financial reports of enterprises obtained through the Security and Exchange Commission (SEC), which constitutes an important data source for compiling new series.

The NSO has a comprehensive system of establishment surveys that cover most economic activity. A monthly survey covering the manufacturing industry, the “Monthly Integrated Survey of Selected Industries,” provides information on employment, compensation of employees, revenue, inventories of finished goods, and prices. Data on sales from this survey, combined with the producer price index also compiled by the NSO, are the basis for the calculations of a monthly industrial production index.

The NSO also conducts a quarterly establishment survey covering all sectors of the economy, except for agriculture, fishing, and government. The results of these surveys are not published, but they constitute one of the principal sources of data for the compilation of GDP by industry. The surveys collect data on employment, compensation of employment, production value (only for manufacturing), sales, total inventories (no breakdown by type), and capacity utilization.

More comprehensive data on establishments by industry are available from the establishments surveys the NSO conducts annually (except for years of censuses). Data are also available from the Censuses NSO conducts every five years (the last three censuses were conducted in 1988, 1994, and 1999).

The statistical program of the NSO includes the regular compilation of the consumer price index (CPI), statistics of foreign trade, employment data, and income and expenditure surveys of the population, among others.

A list of establishments based on the industrial censuses, and updated at the beginning of each year using administrative data,¹ serves as the sampling framework for the NSO’s establishment surveys. The surveys represent of all economic activities at least at the three-digit level of the industrial classification and with national coverage. The annual surveys cover establishments of all sizes using a stratified one-stage simple random sampling design. Large establishments are included with certainty. Data from the annual surveys are sufficiently detailed to compile the national accounts aggregates, although they are available with a long delay (the last available data at present are for 1998). The monthly and quarterly surveys are based on cut-off samples. The monthly survey provides results in the form of Laspeyres indices (at present with weights of 1994). Imputation for nonresponse is applied, and the sample is updated once in a year.

The quarterly survey is used to derive quarters of current-year-to-previous-year value and volume measures of activity at disaggregated levels of the industrial classification (three and four digits). It provides quick indicators of trend in the economy with respect to three variables: gross revenue/sales, employment and compensation. Results do not fulfill all the requirements of the PSNA. The NSCB checks the coverage of the data and supplements the

¹ Sources for updating the list are licenses provided by the local governments, the Department of Trade and Industry, and the SEC.

information with data of missing key enterprises, as needed. The indicator of activity is revenue (the same used in the monthly survey), and volume measures are obtained by deflating the current values by the industry representative subindex within the wholesale price index (the PPI is used in the monthly survey).²

The NSO conducts a family income and expenditure survey (FIES) every three years. The last survey was conducted in 2000. Based on random sampling, the survey covers all size and socioeconomic categories of households both rural and urban. It has national coverage with representative estimates at the level of provinces. The survey uses the consumption concept of expenditures on consumption, thus including purchases as well as consumption of own-produced goods and transfers and payments to households in kind.

Government finance statistics are available annually from the “Commission of Audit of the Republic” and quarterly from the DBM. The latter data are based on cash flows registered by the Bureau of Treasury. No data on government’s capital stock are available.

Ad hoc surveys to supplement data gaps are undertaken as needed. This is the case of the Input-Output Survey of Establishments (IOSE) conducted in 2000 to obtain data on intermediate consumption.

3.1.2 Source data reasonably approximate the definitions, scope, classifications, valuation, and time of recording required

Sources of data will usually match the definitions, scope, classifications, valuation, and time of recording for the national accounts. Exceptions are the time of recording of government expenditure in the quarterly government finance statistics and government income both from quarterly and annual sources, which are registered on a cash basis. Usually, the reference period of the source data is the calendar year, but some basic data reported in the establishment surveys correspond to the fiscal year. Issues of discrepancy in valuation of the reported data with the valuation principles of the national accounts are deemed to be embedded in the financial data collected from enterprises. Thus, production and intermediate consumption reported may include holding gains.

3.1.3 Source data are timely

Not all the data are received on a timely basis. The most significant delay is experienced with the establishment annual surveys; the last results are available for 1998. (According to the

² Although the PPI is more adequate for deflating manufacturing sales, it was not available until 1992, while the quarterly national accounts date back to 1981. In fact, the compilers of the national accounts have linked the long-term deflators with the 1985 base year with the PPI. For most recent years, movement of the national accounts deflators reflects the changes rates of the PPI.

schedule of designated statistics, this survey should be available two years after the reference period.) Price statistics both from NSO and the Bureau of Agriculture (BAS) are received on a timely basis. Detailed trade statistics are available only for the first two months at the time of the preliminary national accounts estimates of a quarter. An aggregate estimate for the third month is also available. The estimates are later revised when the complete data set for the quarter becomes available.

Balance of payment statistics are also available just for the first two months of the current quarter at the time of its compilation (the NSCB bases an estimate for the third month on partial data). The quarterly national accounts are later updated to account for the third month in the succeeding estimation period, with corresponding revisions as well.

Quarterly bank reports are no longer available from the central bank, and data from the banks are obtained through the establishment surveys.

The NSCB attempts to obtain the data in a timely form. In this context, memorandums of agreements and written communications to the heads of the data source agencies refer to the schedule of data submission. However, as mentioned above, the annual surveys and also the census data become available between three and five years after the reference period. The data from the 1994 Census became available in late 1997; the data from the annual surveys for 1998 became available in late 2002; and data from the 1996 and 1997 annual surveys, conducted at the same time, also became available in 2002.

3.2 *Statistical techniques*

3.2.1 *Data compilation employs sound statistical techniques*

Production Approach Procedures

As previously stated, the compilation system of the Philippines' national accounts relies greatly on the quarterly estimates since data of 1991. No explicit estimates of output and intermediate consumption exist for most industries, whose estimates are based on the quarterly establishment surveys. Output is explicitly estimated for agriculture, mining, construction, utilities, financial institutions, general government, and some subsectors of the transportation and communications industry. For other industries, the estimates are limited to the gross value added at current and at constant prices of 1985. These estimates are derived by extrapolation of the 1988 benchmark-year corresponding data by means of value and volume indices of output, thus applying the fixed input-output ratios of that year for the extrapolated series.

The indicators of output and the corresponding derived estimates of value added are compiled at reasonable levels of disaggregation. Thus, output by industries is compiled at least at the three-digit levels of the industrial classification. In some cases, like in agriculture, the compilation is done by products. However, disaggregated estimates of intermediate consumption based on updated data are not available. Current price estimates of intermediate

consumption implicit in the accounts are derived using the fixed input-output ratios of 1988 benchmark estimates. The delay in the results of the annual surveys has hampered the updating of intermediate consumption. As a consequence, the reliance on outdated fixed ratios for the most recent estimates is considerably high.

Estimates of own-occupied dwellings output are based on the benchmark data of the 1990 Census of Population and Housing (which provides estimates of imputed rents) and extrapolations. Changes in construction permits of dwellings (adjusted by damaged dwellings) are a volume indicator, and the corresponding item of rents in the CPI is the price indicator. No changes in quality or in the structure of production are taken into account in the compilation, since the estimate is done only for the total. Furthermore, the volume indicator used in the series does not adequately reflect the changes in the stocks of dwellings, which is more representative.

Work in progress is not considered in the estimates of agriculture output because it is registered at the time of the harvest only.

No adjustments of inventory valuation were done on the estimates of output and intermediate consumption reported in the annual surveys and in the censuses. The accounting data reported by enterprises are deemed to include holding gains both in output as well as in intermediate consumption. Therefore, annual estimates for the last benchmark year of 1988, as well as for the annual estimates (compiled independently based on annual surveys up to 1991), include holding gains.

A perpetual inventory method is used to calculate the gross fixed capital stock of government and to derive consumption of fixed capital. However, for the private sector, the unadjusted reported figures on capital consumption are taken from the financial reports. Partial corrections to the cash basis data on government expenditures reported on a quarterly basis are done for the compilation of the national accounts. Taxes and subsidies used in the national accounts are on a cash basis.

At present, a single indicator method is broadly applied for the compilation of value added at constant prices. For most of the industries whose estimates are based on the quarterly surveys, including manufacturing, trade, and private services, a value indicator of output is used to extrapolate the average quarterly value of value added in the previous year. The resulting estimate of value added at current prices is then deflated by an appropriate deflator of output.

The procedure, as described above, deviates from the intended assumption of fixed input-output ratios at constant prices as well as from the internationally accepted practices. In principle, there is no observable price of value added, since it is an implicit price derived from the difference between outputs and inputs; therefore, deflation of value added is not an accepted practice. To properly apply the assumption of fixed input-output at constant prices,

the correct procedure should be the extrapolation of the base year estimates of value added by a volume index of output. The direct deflation of the level of the estimated value added may imply an overstatement of the volume measure for industries where the input-output ratio at constant prices of 1985 is higher than the corresponding input-output ratio at current prices in 1988. And, vice versa, the method applied may understate the volume measures of value added for industries where the input-output ratio is lower than the corresponding ratio at current prices in the benchmark year 1988.

Volume measures of net taxes and import taxes are obtained by deflating the current estimates by the implicit deflator of value added for all industries. The recommended international practice is to link these taxes to the tax base. Therefore, extrapolation of the base year taxes by the volume measures of imports and outputs and disaggregated levels is the appropriate method.

Expenditure approach procedures

GDP **by expenditure** is calculated independently, although preference is given to GDP figures obtained using the production approach. A statistical discrepancy is shown in the expenditure side of GDP estimates. No component of the GDP estimates **by expenditure** is calculated as residual.

General government consumption is estimated as the sum of cost components both at current and at constant prices. These estimates include estimated consumption of fixed assets, based on the perpetual inventory method, as part of the cost of production of government.

Household consumption expenditure estimates, including the consumption expenditure of the nonprofit institution serving households, are derived mainly based on a commodity flow approach at detailed levels, although some data from the household income and expenditure surveys and administrative data are used. The COICOP classification of household consumption expenditure has not yet been implemented. Also the COFOG classification for government consumption expenditure has not been implemented. However, both classifications are to be introduced in the new series based on the *1993 SNA* methodology.

Gross fixed capital formation is estimated by type of asset, but there is no breakdown by activities. The estimates are also separated for the private and the public sector. The estimates of changes in inventories are not exhaustive, owing to the limitations of the data sources. The quarterly surveys collect information of inventories held by manufacturers and the trade establishments only, thus excluding the relative small inventories held by producers in the service industries.) The estimates of changes in inventories include inventories of agriculture products, inventories held by the mining establishments, inventories held by the government, petroleum products, and inventories of the manufacturing and the trade industry. There is no breakdown of the estimates of changes in inventories by type. Changes in inventories in the expenditure approach of GDP exclude holding gains (revaluation adjustments are applied to the reported values).

The government final expenditure is exclusive of incidental sales. Estimates of household consumption expenditure include the expenses of residents abroad, although as explained in this report, the estimate is not consistent with the balance of payment data because it does not include an estimate of expenditure by resident workers abroad. Expenses of nonresidents are excluded from household consumption expenditure and included in exports, the latter being consistent with the estimates in the balance of payments statistics. There are no estimates of valuables.

Estimates of household consumption expenditures at constant prices use an appropriate methodology—detailed components of the estimates are deflated by matching components of the CPI. The household consumption deflator is consistent with the CPI. The procedures for calculating of general government consumption at constant prices are also adequate—the estimates are obtained as the sum of the cost components of production at constant prices. A correct procedure is used to estimate the changes in inventories at constant prices by taking the difference of the deflated closing and opening values of inventories reported. However, the lack of information on the product composition and type of inventories does not allow for the use of appropriate deflators.

Exports and imports of goods are estimated at constant prices by a revaluation procedure. The unit values of 1985 are used at the two-digit level of the foreign trade data classification. Some components of imports are deflated by price indices of the trade partners. Revaluation with unit values at the two-digit level is unlikely to consider the changes in composition and quality from 1985 to the current period. A more appropriate procedure would be to use deflation at detailed levels of product categories. Exports of services are deflated by relevant domestic prices, while imports of services are deflated by price indices of trading partners.

Specific quarterly compilation techniques

For the most recent years there is no need to use benchmarking techniques to align the quarterly estimates to the annual figures since the latter are obtained as the sum of the quarters. Annual estimates up to 1991 were obtained independently, in accordance with the data available for those periods, and the Bassie method of benchmarking was used. Data on main aggregates are seasonally adjusted using the X-11 Arima software.

3.2.2 Other statistical procedures (e.g., data adjustments and transformations, and statistical analysis) employ sound statistical techniques

Adjustment for undercoverage is made to the estimates. Nonrecorded estimates of production by industry are corrected using labor statistics and relevant data on output per employee of the small establishments in the surveys.

3.3 Assessment and validation of source data

3.3.1 Source data—including censuses, sample surveys and administrative records—are routinely assessed, e.g., for coverage, sample error, response error, and nonsampling error; the results of the assessments are monitored and made available to guide planning

The NSO calculates and makes available to users the sampling errors for surveys based on random sampling procedures (e.g., annual surveys of establishments and household income and expenditure surveys). NSO also makes available the nonresponse rates. The Statistical Survey Review and Clearance System (SSRCS), headed by the NSCB, is a mechanism to document and review all the statistical surveys conducted in the country. The SSRCS submits annual reports to the NSCB's Executive Board about the operation of the surveys. The surveys are periodically reviewed by technical committees.

Survey documentation by the compiling agencies includes descriptions of the imputation methods implemented to handle nonresponse. Outliers are excluded only after exhausting compiling-agency feasible validation of the data. National accounts compilers call attention to the source data when high-value transactions are found, so that the agency will check and validate the data with the respondents.

Administrative data are assessed by means of technical committees, interagency committees and task forces. NSCB coordinates and usually participates in these committees which meet at least once a quarter. The work of a task force, comprised of representatives of the Central Bank, NSO, NSCB, the Bureau of Customs, and the Export Processing Zones, and chaired by the NEDA, resulted in a recent significant upward revision of the foreign trade data (and consequently, revisions of the balance of payments and national accounts statistics). The work of this committee is ongoing, because problems posed with these data still persist. A solution for backwards revisions for years previous to 2000 still has to be addressed.

It is part of the established procedures for compiling of the national accounts to check for consistency of the source data. Growth rates of nominal and volume values are checked for temporal consistency of the series and are also compared with growth rates of related indicators.

Coordination with the agencies that provide source data is maintained to ensure data consistency with the needs of national accounts. With the implementation of the *1993 SNA*, a steering committee was established with the participation of the NSO, Central Bank, Department of Finance (DOF), Bureau of Treasury (BTr), Bureau of Agriculture Statistics, the Insurance Commissions, and the SEC. The representatives of the concerned agencies have also been part of the training program on *1993 SNA* concepts.

3.4 *Assessment and validation of intermediate data and statistical outputs*

3.4.1 *Main intermediate data are validated against other information where applicable*

Intermediate source data are validated against related indicators as much as possible (e.g., production is compared with employment and exports).

3.4.2 *Statistical discrepancies in intermediate data are assessed and investigated*

Intermediate data of the national accounts compiled from the main sources are assessed against alternative estimates when different data sources and or methods are available.

3.4.3 *Statistical discrepancies and other potential indicators of problems in statistical outputs are investigated*

GDP estimates show explicitly a discrepancy between the production and expenditure estimates. NSCB investigates this discrepancy and tries to maintain it at a level lower than 5 percent.

There are no unofficial estimates of GDP. Differences with other official indicators for related components of the national accounts are subject to analysis and special studies.

It is worth noting the difference in growth rates of the manufacturing industry shown by the “Volume of Production Index” (VOPI), compiled monthly by the NSO, and the growth rates of the volume measures of the manufacturing value added in the national accounts. Compilers of the national accounts are well aware of the differences and have extensively analyzed of them. These differences are mainly due to the different weights used in the aggregation of the indices in the respective data sets (value added is used in national accounts while sales is used in the VOPI; national accounts used the production structure of 1985 while the index uses the production structure of 1994; price indices to derive the volume measures are different in the compilation of the statistics). Additionally, the VOPI is likely to provide biased estimates because it is compiled with the responding establishments only, and no imputations are made for nonresponse.

3.5 *Revision studies*

3.5.1 *Studies and analyses of revisions are carried out routinely and used to inform statistical processes*

The NSCB routinely analyzes and studies revisions. The NSCB maintains the “History of Revisions” in its database. The revisions to the estimates are profusely disseminated in the publications of the data and on the Internet website of the NSCB with explanation of the causes. Quarterly data are presented with estimates of confidence intervals to enhance their

character of preliminary estimates subject to revisions in the future and giving a measure of their reliability.

4. Serviceability

4.1 Relevance

4.1.1 The relevance and practical utility of existing statistics in meeting users' needs are monitored

Since 1990, forums have been used to consult users and experts on issues of the national accounts. An expert group meeting took place in 1990 to comment and make recommendations on the revised and rebased national accounts estimates that were being compiled with a new base year (1985). For the ongoing project on the implementation of a new series of national accounts based on the *1993 SNA*, the first Users' Forum on National Accounts was conducted with representatives of different sectors of the Philippine economy (experts, users from the private sector, academia, media, etc.). This forum has been followed up with a series of workshops conducted twice a year as part of the activities of the NSCB in piloting the implementation of the *1993 SNA*. The latest workshop was conducted in 2002 for the Expert Group Forum, which reviewed the initial revised estimates based on the *1993 SNA*.

The adequacy of the national accounts program to meet the needs of users is regularly assessed by the staff and management of the NSCB, particularly after the quarterly press conference of the national accounts. The Secretary General meets with the staff to discuss issues raised in the press conference.

The NSCB continuously tracks developments in the national accounts in the international sphere. It actively participates and presents papers at national accounts seminars in the region and elsewhere.

4.2 Timeliness and periodicity

4.2.1 Timeliness follows dissemination standards

The dissemination of the quarterly estimates of national accounts exceeds the timeliness requirement of the SDDS. Thus, the quarterly PSNA is disseminated 60 days after the end of the reference quarter for the first three quarters of each year and the estimates for the last quarter of the year are disseminated just 30 days after the reference period (these estimates are revised a few months later in May).

4.2.2 Periodicity follows dissemination standards

The Philippines compiles and disseminates quarterly estimates of national accounts as prescribed by the SDDS.

4.3 Consistency

4.3.1 Statistics are consistent within the dataset

GDP estimates by production and by expenditure are compiled independently. Estimates of GDP by industry are considered more reliable, and a statistical discrepancy is shown explicitly on the expenditure side of the accounts. This discrepancy has been substantially lower than six percent in most years during 1997–2002. A number of factors cause the discrepancy—exports and imports data used on the expenditure side are deemed to be an important factor. Current price estimates, volume measures and implicit deflators are consistent with the “value equal volume multiplied by price” framework.

An internal inconsistency is also found in the series on the treatment of Philippine nationals working abroad. They are considered residents even when they stay abroad for periods over a year and their income is registered as factor income, but their expenditure abroad is not included in the accounts as part of imports and of final consumption expenditures. It has to be noted that only those workers staying for periods shorter than a year should be considered as residents. Factor income from these workers’ compensation only should be registered as such in the accounts. The transfers that other workers make should be registered as “remittances” (current transfers).

Since 1991, the annual national accounts estimates are obtained as the sum of the quarterly estimates of the respective year. For previous years, consistency between the quarterly and annual data was obtained using benchmarking techniques (the Bassie method).

4.3.2 Statistics are consistent or reconcilable over a reasonable period of time

It has been a practice of the PSNA to maintain and update a linked series going as far back as 1945. However, based on the May 2003 updates stemming from revisions of the BOP, BAS, and NSO data series for the period 2000–02 and entailing further revisions in the earlier series starting from 1999 backwards, a break has been introduced in the series.

4.3.3 Statistics are consistent or reconcilable with those obtained through other data sources and/or statistical frameworks

At present, the PSNA has been aligned with the BOP estimates except for the compensation of overseas Filipino workers and imports of travel services. For the compensation figures, the NSCB uses earnings estimates, while BOP estimates are based on remittances. On the other hand, imports of travel services are based on banking administrative sources in the balance of

payments, while for the national accounts the estimates are obtained based on a benchmark estimate that relies on a survey from the Department of Tourism (DOT) and the estimate trend of tourism based on data on tax collection (travel taxes).

National accounts estimates for the general government are in line with the GFS statistics in the case of expenditures. However, for revenues, the PSNA still uses data from the BTr, which is modified cash.

4.4 Revision policy and practice

4.4.1 Revisions follow a regular, well-established, and transparent schedule

The PSNA follows a revision cycle at a predetermined schedule, which is a standard practice. In July 1997, the NSCB has instituted the PSNA Revision Policy (NSCB resolution No. 8–97). A copy of this resolution is provided in all regular publications of the PSNA. The revisions are made known to the public through the technical notes published on the institution’s website. Details of the causes of revisions are also included in the publications.

4.4.2 Preliminary data are clearly identified

Through various forums, press conferences, and technical notes and statistical series on the institutional website, users are informed of the preliminary, revised, and final series. In the publication and on the website these are labeled using the date of release as a reference.

4.4.3 Studies and analyses of revisions are made public

An analysis of preliminary versus revised data is published for the major aggregates on the NSCB website and in its publications. The publication of the national accounts includes explanations on the causes of revisions. The analysis of revision is also part of the press conference materials. Detailed tables of revisions, made available upon request, compare estimates released at different periods. A printed report, the Analysis of the Revised Philippine System of the National Accounts,” is also available, prepared *ad hoc*.

5. Accessibility

5.1 Data accessibility

5.1.1 Statistics are presented in a way that facilitates proper interpretation and meaningful comparisons (layout and clarity of text, tables, and charts)

In the quarterly publication of national accounts data on GDP by industry are presented at the three-digit level of the PSIC. On the expenditure side a breakdown of capital formation by main type of asset is provided, and exports are presented at a detailed level of main products. Household consumption expenditure is presented with a breakdown of ten major groups,

following the 1968 SNA classification. For government, only the total consumption expenditure estimates are presented.

The interpretation of the data is facilitated by highlights of main findings, references to data sources, technical notes, sources of revisions, and charts and graphics, besides the tables included in the publications. The quarterly data also provide confidence intervals for GDP estimated growth rates. However, growth rates are not clearly indicated as annual rates (quarter to same quarter of previous year). The regular quarterly publication of national accounts presents series for the last three years. The data are also presented after adjustment for seasonality. The publications state the terms of use of the data, and information is provided on the name and contact address of the persons involved in the compilation.

The website also presents data for the aggregates covering the last three years, but all series are available to the subscribers to the NSCB's website. Other users may obtain the data upon request and for the payment of a nominal fee.

5.1.2 Dissemination media and formats are adequate

The data are released at a regular quarterly scheduled press conference together with the printed publication, provided to the press, and simultaneously posted on the NSCB's website. Longer series are available for subscribers to the website, while other users can obtain the information upon request and the payment of a fee.

5.1.3 Statistics are released on a preannounce schedule

In 1997 the NSCB put in practice an advance release calendar of the PSNA (NSCB Board Resolution No. 9, Series of 1997). The calendar of the following year is published every October on the NSCB's website. It is also found in the printed publications of the institution.

5.1.4 Statistics are made available to all users at the same time

No advance briefing is done to the press before the data are released on the date stated in the advance release calendar. The data are released to all users simultaneously through the website, and copies of the printed publication are made available at the National Statistical Information Center (NSIC). As previously stated under the integrity dimension of this assessment, the estimates are made available to the Secretary of NEDA and to the President of the Republic 24 hours before their release.

5.1.5 Nonpublished (but nonconfidential) subaggregates are made available upon request

Subaggregate nonconfidential data are available upon request for a nominal fee. The availability of the nonpublic statistics is made known to the public through the NSCB website.

5.2 Metadata accessibility

5.2.1 Documentation on concepts, scope, classifications, basis of recording, data sources, and statistical techniques is available, and differences from internationally accepted standards, guidelines, or good practices are annotated

The metadata for the PSNA is presently available on the IMF's SDDS bulletin board. Descriptions of sources and methods are also available in the NSCB website. A manual on *Sources and Methods* is available to the public, and technical notes are regularly posted on the NSCB's website. Additionally, articles and statistical series on national accounts are available On the website.

5.2.2 Levels of detail are adapted to the needs of the intended audience

For the present PSNA, announcements are made through the NSCB website. A manual on *Sources and Methods* is available as stated above.

5.3 Assistance to users

5.3.1 Contact person for each subject field is publicized

The NSCB has a well established system for assisting users of the PSNA. The list of the staff involved in the compilation of the national accounts and their area of specialization is included in the publications and on the website. The NSCB's Information Center (NSIC) also deals with requests. Meetings with users are undertaken to keep updated on users' needs. Users' needs are also monitored through feedback received from press conferences and requests to the NSIC.

5.3.2 Catalogs of publications, documents, and other services, including information on any charges, are widely available

The catalog of publications, documents, and other services are available on the institutional website. Some (not all) printed publications include the list of publications by category, as well as other products and services available from the NSCB. The price list of NSCB publications is available at the NSIC.

Table 1. Philippines—Data Quality Assessment Framework: Summary of Results for National Accounts
(National Statistical Coordination Board)

Element	NA	Assessment				Comments
		O	LO	LNO	NO	
0. Prerequisites of quality						
0.1 Legal and institutional environment		X				
0.2 Resources		X				
0.3 Quality awareness		X				
1. Integrity						
1.1 Professionalism		X				
1.2 Transparency		X				
1.3 Ethical standards		X				
2. Methodological soundness						
2.1 Concepts and definitions			X			1968 SNA conceptual framework is used.
2.2 Scope			X			National workings abroad for more than a year are in the scope of resident units.
2.3 Classification/sectorization						
2.4 Basis for recording		X				Government revenues are recorded on a cash basis
3. Accuracy and reliability						
3.1 Source data				X		Uses of comparative samples. Long delay on surveys' results. Incomplete high frequency data.
3.2 Statistical techniques				X		Direct deflation of value added and taxes. Outdated base year.
3.3 Assessment and validation of source data		X				Lack of comprehensive procedures. Lack of supply and use framework.
3.4 Assessment and validation of intermediate data and statistical outputs			X			
3.5 Revision studies		X				
4. Serviceability						
4.1 Relevance		X				
4.2 Timeliness and periodicity		X				
4.3 Consistency			X			Lack of internal consistency and with balance of payment in the treatment of the transactions of workers abroad.
4.4 Revision policy and practice			X			No established policy for benchmark and base year updates.
5. Accessibility						
5.1 Data accessibility		X				
5.2 Metadata accessibility		X				
5.3 Assistance to users		X				

Key to symbols: NA = Not Applicable; O = Practice Observed; LO = Practice Largely Observed; LNO = Practice Largely Not Observed; NO = Practice Not Observed; SDDS = Complies with SDDS Criteria

II. PRICE STATISTICS (CONSUMER PRICE INDEX)

0. Prerequisites of quality

0.1 *Legal and institutional environment*

0.1.1 *The responsibility for collecting, processing, and disseminating statistics is clearly specified*

The responsibility and coordination for the consumer price index (CPI) and producer price index (PPI) are clearly defined within the Philippines statistical system. The system, defined in Executive Order No. 121 (October 1, 1987), consists of the statistical organizations at all administrative levels, the personnel therein, and the national statistical program (NSP). At the highest level is the policymaking and coordinating agency, National Statistical Coordination Board (NSCB), which formulates policies and sets priorities and standards on statistics. The National Statistics Office (NSO) is given the major responsibility for collecting, compiling, classifying, producing, publishing, and disseminating general-purpose statistics, including a large set of socioeconomic indicators as well as price statistics, as provided for in Commonwealth Act No. 591 (August 19, 1940). Additionally, NSO is given the responsibility of maintaining the civil registry of the Philippines.

The compilation and dissemination of the data are governed by the terms and conditions of the Commonwealth Act No. 591 (CA No. 591), Presidential Decree No. 418 (March 20, 1974), Executive Order No. 121 (January 30, 1987), and Executive Order No. 352 (July 1, 1996). Together, these specify the NSO's role in collecting, processing and disseminating the CPI and PPI. A breakdown of these legal mandates follows:

CA No. 591, which also created the NSO (then known as the Bureau of Census and Statistics), authorizes it to prepare for and undertake all censuses of population, agriculture, industry, and commerce.

Presidential Decree No. 418 reconstituted the Bureau of Census and Statistics as a new agency, the National Census and Statistics Office (NCSO), under the administrative supervision of the National Economic Development Authority (NEDA).

Executive Order No. 121 renamed the NCSO to NSO and reinforced its responsibility for generating general purpose statistics and undertaking such censuses and surveys as may be designated by the NSCB. Section 16, states that the designated statistics (CPI and PPI for instance) should be collected, compiled, processed and disseminated by agencies in accordance with the statistical calendar approved by the NSCB. The NSCB shall promulgate and implement the rules and regulations concerning designated statistics. Further, section 18 states that agencies conducting statistical inquiries be responsible for ensuring the timely release of the results thereof to the general public.

Finally, Executive Order No. 352 (EO 352) designates the Survey of Retail Prices of Commodities for the Consumer Price Index (the source of the data on the CPI) as one of the statistical activities in question. This order lists the designated activity/statistics, the implementing agencies, and the frequency of data collection, geographic disaggregation, and schedule of data dissemination. Section 2 requires the dissemination of the data from the designated statistical activities to the general public, and section 4 states that any modification, addition, or deletion from the list needs the approval of the NSCB executive board.

0.1.2 Data sharing and coordination among data producing agencies are adequate

The central role of the NSCB is to “establish an appropriate mechanism for statistical coordination,” and “allocate statistical responsibilities among government agencies.” NSCB technical committees, in which the NSO management participates, facilitate data sharing among agencies. Moreover, the Philippine Statistical Development Program (PSDP) pursues, among other things, “effective mechanisms, policies, measures and standards to address conflicts, gaps and constraints and promote synergy among local and with international institutions.” The data for price statistics, however, are collected almost entirely by the NSO.

An example of coordination is a memorandum of agreement with the Bureau of Agricultural Statistics (BAS), a Department of Agriculture (DOA) agency, coordinating the data collection of food prices in cities where BAS has offices.

0.1.3 Respondents’ data are to be kept confidential and used for statistical purposes only

Section 4 of CA No. 591 states that data furnished to NSO are to be kept strictly confidential and used for statistical purposes only (not as evidence in court for purposes of taxation, regulation, or investigation). Nor shall such data or information be divulged to any person except in the form of summaries or statistical tables in which no reference is made to an individual respondent (corporation, association, partnership, institution, or business enterprise). This provision is printed in survey questionnaires.

The follow-up of this law is guaranteed by internal procedures. In particular, within the NSO surveys, aggregation rules that staff comply with prevent the disclosure of individual data. A list of persons who may have access to sensitive CPI data is maintained in the Administrator’s office and at the division in question. Access to the NSO offices is restricted to staff only, and all information on the NSO servers is password protected. The field offices are instructed to maintain appropriate levels of confidentiality in the storage of the collected individual price data.

0.1.4 Statistical reporting is ensured through legal mandate and/or measures to encourage response

The legal authority to collect the data is provided in CA No. 591. Section 3 sets disclosure penalties at 600 pesos or six months' imprisonment, or both, but it has very rarely been enforced. Regarding the NSO respondent, the costs of enforcing the law are seen as too high, exceeding the benefits from additional marginal cases that might still not arrive.

Noncompliance has not been a problem for the price index programs, and existing penalties of section 3 for noncompliance have not been needed. Respondents are reminded of the provision in question, and a comprehensive network of field offices maintains good relationships with the respondents. The NSO field staff are frequently in personal contact with the respondents; the NSO management requests staff to assist them.

0.2 Resources

0.2.1 Staff, financial, and computing resources are commensurate with statistical programs

Overall, the number and quality of staff presents no problem for the compilation of the CPI. Thirty-five staff in the NSO's Economic Indices and Indicators Division under Industry & Trade Statistics Department are responsible for the CPI. Of these, 18 work just on the CPI. All have university degrees and take part in continuous training coordinated by Human Resource Management Division. Some staff participate in international seminars and courses on methodology, such as those provided by the IMF and the U.S. Bureau of Labor Statistics (BLS). Qualified staff take part in a month-long training program, Group A Statistical Training, as long as they pass the competitive exam and meet certain other requirements.

All positions have been assessed with a qualification standard that sets formal requirements for education, experience, and in some cases eligibility.³ A "loyalty benefit" is offered as a small pay raise after every three years of service with the NSO. All public sector workers are given a productivity incentive bonus based on their performance during the previous year.

The NSO field network of 16 regional and 79 provincial offices employs a staff of more than 2,000. Each field office has at least six data collectors. Their work is allocated and scheduled by the management for all statistical programs, not only for the CPI, although it is a major contribution. The regional offices also conduct further training for the provincial offices, provided by the central office senior staff.

³ The Civil Service Commission implements formal tests for public sector workers. These tests are obligatory for some positions in the NSO, as in other government agencies.

The computer resources, although not outstanding, are sufficient. External network connections must process an amount of data that puts them at their limit, often slowing the network. All central office staff have computer access, and price collectors have computing resources in the field offices. The person-per-computer ratio in the CPI is a little less than 2. The CPI software, though a little outdated, is performing solidly and is well known to the staff. The Information Resources Department offers central technical help for other staff, including the field offices. The mail and Internet servers, as well as all local area networks, are maintained by the same department. The NSO has also introduced some major technological improvements in its dissemination, classification, and public service tools.

Financial resources for the CPI are adequate. However, the NSO must compete for the existing resources with other NEDA departments. Budget cuts have meant that NSO cannot conduct all surveys as planned. However, core statistics throughout the spectrum of statistical programs are provided with sufficient funding. The budgetary needs for foreseeable major revisions are planned, and commensurate with the resource availability. The budget ceiling is set at the NSO level but there is some room for flexibility between and within the department and division. Owing to relatively modest salaries for government workers, the NSO may have a disadvantage in appointing new qualified staff. However, the more secure public sector work contract is appealing also to private sector employees who seek employment with the NSO. Out of more than 3,000 positions in the NSO, some 300 are currently vacant.

0.2.2 Measures to ensure efficient use of resources are implemented

The NSCB centrally reviews budget proposals involving statistical operations and submits an integrated budget for the Philippine statistical system to the Department of Budget and Management (DBM). The responsibility was centralized to enhance the efficiency of the overall statistical system.

A core value of the NSO is to meet the expectations for efficient services. Ongoing programs with other agencies improve the quality and efficiency of its data gathering and dissemination processes.

0.3 Quality awareness

0.3.1 Processes are in place to focus on quality

NSO management is strongly committed to data quality. Its mission statement, found on publications and around the offices, concentrates on providing quality statistics. A recent quarterly regional conference of directors was conducted on data quality, and a current development plan, in-progress, puts forward further quality improvement. As recognition for its commitment, the NSO was the first government agency to receive the Philippine Quality Award in 1999. Last year, it was also awarded with an E-government Award for its e-census project.

0.3.2 Processes are in place to monitor the quality of the collection, processing, and dissemination of statistics

The NSO validates stages on data collection and CPI compilation. Regional offices supervise provincial price collection and bring any problems encountered to the attention of the central office. Major surveys, such as household expenditure surveys, include comprehensive validation processes approved by the NSCB.

The NSCB also operates the Statistical Survey Review and Clearance System (SSRCS), which evaluates the design and instruments of statistical surveys conducted by government agencies. A self assessment of nine statistical agencies was conducted, presented and published in the latest Conference on Development Statistics, are conducted every two years.

For the NSO field offices, a Field Award System has been developed and implemented. It recognizes on overall quality and grades the field offices on timeliness and quality of their data. The NSO also conducts a Quarterly Customer Satisfaction Survey. For all new statistical series it plans to publish, the NSO organizes consultative forums for its data users and respondents to discuss the methods to be used in collection and compilation.

0.3.3 Processes are in place to deal with quality considerations, including tradeoffs within quality, and to guide planning for existing and emerging needs

The Technical Committee on Price Statistics (TCP) plays a role in evaluating potential needs for improving quality. Major users of price data are represented on the NSCB board, technical committees, and task forces, enabling continuous dialogue between users and providers. For new statistical series, the Users' Forum, a one-day seminar for government and private sector data users, is held.

The NSO has implemented less-detailed pilot surveys to investigate the trade-offs between timeliness and accuracy. Also, it is implementing electronic questionnaires.

1. Integrity

1.1 Professionalism

1.1.1 Statistics are compiled on an impartial basis

Executive Order No. 121 clearly sets the ground for the independence of the statistical system. The NSO is guided by the principles of truth and professional integrity, and the management clearly promotes a culture of professionalism through training and coordination within the PSS.

Professionalism is seen as a cornerstone in the NSO. As elsewhere in government, each position has been evaluated with a qualification standard set by the Civil Service

Commission. The Human Resource Management Division operates a comprehensive four-month training program for qualified NSO employees. The staff is encouraged to present papers in conferences, as well as at other occasions. October is designated National Statistics Month, during which papers are presented and an awareness of the use of statistics is emphasized. Last year a memorandum of agreement was signed with the Institute for Development and Econometric Analysis (IDEA) to train selected NSO personnel in economic, statistics, and other techniques needed for the generation of economic indicators. IDEA organizes lectures for NSO staff in return for research access to more detailed but nonidentifiable data.

1.1.2 Choices of sources and statistical techniques are informed solely by statistical considerations

The choices of source data and techniques are based on statistical considerations only. No deviations from this principle were found.

1.1.3 The appropriate statistical entity is entitled to comment on erroneous interpretation and misuse of statistics

The NSO regularly follows newspapers referring to its statistics and it comments on erroneous reporting. Comments about misunderstandings are also provided during meetings of the National Price Coordinating Council, where private associations are represented. To prevent misunderstandings, NSO publishes summary methodologies explaining the use of its price statistics. For example, it provides formulas in its publications to calculate industry contributions to overall index change rates.

1.2 Transparency

1.2.1 The terms and conditions under which statistics are collected, processed, and disseminated are available to the public

Summaries of the above laws are posted on the NSCB website and full texts are available upon request from the NSO and NSCB. All NSO publications either outline the legal terms or indicate where more information about its products can be found.

1.2.2 Internal governmental access to statistics prior to their release is publicly identified

A copy of the CPI monthly report and the accompanying press release is hand-delivered, under seal, to the Director General of the NEDA for information, not for approval. This is done one day prior to the scheduled date of release of information and disclosed only on the SDDS website.

1.2.3 Products of statistical agencies/units are clearly identified as such

The CPI press release and monthly, quarterly, and annual publications all include NSO logos and name. The monthly press releases are also signed by the Administrator. Attribution is requested for any reference to its statistics or publications.

1.2.4 Advance notice is given of major changes in methodology, source data, and statistical techniques

An advance calendar is posted on the NSO and NSCB websites and a press release is given in advance of the monthly schedule of release of various data, including the CPI. Changes in methodology, weight data, or base year are first discussed in length at technical committee meetings, where main government users are represented. Changes are also indicated by a press release ahead of publishing of new series. Any changes in the methodology take place at the time of the base year change and weight change. This process takes time, and most users are aware of this, since it happens relatively predictably about every five years.

1.3 Ethical standards

1.3.1 Guidelines for staff behavior are in place and are well known to the staff

Core values are posted in various internal memos as well as in some publications. The NSO mission statement also emphasizes the integrity, objectivity, and professionalism of the statistical agency's staff. New staff are made aware of these objectives in orientation and reminded periodically by the management.

Also, obligations of the NSO and its staff, provided by legislation referred in 0.1.1, are emphasized to the informants as well as to users of data. The Office of the Administrator circulates general codes of conduct to the staff as a memorandum.

2. Methodological Soundness

2.1 Concepts and definitions

2.1.1 The overall structure in terms of concepts and definitions follows internationally accepted standards, guidelines, or good practices

The data for the current CPI weights come from the 1994 Family Income and Expenditures Survey (FIES 94), utilizing an internationally accepted definition of household final consumption expenditure. For the new index, the 2000 FIES has already been finalized, a new market basket prepared, and the price collection started.

The monthly price data are also in line with international standards. A detailed guide for specifying the characteristics of sample goods and services is provided to the field staff, and

the resulting item specifications are centrally reviewed. As with the FIES, the TCP reviews the price concepts and accepts the used methodology.

2.2 Scope

2.2.1 The scope is broadly consistent with internationally accepted standards, guidelines, or good practices

The scope is broadly consistent for a consumption-based CPI. The consumption by institutionalized people is excluded, but all resident households' consumption is included. This includes households of all income levels, urban and rural households, farmers, fishers, and households that operate small specialty shops or kiosks.

Transactions covered by the CPI also broadly follow the household final consumption defined in the *1993 SNA*. In particular, expenditure on capital formation in the form of owner-occupied housing is included, as well as production for own final consumption. Also, as is customary, excluded are gifts and contributions to others and some other disbursements, as well as illegal market goods and services. Durable consumer goods bought on secondhand markets are left out of the price collection.

2.3 Classification/sectorization

2.3.1 Classification/sectorization systems used are broadly consistent with internationally accepted standards, guidelines, or good practices

Classifications used in the CPI meet the standards. The *1993 SNA* is used to classify the households and transactions. Product classification follows the Philippine Standard Commodity Classification, derived from international classification, namely Standard Industrial Trade Classification. A link with COICOP has been made for internal use. Product classification for the FIES is different but is also linked to the one that the CPI uses. Review and maintenance of all national classifications is centralized to the NSCB, and various technical committees discuss the needs with both producers and users of statistics.

2.4 Basis for recording

2.4.1 Market prices are used to value flows and stocks

The basis for recording follows international recommendations. The weight data are valued at purchasers' prices, including taxes and distribution margins the consumer actually pays. Market prices are used for own-account production, and a rental equivalent is used for owner-occupied housing. The selling market prices for specific, detailed products are collected for the monthly index. Interest payments on credit purchase are excluded.

2.4.2 Recording is done on an accrual basis

Prices are generally collected in the first five days of the reference month and refer to selling prices. For food prices that are collected weekly or every other week, an arithmetic average-over-the-week price is used for the compilation. Some items, such as tuition fees, are collected, and some medical and dental charges in Metro Manila are gathered twice a year. Changes in regulated transportation and communication rates are accounted once they are implemented.

2.4.3 Grossing/netting procedures are broadly consistent with internationally accepted standards, guidelines, or good practices

No netting in the weights is needed with respect to secondhand goods. No price data for secondhand purchases are collected either.

3. Accuracy and Reliability

3.1 Source data

3.1.1 Source data are collected from comprehensive data collection programs that take into account country-specific conditions

The sample from the FIES 94 is based on census lists. A three-stage sample of 41,000 interviewed households is based on detailed provincial domains. Survey coverage is good including all households. Sampling and estimation methods are sound, and the survey provides details for various other statistics, including the CPI. No major changes were implemented in the FIES 2000, for which results are now available.

The Commodity and Outlet Survey (COS) from 1994, requesting information on popular goods specifications (brands, package sizes, etc.) and place of purchase, is conducted to a subset of FIES sample and serves as a basis for the construction market baskets. The sample is supplemented by field staff knowledge on local markets. No scientific sampling is used in the selection of either products or outlets, but most important ones are selected. Instead, other criteria to ensure representativeness are employed. The final responsibility for selecting outlets is given to the provincial offices. In rural areas the outlets are mostly known public markets since few supermarkets exist. This is likely the best way to achieve a steady collection of well-specified goods. This may not capture some part of the markets but facilitates the maintenance of a comprehensive collection process around the country. In cities the selection is based on the COS.

The 1994 index has 74 provincial market baskets and 10 market baskets for selected cities. A total of 415,000 prices is collected monthly from 9,500 outlets around the country. This gives a good basis for compiling a reliable overall index, as well as provincial indices.

To coordinate the price collection, the BAS collects prices for food items in the Metro Manila area and in other cities it has offices. NOS collects the rest of the food items, as well as all nonfood items, in provinces. The questionnaires are the same for both agencies.

3.1.2 Source data reasonably approximate the definitions, scope, classifications, valuation, and time of recording required

No real conceptual deviations are found in source data. The practices in the FIES as well as the CPI weight and price data meet the standards.

3.1.3 Source data are timely

Every three years the family Income and Expenditures Survey is conducted which gathers data family income and family living expenditures, and related information affecting income and expenditure levels and patterns in the Philippines. Results for the current 1994-based CPI weights were finalized by 1997. The final results for FIES 2000 were published in December 2001, but main aggregates were already available in August 2001.

Price collection is timely, and no other price indicators are used for the CPI.

3.2 Statistical techniques

3.2.1 Data compilation employs sound statistical techniques

Expenditure estimates are derived at the 4-digit level for each province. The weights derived from the FIES are in sufficient detail. For owner-occupied dwellings, estimated rentals are used to value the expenditure. The CPI collects rents from a fixed sample of households, an additional effort to capture this part. The production for own-final consumption is valued at market prices.

The elementary indices are based on a ratio of average prices with base prices referring to 1994 annual average prices. The Laspeyres formula is used for aggregation with weights from 1994. The new index with year 2000 weights is already being calculated and will be published for the October index. An annual overlap period is used to link different base year indices together to produce long time series.

The treatment of quality changes, missing prices, and new goods is not on a par with standards. Missing prices are carried forward. The policy is that if the item has been missing for more than three months, a close replacement is sought. The NSO acknowledges the difficulties in including emerging new commodities. Generally, no quality adjustments at the time of replacements are made, and new goods are not added to the basket within the five-year index period. Although not many items in the CPI basket have changed in quality over time, the issue will become more frequent when the market basket will grow more versatile and include more complex items such as cameras, cell phones, call plans, cars, etc. Other

than replacements for items that have become permanently unavailable, new goods are not added to the sample basket between index revisions.

For seasonal goods the latest available price is carried forward. The seasonally adjusted CPI, published five days after the unadjusted index, uses a built-in X11 procedure, computed at the central office. The seasonally adjusted series are calculated only for the National Capital Region (NCR) and the “rest of the country.”

3.2.2 Other statistical procedures (e.g., data adjustments and transformations, and statistical analysis) employ sound statistical techniques

For some specific commodities, such as cars, other motor vehicles, and package tours, no actual price collection is conducted, even though their weights are included. The percentage of excluded items is, however, only about one percent of total expenditure.

For the expenditure share of owner-occupied housing, regular, rental prices collected from a monthly survey of fixed residential units are used parallel with real rental expenditure.

3.3 Assessment and validation of source data

3.3.1 Source data—including censuses, sample surveys and administrative records—are routinely assessed, e.g., for coverage, sample error, response error, and nonsampling error; the results of the assessments are monitored and made available to guide planning

Information on sampling errors is collected for the FIES. Potential nonsampling errors are acknowledged, but no estimates for their effect are produced.

For the price collection, nonresponse or misreporting is not seen as a problem. Visiting price collectors are urged to maintain the prescribed accuracy in items and alert the regional or central office for any possible unexpected changes. The initial processing of data includes steps for validating the data. In particular, price changes over 15 percent are verified with the respondent. The prices are checked against other stores' prices, and average commodity prices are calculated and examined first at the provincial level.

3.4 Assessment and validation of intermediate data and statistical outputs

3.4.1 Main intermediate data are validated against other information where applicable

The review of reasonableness and completeness of price data and the accuracy of the computation of current average prices is being done by comparing the current outlet price and current average price of a commodity with its previous month's price in the outlet and its previous month's average price. The average commodity prices are compared to the previous month's prices. For some specific items, such as gasoline, the price changes are compared to other sources as well and those of NCR.

However, the CPI is not continuously compared to other indices, and sources of validation data are not sought. Information on potential differences and evolution in various markets is not sought.

3.4.2 Statistical discrepancies in intermediate data are assessed and investigated

Any open issues arising from the validation process are brought to the attention of regional or central offices for further investigation for possible deviations and their source.

3.4.3 Statistical discrepancies and other potential indicators of problems in statistical outputs are investigated

Reasonability checks are done at both the provincial level and the central office. Regional commodity group indices are compared, and corresponding changes investigated. If questions arise, the staff either contacts the field staff or tries to find an explanation elsewhere.

3.5 Revision studies

3.5.1 Studies and analyses of revisions are carried out routinely and used to inform statistical processes

No revision studies are made for the revised monthly index. At the time of the change of the base year, new and old weighting schemes as well as market baskets are compared.

4. Serviceability

4.1 Relevance

4.1.1 The relevance and practical utility of existing statistics in meeting users' needs are monitored

The CPI is well established among users; it is supported by the Users' Survey conducted for all datasets. To respond promptly to needs of policymakers and other users, the executive board of NSCB includes representation from private sector users, as well as all major governmental users. The TCP also include representatives from academia, and ministries.

Although NSO does not conduct actual user surveys just for the CPI, it broadly monitors of statistics use and users' needs. For example, it conducts a general quarterly users' survey, the results of which are discussed between the management and departments. The senior staff also participates in international meetings, such as a workshop on finalizing the draft of the international CPI manual in Singapore in 2001.

4.2 *Timeliness and periodicity*

4.2.1 Timeliness follows dissemination standards

The monthly estimates are disseminated within one month after the reference period. The seasonally adjusted series are published five days later than the unadjusted CPI, still within the one-month period.

The new CPI series is to be released parallel with the current index for October 2003 coming out in November. Simultaneously, the index is published from January 2000 onward.

4.2.2 Periodicity follows dissemination standards

Periodicity of the CPI is monthly.

4.3 *Consistency*

4.3.1 Statistics are consistent with the dataset

The all-items CPI is calculated from regional subindices using the Laspeyres formula.

4.3.2 Statistics are consistent or reconcilable over a reasonable period of time

Long time series are provided in some publications and on the NSO website. Consecutive base year series are linked. Linking factors for different series are also provided.

4.3.3 Statistics are consistent or reconcilable with those obtained through other data sources and/or statistical frameworks

The CPI is consistent with the national accounts and used in deflating the household final expenditure.

4.4 *Revision policy and practice*

4.4.1 Revisions follow a regular, well-established, and transparent schedule

Current CPI data are generally preliminary; the data are not considered final. However, during the last two years, the all-item index has been revised only four times, usually by one tenth of a percentage point for annual change. Revisions are made if either unavailable data from a province are received or source data are later revised. If completing the source data does not change the national index, no revisions are made. The policy may lead to revisions of historic data over periods of several months. For example, when an increased electricity charge was later overruled by local administration and customers compensated for

overpayments, the revision was made for data going back for almost nine years. This was a special case, and nothing similar has happened for a long time.

4.4.2 Preliminary data are clearly identified

Data are not marked as preliminary, since the revision policy allows NSO to revise the index as far back as necessary. All revisions made in the data are, however, clearly marked and referenced.

4.4.3 Studies and analyses of revisions are made public

No revision studies are made. During major revisions, (e.g., in conjunction with change of base year) technical notes are published explaining the possible changes in methodology. They include information on the changes in weights and market baskets from one base year to another and comparison of inflation rates from the two series.

5. Accessibility

5.1 Data accessibility

5.1.1 Statistics are presented in a way that facilitates proper interpretation and meaningful comparisons (layout and clarity of text, tables, and charts)

The CPI press release, *Summary Inflation Report*, is simple and generally informative. The cover page includes a table of monthly and 12-month changes in the all-item index, the most requested statistics. Major contributors to the all-item index as well as highlights of index development by region and by commodity group are provided in the text. A chart of year-on-year index changes for the current and previous year is also included. Several detailed tables are provided at the end.

5.1.2 Dissemination media and formats are adequate

The data are published as a press release and personally picked up by representatives of major international wire agencies or sent by timed e-mail and fax to local news media, market participants, and government agencies. One half hour later, the same release is published on the NSO website. Paper copies are available at the NSO central office and later in regional offices. The telephone is also a main dissemination format.

Later, part of the data are also published in the NSO *Monthly Bulletin of Statistics* and in the statistical yearbook. A collection of the most requested statistics is also published as "Quickstat," the one-page summary of the latest data on the Philippine socioeconomic indicators.

5.1.3 Statistics are released on a pre-announced schedule

A release calendar is published on the NSO and NSCB websites, and press release is issued. The calendar is strictly followed.

5.1.4 Statistics are made available to all users at the same time

The press release is made available to everyone at the same time.

5.1.5 Nonpublished (but nonconfidential) subaggregates are made available upon request

Special tabulations, complying the data confidentiality rules, are available for a nominal fee from the NSO. Also, provincial data are available by request from the central or regional offices. The Institute for Development in Econometric Analysis, a nonprofit research organization connected with the University of the Philippines, uses more detailed series in a joint venture with the NSO.

5.2 Metadata accessibility

5.2.1 Documentation on concepts, scope, classifications, basis of recording, data sources, and statistical techniques is available, and differences from internationally accepted standards, guidelines, or good practices are annotated

Technical notes on the CPI are published on the NSO website and on the SDDS summary methodology page. Metadata cover the essentials in methodology and classification and educate the users on the uses of the. However, it falls a little short of the mark in reflecting national practices against international standards and providing detailed information on source data methodology.

5.2.2 Levels of detail are adapted to the needs of the intended audience

The overall CPI is calculated from independent regional series, and the geographical detail is good. The published detail by commodity group also meets the needs of most users. By far the most important and requested figure is the all-item index. The NSO is in the process of taking over the calculation of the core inflation index from the BSP. It also calculates, mostly for internal use at this stage, an index corresponding with the consumption expenditures of the lowest (30 percent of Filipinos), as well as an indicator for the price changes for foreigners living in the NCR.

5.3 Assistance to users

5.3.1 Contact person for each subject field is publicized

Names of actual contact persons are not included in the press release but can be found on the SDDS website. General telephone and e-mail addresses for inquires are, however, clearly marked and provided in all publications and on the NSO website.

As part of an effort to serve the public better, information on the CPI is also provided through the NSCB website and its one-stop statistical service center.

5.3.2 Catalogues of publications, documents, and other services, including information on any charges, are widely available

A catalog of publications and a pricing list are available. The NSO library also provides copies to other public libraries and regional offices. The NSO website provides information on purchasing the publications. Some publications also list all other available publications.

Table 2. Philippines—Data Quality Assessment Framework: Summary of Results for the Consumer Price Index
(National Statistics Office)

Element		NA	Assessment				Comments
			O	LO	LNO	NO	
0. Pre-requisites of quality							
0.1	Legal and institutional environment		X				
0.2	Resources		X				
0.3	Quality Awareness		X				
1. Integrity							
1.1	Professionalism		X				
1.2	Transparency		X				
1.3	Ethical standards		X				
2. Methodological soundness							
2.1	Concepts and definitions		X				
2.2	Scope		X				
2.3	Classification/Sectorization		X				
2.4	Basis for recording		X				
3. Accuracy and reliability							
3.1	Source data		X				
3.2	Statistical techniques			X		Treatment of quality change, missing prices and new goods fall short of best practice. Selection of outlets and product do not employ scientific sampling methods.	
3.3	Assessment and validation of source data		X			Comparisons with other sources of data could be expanded. No other information on market conditions is sought.	
3.4	Assessment and validation of intermediate data and statistical outputs			X		No studies for the monthly revisions are done.	
3.5	Revision studies			X			
4. Serviceability							
4.1	Relevance		X				
4.2	Timeliness and periodicity		X				
4.3	Consistency		X				
4.4	Revision policy and practice			X		Revision policy is not publicized and information on revision not made available.	
5. Accessibility							
5.1	Data accessibility		X				
5.2	Metadata accessibility		X				
5.3	Assistance to users		X				

Key to symbols: NA = Not Applicable; O = Practice Observed; LO = Practice Largely Observed; LNO = Practice Largely Not Observed; NO = Practice Not Observed; SDDS = Complies with SDDS Criteria

III. PRICE STATISTICS (PRODUCER PRICE INDEX)

0. Prerequisites of quality

0.1 Legal and institutional environment

0.1.1 The responsibility for collecting, processing, and disseminating statistics is clearly specified

The responsibility and coordination for the consumer price index (CPI) and producer price index (PPI) are clearly defined within the Philippines statistical system (PSS). The system, defined in Executive Order No. 121 (October 1, 1987), consists of the statistical organizations at all administrative levels, the personnel therein, and the national statistical program (NSP). At the highest level is the policymaking and coordinating agency, National Statistical Coordination Board (NSCB), which formulates policies and sets priorities and standards on statistics. The National Statistics Office (NSO) is given the major responsibility of (August 19, 1940) collecting, compiling, classifying, producing, publishing, and disseminating general-purpose statistics, including socioeconomic indicators and price statistics provided for in Commonwealth Act No. 591. Additionally, NSO is given the responsibility of maintaining the civil registry of the Philippines.

The compilation and dissemination of the data are governed by the terms and conditions of the Commonwealth Act No. 591 (CA No. 591), Presidential Decree No. 418 (March 20, 1974), Executive Order No. 121 (January 30, 1987), and Executive Order No. 352 (July 1, 1996). Together these specify the NSO's role in collecting, processing, and disseminating the CPI and PPI.

CA No. 591 which created the NSO (then known as the Bureau of Census and Statistics) authorizes it to prepare for and undertake all censuses of population, agriculture, industry, and commerce.

Presidential Decree No. 418 reconstituted the Bureau of Census and Statistics as a new agency the National Census and Statistics Office (NCSO) under the administrative supervision of the National Economic Development Authority (NEDA).

Executive Order No. 121 renamed the NCSO to NSO and reinforced its responsibility for generating general-purpose statistics and undertaking such censuses and surveys as may be designated by the NSCB. Section 16 states that the designated statistics (CPI and PPI for instance) should be collected, compiled, processed and disseminated by agencies in accordance with the statistical calendar approved by the NSCB. The NSCB shall promulgate and implement the rules and regulations concerning designated statistics. Further, section 18 states that agencies conducting statistical inquiries be responsible for ensuring the timely release of the results thereof to the general public.

Finally, Executive Order No. 352 designates the Survey of Retail Prices of Commodities for the CPI (the source of the data on the CPI) as one of the statistical activities in question. This order lists the designated activity/statistics, the implementing agencies, and the frequency of data collection, geographic disaggregation, and schedule of data dissemination. Section 2 requires the dissemination of the data from the designated statistical activities to the general public, and section 4 states that any modification, addition, or deletion from the list needs the approval of the NSCB executive board.

0.1.2 Data sharing and coordination among data producing agencies are adequate

The central role of the NSCB is to “establish an appropriate mechanism for statistical coordination” and “allocate statistical responsibilities among government agencies.” NSCB technical committees, in which the NSO management participates, is to facilitate data sharing among agencies. Moreover, the Philippine Statistical Development Program (PSDP) pursues, among other things, “effective mechanisms, policies, measures and standards to address conflicts, gaps and constraints and promote synergy among local and with international institutions.” The data for price statistics, however, are collected almost entirely by the NSO.

Regarding the PPI, despite good overall coordination at the agency level, the information does not always penetrate at the technical level. Steps to improve this have been taken, and an informal task force has been set up.

0.1.3 Respondents' data are to be kept confidential and used for statistical purposes only

Section 4 of CA No. 591 states that data furnished to NSO are to be kept strictly confidential and used for statistical purposes only (not as evidence in court for purposes of taxation, regulation, or investigation). Nor shall such data or information be divulged to any person except in the form of summaries or statistical tables in which no reference is made to an individual respondent (corporation, association, partnership, institution, or business enterprise). This provision is printed in survey questionnaires.

The follow-up of this law is guaranteed by internal procedures. In particular, within the NSO surveys, aggregation rules that staff comply with prevent the disclosure of individual data. A list of persons who may have access to sensitive PPI data is maintained in the Administrator's office and at the division in question. Access to the NSO offices is restricted to staff only, and all information on the NSO servers is password protected. The field offices are instructed to maintain appropriate levels of confidentiality in the storage of the collected individual price data.

0.1.4 Statistical reporting is ensured through legal mandate and/or measures to encourage response

The legal authority to collect the data is provided in CA No. 591. Section 3 sets disclosure penalties at 600 pesos or six months imprisonment, or both, but it has very rarely been enforced. Regarding the NSO respondents, the costs of enforcing the law are seen as too high, exceeding the benefits from additional marginal cases that might still arrive.

Noncompliance has not been a problem for the price index programs, though collection suffers in timeliness. Existing penalties of section 3 for noncompliance have not been needed. Respondents are reminded of the provision in question, and a comprehensive network of field offices maintains good relationships with the respondents. The NSO field and central office staff are frequently in personal contact to the respondents; NSO management requests staff to assist them.

0.2 Resources

0.2.1 Staff, financial, and computing resources are commensurate with statistical programs

For the current size of the PPI program, the current staff is just sufficient. However, to be able to significantly improve the quality of the index, more overall resources are needed. Fifty staff in the NSO's Industry Statistics Division in the Industry & Trade Statistics Department are responsible for the PPI. Of these, 30 work on the Monthly Integrated Survey of Selected Industries (MISSI), of which the PPI is just one indicator. Just three persons work on the PPI compilation. All have university degrees and take part in continuous training coordinated by Human Resource Management Division. Some staff participates in international seminars and courses on methodology, such as those provided by the U.S. Bureau of Labor Statistics (BLS). Qualified staff take part in the month-long training program, Group A Statistical Training, as long as they pass a competitive exam and meet certain other requirements.

All positions have been assessed with a qualification standard that sets formal requirements for education, experience, and in some cases eligibility.⁴ A "loyalty benefit" is offered as a small pay raise after every three years of service with the NSO.

The NSO field network of 16 regional and 79 provincial offices employs a staff of more than 2,000. Each field office has at least six data collectors. Their work is allocated and scheduled in all statistical programs by the management, not only for the PPI. Further, the PPI price collection is partly tied to the rest of the MISSI program, when it comes to selection of

⁴ The Civil Service Commission implements formal tests for public sector workers. These tests are obligatory for some permanent positions in the NSO, as in other government agencies.

establishments. The regional offices also carry out further training for the provincial offices, provided by the central office senior staff.

The computer resources although not outstanding, are sufficient. External network connections must process an amount of data that puts them at their limit, often slowing the network. All central office staff have computer access, and price collectors have computing resources in the field offices. The persons-per-computer ratio in the PPI is a little less than two. The PPI uses Excel worksheets, which perform well for the relatively small number of price and weight data. The Information Resources Department offers central technical help for other staff, including the field offices. The mail and Internet servers, as well as all local area networks, are maintained by the same department. The NSO has also introduced some major technological improvements in its dissemination, classification, and public service tools. For the MISSI indicators, an introduction of an e-questionnaire is expected to facilitate early collection and improve timeliness of the monthly data.

Financial resources are generally sufficient, and all priority surveys can be conducted. However, if major improvements are to be conducted for the PPI, more overall resources would be needed. Moreover, the NSO has to compete for the existing resources with other NEDA departments. Budget cuts mean that the NSO cannot conduct all surveys as planned. However, core statistics throughout the spectrum of all statistical programs are provided with sufficient funding. The budgetary needs for foreseeable major revisions are planned ahead, commensurate with the resource availability. The budget ceiling is set at the NSO level, but there is flexibility between and within the department and division. Owing to relatively modest salaries for government workers, the NSO may be at a disadvantage in appointing new qualified staff. However, the more secure public sector work contract is appealing also to private sector employees who seek employment with the NSO. Out of more 3,000 positions in the NSO, some 300 are currently vacant.

0.2.2 Measures to ensure efficient use of resources are implemented

The NSCB centrally reviews budget proposals involving statistical operations and submits an integrated budget for the Philippine statistical system to the Department of Budget and Management (DBM). The responsibility was centralized to enhance the efficiency of the overall statistical system.

A core NSO value is to meet the expectations for efficient services. Ongoing programs with other agencies improve the quality and efficiency of its data gathering and dissemination processes.

0.3 Quality awareness

0.3.1 Processes are in place to focus on quality

The NSO management is strongly committed to focusing on data quality. Its mission statement, found on all publications and around the offices, concentrates on providing quality statistics. A recent quarterly regional conference of directors was conducted on data quality, and the current development plan, in-progress, puts forward further quality improvement. Recognized for its commitment, the NSO was the first government agency to receive the Philippine Quality Award in 1999. Last year, it was also awarded with an e-government award for its e-census project.

0.3.2 Processes are in place to monitor the quality of the collection, processing, and dissemination of statistics

The NSO has manual validation stages of data collection and PPI compilation. Regional offices supervise provincial price collection and bring any problems encountered to the attention of the central office. Major surveys, such as annual establishment surveys, include comprehensive validation processes, approved by the NSCB.

The NSCB also operates the Statistical Survey Review and Clearance System (SSRCS), which evaluates the design and instruments of statistical surveys conducted by government agencies. A self-assessment of nine statistical agencies was conducted, presented, and published in the latest Conference on Development Statistics, conducted every two years.

For the NSO field offices, a Field Award System has been developed and implemented. It recognizes on overall quality and grades the field offices on timeliness and quality of their data. The NSO also conducts a quarterly customer satisfaction survey. For all new statistical series it plans to publish, the NSO organizes consultative forums for its data users and respondents to discuss the methods to be used in collection, compilation, and dissemination.

0.3.3 Processes are in place to deal with quality considerations, including tradeoffs within quality, and to guide planning for existing and emerging needs

The Technical Committee on Price Statistics plays a role in evaluating potential needs for improving quality. Major users of price data are represented on the NSCB executive board, technical committees, and task forces, enabling continuous dialogue between users and providers. For new statistical series, the Users' Forum, a seminar for government and private sector data users, is held.

The NSO has implemented less-detailed pilot surveys to investigate the trade-offs between timeliness and accuracy. Also, it is implementing electronic questionnaires.

1. Integrity

1.1 Professionalism

1.1.1 Statistics are compiled on an impartial basis

Executive Order No. 121 clearly sets the ground for the independence of the statistical system. The NSO is guided by the principles of truth and professional integrity, and the management clearly promotes a culture of professionalism through training and coordination within the PSS.

Professionalism is seen as a cornerstone in the NSO. As elsewhere in government, each position has been evaluated with a qualification standard set by the Civil Service Commission. The Human Resource Management Division operates a comprehensive four-month training program for qualified NSO employees. The staff is encouraged to present papers in conferences, as well as at other occasions. October is designated National Statistics Month, during which papers are presented and an awareness of the use of statistics is emphasized. Last year a Memorandum of Agreement was signed with the Institute for Development and Econometric Analysis (IDEA) to train selected NSO personnel in economic, statistics, and other techniques needed for the generation of economic indicators. IDEA organizes lectures NSO staff in return for research access to more detailed but nonidentifiable data.

1.1.2 Choices of sources and statistical techniques are informed solely by statistical considerations

The choices of source data and techniques are based on statistical considerations only. No deviations from this principle were found.

1.1.3 The appropriate statistical entity is entitled to comment on erroneous interpretation and misuse of statistics

The NSO regularly follows newspapers referring to its statistics, and it comments on erroneous reporting. Comments on misunderstandings are also provided during meetings of the National Price Coordinating Council, where private associations are represented. To prevent misunderstandings, NSO publishes summary methodologies explaining the use of its price statistics. For example, it provides formulas in its publications to calculate industry contributions to overall index change rates.

1.2 Transparency

1.2.1 The terms and conditions under which statistics are collected, processed, and disseminated are available to the public

Summaries of the above laws are posted on the NSCB website and full texts are available upon request from the NSO and NSCB. All NSO publications either outline the legal terms or indicate where more information about its products can be found.

1.2.2 Internal governmental access to statistics prior to their release is publicly identified

A copy of the PPI monthly report and the accompanying press release is hand-delivered, under seal, to the Director General of the NEDA and the Director of Department of Trade and Industry for information, not for approval. This is done one day prior to the scheduled date of release of information and disclosed only on the SDDS website.

1.2.3 Products of statistical agencies/units are clearly identified as such

The MISSI press release, including the PPI, and the monthly, quarterly, and annual publications all include NSO logos and name. Attribution is requested for any reference to its statistics or publications.

1.2.4 Advance notice is given of major changes in methodology, source data, and statistical techniques

An advance calendar is posted on the NSO and NSCB websites, and a press release is given in advance for the monthly schedule of release of various data, including the PPI. Changes in overall methodology of set production indicators that the PPI is part of, their weight data, or base year are first discussed at Technical Committee meetings, where main government users are represented. Changes are also indicated by a press release ahead of publishing of new series. Any changes in the methodology take place at the time of the change of the base year and weight change. This process takes time and most users are aware of this, since it happens relatively predictably about every five years.

1.3 Ethical standards

1.3.1 Guidelines for staff behavior are in place and are well known to the staff

Core values are posted in various internal memos as well as in some publications. The NSO mission statement also emphasizes the integrity, objectivity, and professionalism of the statistical agency's work. New staff are made aware of these objectives in orientation and reminded periodically by the management.

Also, obligations of the NSO and its staff, provided by legislation referred in 0.1.1, are emphasized to the informants as well as to users of data. The Office of the Administrator circulates general codes of conduct to the staff in a memorandum.

2. Methodological Soundness

2.1 Concepts and definitions

2.1.1 The overall structure in terms of concepts and definitions follows internationally accepted standards, guidelines, or good practices

The Philippine PPI is part of a group of industry output indicators in the Monthly Integrated Survey of Selected Industries. It consists of four main indicators—Value of Production Index, Producer's Price Index, Volume of Production Index, and Index of Capacity Utilization. They are disseminated together and cover 20 major manufacturing industries. The industries in the PPI follow the 1994 Philippine Standard Industry Classification (PSIC), derived from ISIC Rev. 3.

The main weight source for the 2003 PPI is the 1998 Annual Survey of Establishments (ASE 98, currently called Annual Survey of Philippine Business and Industry). It broadly follows the 1993 SNA in recording the value of sales of products by establishment—the weights used for the PPI. This is consistent with internationally accepted practices. The weighting value includes interplant transfers at market price, direct and indirect exports, and value of other products and by-products sold by the establishments.

For the prices, specified items are collected, but transaction specific characteristics are not generally included. Instead, a unit of measurement and brand names are collected on top of general specifications.

2.2 Scope

2.2.1 The scope is broadly consistent with internationally accepted standards, guidelines, or good practices

The PPI broadly covers only manufacturing activities. The scope includes industries from food and beverages to manufacture of furniture (industries 15–36 in ISIC Rev. 3), but in some subindustries the coverage may not be good. Core mining activities are excluded. The scope includes the same activities covered in the ASE 98 for the manufacturing sector. That means all resident market enterprises, including exports.

Since the PPI is part of short-term manufacturing indicators, it concentrates on sales of products. The differences from the production concept are not explicitly reported. However, they are known to the users, mentioned in technical notes, and discussed in the Technical Committee on Survey Design (TCS) that oversees the methodology.

The NSO has other price programs that include, for instance, construction activities, and the BAS covers prices of agricultural activities.

2.3 Classification/sectorization

2.3.1 Classification/sectorization systems used are broadly consistent with internationally accepted standards, guidelines, or good practices

As in the ASE 98, the 1993 SNA is used to classify institutional units and the PSIC is used to classify establishments at the four-digit level. Commodities in the index basket are selected on a company basis, but no detailed product classification is used.

2.4 Basis for recording

2.4.1 Market prices are used to value flows and stocks.

Data on sales weights are valued at producer prices, ex factory prices including any indirect taxes, or subsidies. In some cases the use of unit prices and lack of transaction specifications in commodity prices may sever the quality of collected data from best practice. Together with sometimes long reporting lags, this may leave room for quality variations that are overlooked by the data collectors and, hence, included in the index.

2.4.2 Recording is done on an accrual basis

The sales data that are used for index weights correspond to producer price values at the year the goods were sold. In the ASE the recoding of some establishments may refer to a company's fiscal year, but that share is believed to be small.

2.4.3 Grossing/netting procedures are broadly consistent with internationally accepted standards, guidelines, or good practices

The Philippine PPI is not constructed by stage of processing.

3. Accuracy and Reliability

3.1 Source data

3.1.1 Source data are collected from comprehensive data collection programs that take into account country-specific conditions

A continuously updated list of enterprises is used for the annual establishment survey frame. An updating system, Updating of the List of Establishments (ULE), is being implemented. It collects data from two sources—information collected by the field office regarding deaths and births of establishments and information from on-going annual and quarterly surveys. For

the latest completed annual survey—the ASE 98 for manufacturing—the industry coverage is good. Sampling and estimation procedures are adequate, and sales data for the index weights come at the three-digit industry level. The current index uses more detailed data from the 1992 census to distribute the three-digit data to the four-digit level. Hence, the weight distribution at the most detailed level refers to year 1992, and more aggregated industry distribution refers to 1998.

The ASE coverage is good. Proper statistical methods are used in sample design and estimation, and the data collected are generally sufficient for the PPI weights. Almost 5,000 establishments were surveyed in regional (three-digit) industry and employment size strata with an overall response rate of 86 percent. More than 1,000 small establishments, typical for the Philippines, were included. Since no product weights are available, weighted aggregation is made first at the four-digit level, directly utilizing the latest available ASE or more detailed Census of Establishments, currently called the Census of Philippine Business and Industry, conducted every five years.

For the monthly price collection of the current index, 271 manufacturing establishments are sampled and a total of 551 goods included. At the industry level the number of price relatives to derive the subindex is rather small and sensitive to individual establishments' reporting. Even the all-industry aggregate may react to very few changes in source data. The selection of establishments and their products for the price survey is based on such criteria that try to ensure reasonable response rates as well as continuation of data collection instead of scientific random sampling. This may not correctly reflect the true average market conditions since no small enterprises are included. The preference in selection criteria of establishments and goods is given, over scientific precision, to ensure that at least some comparable data get collected and that the PPI program can be maintained in the first place.

For the current PPI, no special treatment for any individual market fraction is made. There is a potential need to follow, for example, the electronics sector either differently or at least to gather more information on the price determining factors for constant quality items. Since the Philippine PPI has been officially compiled since 1992, the program has not established itself as a leading price indicator.

3.1.2 Source data reasonably approximate the definitions, scope, classifications, valuation, and time of recording required

Source data for weights and prices are broadly consistent with definitions, scope, and valuation.

3.1.3 Source data are timely

Source data for the index weights do not allow timely updates. It usually takes almost three years after the reference year to have the data from ASE available. The PPI weights have not

been updated since 2001, because the results from the 1999 Census have still not become available. Although 80 percent of the data are received within six months after the reference year, it still takes at least another year and a half to process the forms and get the estimates. No other timely source data are available either. The NSO has acknowledged the problem and has already taken steps to speed up the collection and compilation process. A streamlined, more respondent-friendly version of the annual survey is being conducted to investigate if the process can be speeded up. For the MISSI indicators, an electronic survey is being developed.

The price collection is also sometimes slow. Prices are generally collected between the 10th and 30th day of each month, but the data collectors confirm with the establishments (in case the same establishment is also part of other MISSI survey samples) that all data on other MISSI indicators are recorded before visiting the establishment. In some cases it takes more than eight weeks after the reference period to record the prices. The main reasons for this are seen as a burden on both the respondents and the collectors, as well as corporate policies on the release of price data. Since the PPI is to be published within the MISSI, usually more than 80 percent of the data are received before the release date of two months after the reference period. The actual calculation of the index needs only a few days to finalize.

3.2 *Statistical techniques*

3.2.1 Data compilation employs sound statistical techniques

The elementary indices of the PPI are calculated at the four-digit industrial activity level and aggregated to the three- and one-digit levels. The elementary index is calculated as an arithmetic average of some five individual price relatives. The metadata refer to the Paasche aggregation formula, but the latest annual “current” weights for the 1994 base year index are from 1998, used together with monthly price relatives from two consecutive months. The reference year for the prices is 1994, but price changes at the elementary aggregate level are chained from month to month. This way, new goods may be added to the index in the beginning of each year. The calculation simply chains the month-to-month price relative with the latest available period’s revenues as “current” weights to the index with a reciprocal formula. At the turn of the year, the December-to-January average price relative is chained to the December index using new revenue weights, if available.

The weights are updated at the beginning of every year, provided that an ASE or CE is completed. Actually, for the current index the weights have been updated only twice as of 2003. New goods are added in the market basket, if the staff considers that the goods have gained significant market share, at the time of weight updates. The market basket is completely renewed about every five years, when a new base year is put in place.

Further, together with the policy of not changing the market basket (no substitutions) during a calendar year, the treatment of missing prices by carrying the latest values forward, until they either appear again or are dropped from the sample when weights are updated at the end of

each year, may not adequately capture the overall price change. No quality adjustments are made either, since there are no direct substitutions. However, to overcome this problem, the initial selection criteria of commodities try to ensure that they are found on the market for as long as possible.

3.2.2 Other statistical procedures (e.g., data adjustments and transformations, and statistical analysis) employ sound statistical techniques

Transaction specifications referring to the price observation are not collected and may hinder their comparability in time. Though the PPI covers the manufacturing sector rather well, special treatment may be needed for some industries to better capture the real price change.

3.3 Assessment and validation of source data

3.3.1 Source data—including censuses, sample surveys and administrative records—are routinely assessed, e.g., for coverage, sample error, response error, and nonsampling error; the results of the assessments are monitored and made available to guide planning

For the weight data from ASE, sampling error estimates are available and monitored.

Price collectors are encouraged to discuss any acute or projecting issues with the respondents. All missing prices and large price changes are also double-checked. The shuttle-type layout of the price collection form also facilitates finding erroneous and suspect prices.

The central office coordinates follow-ups in the Metro Manila area, and field offices themselves investigate suspect reporting.

3.4 Assessment and validation of intermediate data and statistical outputs

3.4.1 Main intermediate data are validated against other information where applicable

For petroleum prices, consistency of the PPI results is reflected in other sources. Reasonability of individual industry series is examined against common knowledge of individual markets. The wholesale price index data on product groupings could be available but are not used to compare to the industry-based PPI. Other sources for validating the data could be sought as well.

3.4.2 Statistical discrepancies in intermediate data are assessed and investigated

Unexpected industry movements, as well as company-specific price changes in the series, are investigated. Due to the simple structure of the PPI for manufacturing, no discrepancies have arisen.

3.4.3 Statistical discrepancies and other potential indicators of problems in statistical outputs are investigated

The Administrator is provided with a written brief on the reasons for major changes in the series for specific industries.

3.5 Revision studies

3.5.1 Studies and analyses of revisions are carried out routinely and used to inform statistical processes

No real revision studies are conducted. At the time of the change in the base year, the NSO publishes technical notes on the revision.

4. Serviceability

4.1 Relevance

4.1.1 The relevance and practical utility of existing statistics in meeting users' needs are monitored

The TCS Design includes users and discusses the needs of current programs. The PPI is on the committee's agenda but has not been a major topic in its work. As is usually discussed together with other MISSI indicators. Generally, users are encouraged to contact the NSO with their questions.

Largely due to the small size of the PPI program, no formal processes to monitor users' needs are in place. However, a general quarterly users' survey is conducted, and its results discussed with the management.

The PPI staff has participated in international meetings, as well as in training offered by international institutions and national statistical agencies, such as the U.S. Bureau of Labor Statistics.

4.2 Timeliness and periodicity

4.2.1 Timeliness follows dissemination standards

PPI estimates are disseminated within two months after the end of reference period. This does not meet the SDDS requirements.

4.2.2 Periodicity follows dissemination standards

Periodicity of PPI estimates is monthly.

4.3 Consistency

4.3.1 Statistics are consistent with the dataset

Statistics are internally consistent, since only one-dimensional aggregation takes place.

4.3.2 Statistics are consistent or reconcilable over a reasonable period of time

Historical series are not readily linked together, and data for every base-year cycle are presented alone. Hence, sometimes no one continuous series covers a period of five years, although the policy is to publish two series based on different base years overlapping for six months. Current series with the base year 1994 were first published in 2001, including data from 1998 forward, while the previous series with the base-year 1992 was carried until year 2001. The staff advises users on linking consecutive series together, if requested.

4.3.3 Statistics are consistent or reconcilable with those obtained through other data sources and/or statistical frameworks

The classifications used in the PPI are, to the extent that the industrial activity classification is the same, reconcilable with national accounts data. The PPI industry series are used to derive the implicit deflators, but the level of necessary detail needed by the national accounts is not met. Production of goods for export is included only within the aggregate index. More technical level cooperation with statistics-producing agencies would possibly allow wider use of the PPI data.

4.4 Revision policy and practice

4.4.1 Revisions follow a regular, well-established, and transparent schedule

An informal revision policy for the MISSI indicators indicates all data as preliminary when first published. The estimates for missing data are usually data from the previous month. When price data are received late from the respondents during the two following months, these data are added to the calculation, and possible changes in the index are reported in the next press release. The main need for revision comes from including missing price reports. Revision policy, although simple and known to some users, is not made explicit.

4.4.2 Preliminary data are clearly identified

Data are quoted as preliminary for all MISSI series. All revisions made in the data are clearly marked and referenced.

4.4.3 Studies and analyses of revisions are made public

No revision studies are made. The direction and magnitude resulting from revisions are not analyzed, though they may be found by comparing previous press releases.

5. Accessibility

5.1 Data accessibility

5.1.1 Statistics are presented in a way that facilitates proper interpretation and meaningful comparisons (layout and clarity of text, tables, and charts)

Together with other short-term statistics, the PPI is published in the monthly press release of the MISSI. The main body briefly describes the change in the all-manufacturing sector and the main upward and downward contributing industries. A chart of index movements in the previous and current year is provided. More detailed industry-specific tables of month-to-month and year-to-year changes are provided at the end. Also, two different levels of aggregation are included. Given that the PPI is part of the MISSI, the overall presentation is clear. No seasonally adjusted series are calculated.

5.1.2 Dissemination media and formats are adequate

The data are published as a press release and personally picked up by representatives of major international wire agencies or sent by timed e-mail and fax to local news media, market participants, and government agencies. One half hour later, the same release is published on the NSO website. Paper copies are available at the NSO central office and later in the regional offices. The telephone is also a main dissemination format.

Later, part of the data are also published in NSO *Monthly Bulletin of Statistics* and in the statistical yearbook. A collection of the most requested statistics is also published as “Quickstat,” the one-page summary of the latest data on the Philippine socioeconomic indicators. The data are also published on other government agencies’ websites, such as NSCB, NEDA, and PSB.

5.1.3 Statistics are released on a pre-announced schedule

A release calendar is published on the NSO and NSCB websites, and a press release is issued. The calendar is strictly followed.

5.1.4 Statistics are made available to all users at the same time

The press release is made available to everyone at the same time.

5.1.5 Nonpublished (but nonconfidential) subaggregates are made available upon request Series at the four-digit industry level, are sometimes provided if allowed by confidentiality policy, to researchers when requested. These cases are negotiated individually, since this is also the elementary index level. The Institute for Development in Econometric Analysis, a nonprofit research organization connected with the University of the Philippines, uses more detailed MISSI series in a joint venture with the NSO.

5.2 Metadata accessibility

5.2.1 Documentation on concepts, scope, classifications, basis of recording, data sources, and statistical techniques is available, and differences from internationally accepted standards, guidelines, or good practices are annotated

Documentation on index methods and compilation is published on the NSO website as technical notes. Also, a paper version is published. These data are brief and do not include, for example, the latest industry weights. If requested, the NSO may give additional information may be given by the NSO.. The division responsible for the PPI maintains the SDDS summary methodologies.

5.2.2 Levels of detail are adapted to the needs of the intended audience

Generally, the level of detail in all MISSI indicators has been found adequate by users. Some requests for commodity series are received.

5.3 Assistance to users

5.3.1 Contact person for each subject field is publicized

Actual contact persons are not included in the press release but can be found on the SDDS website. General telephone and e-mail addresses for inquires are, however, clearly marked and provided in all publications and on the NSO website.

As part of an effort to serve the public better, information on MISSI is also provided through NSCB's one-stop statistical service center.

5.3.2 Catalog of publications, documents, and other services, including information on any charges, are widely available

A catalog of publications and a pricing list are available. The NSO library also provides copies to other public libraries and regional offices. The NSO website informs users about purchasing the publications. Some publications also list all other available publications.

Table 3. Philippines—Data Quality Assessment Framework: Summary of Results for the Producer Price Index
(National Statistics Office)

Element	NA	Assessment				Comments
		O	O	LNO	NO	
0. Pre-requisites of quality						
0.1 Legal and institutional environment		X	X			More overall resources needed to improve the quality.
0.2 Resources						
0.3 Quality Awareness		X				
1. Integrity						
1.1 Professionalism		X				
1.2 Transparency		X				
1.3 Ethical standards		X				
2. Methodological soundness						
2.1 Concepts and definitions		X				Transaction specific characteristics needed in price collection.
2.2 Scope		X				
2.3 Classification/Sectorization		X				
2.4 Basis for recording			X			
3. Accuracy and reliability						
3.1 Source data				X		Price data are insufficient. Selection methods of establishments and products in price survey not in par with best practices. Data are not timely. Treatment of quality adjustment, missing prices and new goods needs improvement. Other data sources not used extensively to investigate potential problems in the PPI data. No studies for monthly revisions done.
3.2 Statistical techniques				X		
3.3 Assessment and validation of source data		X				
3.4 Assessment and validation of intermediate data and statistical outputs			X			
3.5 Revision studies				X		
4. Serviceability						
4.1 Relevance				X		PPI specific users' needs not monitored. Timeliness does not meet the SDDS requirements. No long time series are provided. Revision policy is not publicized and information on revision not made available.
4.2 Timeliness and periodicity				X		
4.3 Consistency				X		
4.4 Revision policy and practice				X		
5. Accessibility						
5.1 Data accessibility		X				
5.2 Metadata accessibility		X				
5.3 Assistance to users		X				

Key to symbols: NA = Not Applicable; O = Practice Observed; LO = Practice Largely Observed; LNO = Practice Largely Not Observed; NO = Practice Not Observed; SDDS = Complies with SDDS Criteria

IV. GOVERNMENT FINANCE STATISTICS

0. Prerequisites of quality

0.1 *Legal and institutional environment*

0.1.1 *The responsibility for collecting, processing, and disseminating statistics is clearly specified*

The Department of Finance (DOF), through its Fiscal Policy and Planning Office (FPPO) and its Bureau of Treasury (BTr), collects, compiles and disseminates fiscal data for the public sector in the absence of a full and specific legal basis for all these activities. Executive Order of President No. 127 (EO 127) in general terms calls for the DOF to compile fiscal data (interpreted by the FPPO as being for public sector). EO 236 mandates the DOF collection and compilation of data on public financial and nonfinancial corporations. EO 449 implies that the DOF BTr, as fiscal agency for the national government, should collect and compile fiscal data for national government (budgetary central government).

These executive orders have no specific provision calling for collecting data on local governments. However, DOF FPPO officials indicated they expect no difficulty in collecting these data through the DOF Bureau of Local Government Finance (BLGF) in a timely manner, even though data collections from these governments in the past have not been available for the BTr. One basis for this optimism is that the DOF BLGF issued Circular No. 04-2003 in January 2003 instructing local governments to submit the quarterly transaction data.

The two fiscal data compiling units within the DOF have working relationships that are consistent with noted responsibilities. While there is no specific legal requirement for public dissemination of fiscal data, significant dissemination occurs as a public service. No single compiling entity in DOF has, or has exhibited, the authority to collect timely and complete fiscal data in a manner fully consistent with *GFSM 1986* or *GFSM 2001* and use these data to compile and disseminate GFS. A key impediment for this objective is the absence of sufficient provisions to grant compilers an adequate role in the classification of accounting data and more timely access to source data.

0.1.2 *Data sharing and coordination among data producing agencies are adequate*

According to DOF BTr and FPPO officials, informal approaches are in place to cooperate, in large part, in data collection and compilation and to avoid the burden of duplication of compilation effort. The BTr before September 2003 had difficulty collecting data on local governments from the BLGF and collecting data on the social security system and the extrabudgetary funds, including the Government Service Insurance System (GSIS), from the DOF Corporate Affairs Office. However, the BTr officials received in September 2003 an indication from the FPPO that it would routinely provide these quarterly and annual data to

BTr. Nonetheless, the data sharing and coordinating of fiscal data collection, to ensure conformity with *GFSM 1986* or *GFSM 2001*, have not yet been accomplished through an authorized and documented set of procedures. Informal and sporadic collaboration between the FPPO and the BTr has not yet been sufficient to ensure production of complete and consistent information on the consolidated accounts of the central and general governments.

Mechanisms of a reactive character are in place to allow for close liaison between the two GFS compiling entities and users of fiscal statistics. The main communication availability for this liaison reflects the fiscal data website that is maintained in the SDDS framework. While there has been some duplication of effort by FPPO officials in compiling selected data on the public sector, which includes data on general government, and the effort in BTr working toward compiling general government data, these activities are viewed as an opportunity to review the quality of compiled data on central and general government.

0.1.3 Respondents' data are to be kept confidential and used for statistical purposes only

Public nonfinancial and financial corporations, as mandated, release their income statements and balance sheets regularly to the DOF Corporate Affairs Group (CAG) on a quarterly and an annual basis.⁵ Summaries of selected transaction data on these public corporate categories have been included in fiscal data on the public sector made available by the DOF FPPO.

0.1.4 Statistical reporting is ensured through legal mandate and/or measures to encourage response

No evidence of specific legal or administrative provisions appears to ensure that the fiscal data compiling agency is able to access all data required for compilation of comprehensive GFS for all levels of government. Legal mandates do not ensure that all fiscal data are collected in a reasonable time frame. In particular, all annual data on local government activities in the recent past have not been collected within one and one half years, but DOF FPPO officials, on the basis of BLGF Circular 04–2003 of January 2003, provided assurance that the timely collection of quarterly data in the near term will be expected. The statistical data collection burden for meeting *GFSM 1986* requirements, over and above what is needed for accounting, management and auditing efforts, is not significant, and no particular enticements are needed for the collection.

⁵ The Corporate Affairs Group has data on the entire set of transactions of public corporations and is willing to share these data with FPPO officials for statistical purposes.

0.2 Resources

0.2.1 Staff, financial, and computing resources are commensurate with statistical programs

While existing staff (in BTr and FPPO) and computer hardware are minimally adequate to report on fiscal accounting data, not enough staff are available to compile and report on GFS in line with international statistical standards. Also, the existing computer system has not been authorized to, or been able to, automatically generate GFS from existing accounting records. This oversight will add to the difficulty of migrating to the implementation of data collection and compilation procedures in accordance with *GFSM 2001*, which entails the compilation of all transactions, other economic flows, and balance sheet items. The absence of this automated capability is particularly relevant for BTr reporting of activities of the national (budgetary central) government. While the absence of significant salary increases in recent years has complicated attempts to retain experienced staff, provisions are made for training the staff members compiling GFS, and experienced staff members have remained.

0.2.2 Measures to ensure efficient use of resources are implemented

The costs directly associated with compiling GFS, which are relatively small compared with the costs of collecting needed accounting data, are not specifically identified and measured. The limited staff and computer resources currently used to compile GFS from existing accounting sources may not be used in the most efficient way. For example, the existing automated system for compiling much of GFS, with appropriate instruction, might assist greatly in compiling more accurate GFS than the existing extensive manual effort does.

0.3 Quality awareness

0.3.1 Processes are in place to focus on quality

There is recognition in two DOF fiscal data compilation units that quality in fiscal data is the cornerstone of statistical work. The calls for such processes are not documented, and the extent to which these processes are routinely addressed was not evident.

0.3.2 Processes are in place to monitor the quality of the collection, processing, and dissemination of statistics

The accounting and auditing systems for general government have an embedded mechanism of checks to help ensure quality of fiscal data. Accounting data are used to compile preliminary fiscal data, and audited data are used to compile final data. Fiscal data are collected in accord with the *Philippine Government Accounting and Auditing Manual*. International statistical standards, including *GFSM 1986* have been taken into account in past planning for improvements to statistical quality. There was evidence of patterning the

accounts after the International Accounting Standards for accounts and auditing. There was no evidence of the specific use of the International Public Sector Accounting Standards.⁶

Fiscal data are audited by the Commission on Audit (COA), as observed in its *Annual Audit Report on the BTr* for 2002 and its *Annual Audit Report on the GSIS* for 2002, against generally accepted auditing standards. Such audited reports, for example, periodically have serious disclosures questioning the quality of the underlying accounting data, such as in the COA report on the BTr for 2002 data. But there was no observed documented evidence that processes were in place to ensure that such disclosures were fully accounted for in subsequent revisions and audits and in subsequent revisions of fiscal statistics.

The audited reports cover balance sheets as well as transaction statements, but these audited reports have analytical presentations and time series that are not linked transparently to fiscal data released prior to these audits. In view of the experience of the DOF professional staff, the importance of the quality of data collection, compilation, and dissemination is claimed to be of second nature. The DOF website is available to obtain feedback from GFS users.

0.3.3 Processes are in place to deal with quality considerations, including tradeoffs within quality, and to guide planning for existing and emerging needs

While trade-offs between quality and other considerations, such as timeliness, are well understood, they are not communicated to users, in part because of the limited areas in which these conditions have been relevant. This lack of relevance reflects both the focus on obtaining high-quality transaction data in final form on a timely basis and the fact that these goals, aside from accounting needs, have not necessarily been costly. Quality is taken into account in statistical planning, as reflected in several recent revisions by the COA to the national chart of accounts. The revisions include the reclassifications prescribed under the New Government Accounting System (NGAS), which is mandated to apply to all government activities. It should be noted that these new norms do not fully conform to international statistical guidelines. There was no further evidence of quality considerations guiding plans for existing and emerging GFS needs.

⁶ The International Federation of Accountants (IFAC) issues a *Handbook of International Public Sector Accounting Standards*, which contains the International Public Sector Accounting Standards (IPSAS), as developed by the IFAC Public Sector Committee (PSC).

1. Integrity

1.1 Professionalism

1.1.1 Statistics are compiled on an impartial basis

While no specific laws establish the professional independence of the department responsible for compiling GFS, informal safeguards help ensure the independence of GFS compilation. The compilers indicated their use of data audited by the COA to compile the final set of annual statistics on government activities. The COA, having commissioners appointed by the President and independent of the DOF, prescribes the classification system for all general government stocks and flows. In addition, the mission observed that the BTr, which compiles fiscal data on national government activities, does not typically review the data of the DOF FPPO, which compiles selected data on public sector activities. In turn, the FPPO has not typically reviewed the BTr compiled data on national government. Such a lack of review of somewhat overlapping data implies impartial compilation procedures. Reasonable efforts are made to promote professionalism through seminars and training. Little evidence appears of analytical work or staff publication of methodological papers.

1.1.2 Choices of sources and statistical techniques are informed solely by statistical considerations

There is no evidence that compilers were under political influence in choosing the most appropriate sources and methods for compiling GFS. For its source data for compiling national government data, the BTr uses the BTr accounting data on budgetary central government. (Accounting data are available on autonomous agencies of the central government, the Central Bank Board of Liquidators (CBBOL), and the Oil Stabilization Fund, but much of these data are not included in disseminated data on public sector operations.) Aside from data on national government, the FPPO uses, for its source data for compiling public sector statistics, the above-the-line data on GSIS, the social security funds, the DOF Bureau of Local Government Finance (BLGF) information received from local treasuries, the profit information on the Bangko Sentral ng Pilipinas data (BSP), and the DOF Corporate Affairs Group's information on Government Financial Institutions (GFIs) and 14 major nonfinancial Government-owned and Controlled Corporations (GOCCs).

1.1.3 The appropriate statistical entity is entitled to comment on erroneous interpretation and misuse of statistics

Both fiscal data compilers, the BTr and the DOF FPPO, are able to expertly advise on technical aspects of GFS, is often through emails answering queries on the SDDS website. These compilers are permitted to publicly respond to misinterpretations of fiscal data. Explanatory material is not routinely provided in press releases but they are available upon request (e.g., to the press) to prevent erroneous interpretations or misuses of fiscal statistics.

1.2 Transparency

1.2.1 The terms and conditions under which statistics are collected, processed, and disseminated are available to the public

Executive orders related to the compilation of GFS are available to the public. For example, Executive Order No. 449, relevant for the BTr compilation of fiscal data on the national government, is described in the BTr *2002 Annual Report*. While substantial data are made available to the public, an insufficient emphasis is placed on the need for transparency, including that of terms and conditions under which data are collected, processed, and disseminated. Restrictions on public access to fiscal data, which in large part concern supporting details, are not identified and made public.

1.2.2 Internal governmental access to statistics prior to their release is publicly identified

Special arrangements for noncompiling government officials, to access significant releases (such as monthly and annual reports) of fiscal data before publication, are identified and made public (on the SDDS site). Selected data on public sector operations are available within the DOF for three days prior to public release, data on BTr national government are available within DOF for one day prior to public release, and BTr data on national government debt are available within DOF for one day prior to public release. The Cash Operations Report of national government on a weekly basis, periodically made available as needed for the DOF Secretary, is not released to the public, and this availability and release policy for this specific high-frequency report is not identified and made public. The approval processes for the publication of GFS are not made public, but the approval process has been judged by DOF as implicit and widely understood, particularly for the common cases where the DOF Secretary releases the data.

1.2.3 Products of statistical agencies/units are clearly identified as such

Statistical publications are clearly identified so that the public is informed of the specific data-producing agency that is responsible. Major dissemination of fiscal data includes the DOF BTr monthly releases of the summary Cash Operations Report, the BTr *Annual Report*, and the annual DOF *Statistical Bulletin*. The statistical products, available on websites including the BTr site, identify contacts and agencies responsible for the data.

1.2.4 Advance notice is given of major changes in methodology, source data, and statistical techniques

Notice has not been given in preceding GFS publications or in special publications directed to the same audience as the GFS publications, of methodological, classification, or basis-of-reporting changes that may materially affect the published data. Changes that cause a break in the time series have been or are being identified in the same publications in which the series

breaks have first been introduced. This concurrent release practice, for reclassifications and accrual accounting introductions, is expected to be exhibited in a section on local governments in the 2003 release of the DOF *Statistical Bulletin for Local Governments*. During the mission, the authorities indicated plans for giving advance notices for significant changes in methodology or basis-of-reporting for public sector transactions (e.g., as transaction recording shifts from a cash to a modified accrual basis) being introduced along the expected migration path toward implementing the *GFSM 2001* methodology.

1.3 Ethical standards

1.3.1 Guidelines for staff behavior are in place and are well known to the staff

Staff behavior is consistent with high ethical standards. A published ‘code of conduct’ requires that data are compiled and the results presented according to strictly professional considerations. But not all DOF officials compiling fiscal data were aware of the Act Establishing a Code of Conduct and Ethical Standards for Public Officials and Employees. No known sanctions have been applied that imply adherence to the code of conduct where the code is breached. The BTr has periodic workshops on conduct guidelines in line with Republic Act 6713, and evidence exists that the experienced staff compiling fiscal data have high ethical standards.

2. Methodological Soundness

2.1 Concepts and definitions

2.1.1 The overall structure in terms of concepts and definitions follows internationally accepted standards, guidelines, or good practices

The overall structure of nationally reported fiscal data follows internationally accepted standards, but some specific aggregates therein are not treated in accordance with guidelines in the IMF’s *A Manual on Government Finance Statistics (GFSM 1986)*. This manual calls for reporting cash transactions and outstanding debt in a particular analytical framework. An example of a specific aggregate is the national revenue concept, which covers privatization receipts and grants and thus is not presented according to international statistical conventions. There are links between time series of these data in national reports and those in the *GFSM 1986* framework, but some linkages to the *GFSM 1986*-identified aggregates for some government subsectors are not transparent in all reporting. No documented bridge table links nationally reported aggregates for the various subsectors and those in the *GFSM 1986*. However, this reflects in part the absence of a real need for the table, in the case of data on the national budget where major similarities exist in its reported aggregates and those in *GFSM 1986* and where details are available that permit harmonization. Also, no migration path has been identified, accepted, or documented for implementing, in nationally appropriate

stages over time, the compilation of fiscal statistics according to the *GFSM 2001* methodology.

In response to queries, the mission emphasized that the fundamental aspect of the *GFSM 2001* methodology is its call for compiling a comprehensive and integrated set of stock and flow data, including balance sheet and holding gain data. It also discussed analytical reasons to establish a documented migration path for implementing aspects of the 2001 methodology in nationally determined stages over time. One stage, for example, would typically include the establishment of a balance sheet. In this regard, the mission was pleased to observe that the COA had already included in its *Annual Financial Report* with 2001 data the full balance sheet of the national government, including the valuation of public corporation equities and nonfinancial assets (based on historical costs). The mission stated that the

GFSM 2001 methodology called for compiling over time both complete accrual data and summary cash data and that the statistical reporting system for the *GFSM 2001* methodology accommodates, for example, the use of accounting records based only on cash records. It was pleased to observe that in 2001 the process began for reporting transaction data, including interest data, on an accrual basis (although the precise use of accrual data in 2001 and the timing of their introductions were not documented). The mission, noting the need for reporting (in line with *GFSM 2001*) certain memorandum items such as contingent liabilities, found the national reporting of government guarantees of domestic and foreign obligations.

2.2 *Scope*

2.2.1 *The scope is broadly consistent with internationally accepted standards, guidelines, or good practices*

Selected statistical reporting of annual transaction data (reported on the BTr website) covers incomplete aspects (with a focus on the deficit) of the public sector, which is broader than the more typical coverage of the general government. Annual source data are identified and are available on transactions and stock holdings among the subsectors of budgetary units, extrabudgetary units, social security units, and local government units, thus enabling the potential consolidation of stock and flow data on general government. Moreover, most transaction and stock position data between public sector subsectors were also found to be available, thereby permitting (with more detailed classifications) the potential consolidation of transactions and balance sheets for the public sector. But there were no comprehensive statistics available on the consolidated transactions or balances of central or general governments. The transaction data on the public sector were not comprehensive or complete.⁷

⁷ A table with data suggests consolidated public sector data (in *Republic of the Philippines Budget of Expenditures and Sources of Financing, Fiscal Year 2003*). But the definitions of transaction aggregates do not fully conform with those of *GFSM 1986* or *GFSM 2001*, and the coverage does not extend to all central government entities, nonfinancial corporations, or public financial institutions.

The authorities envision such comprehensive reporting, while not yet occurring, for the near term.

Provisional annual fiscal data are replaced by final data as soon as practicable. All audited data are used in compiling final data, and audited annual data on national government have been made available within one or two quarters of the end of the reported period.

No supplementary data on quasi-fiscal activity are provided, but such activity is not likely to be significant. The absence of significant activity is expected to continue in light of the substantial quasi-fiscal activity in the early 1990s that resulted in substantial losses and the restructuring of the central bank.

For future statistical planning, the authorities indicated they would take into account the *GFSM 2001* methodology, in harmony with the other major internationally recognized macroeconomic statistical systems, namely, the *System of National Accounts 1993*, the IMF's *Balance of Payments Manual*, fifth edition, and the IMF's *Monetary and Financial Statistics Manual 2000*. This GFS methodology covers, in an integrated manner, all economic stocks and flows of units within its scope—as specified in the following tables in *GFSM 2001*:

- Classification of Revenue (Table 1, *GFSM 2001*);⁸
- Economic Classification of Expense (Table 2);⁹
- Classification of Transactions in Assets and Liabilities (Table 3);
- Classification of Outlays by Functions of Government (Table 4);
- Classification of Transactions in Financial Assets and Liabilities by Sector (Table 5);
- Stocks and Flows of Specific General Government Subsectors (Table 6);¹⁰ and
- Statement of Sources and Uses of Cash.

⁸ See Appendix 4 of the *GFSM 2001*.

⁹ The ideal in the *GFSM 2001* methodology is for transaction data to be provided for a cross classification of functions of government (COFOG)—Table 4—and economic classifications of expense (Table 2).

¹⁰ Includes holding gains and changes in volume as well as balance sheet data for separately identified and reported levels of general government.

2.3 *Classification/sectorization*

2.3.1 *Classification/sectorization systems used are broadly consistent with internationally accepted standards, guidelines, or good practices*

Institutional sectors evidently are defined in accordance with the 1993 SNA, the GFSM 1986, and the GFSM 2001, but sectoral descriptions are not fully identified, and the government subsectors for which GFS are produced are not defined according to these methodologies. Neither the units in the central government or the general government, nor the extent to which units for these government levels are covered in reported data, are precisely identified. The BTr 2002 Annual Report has substantial and useful transaction data on the national government. But it does not identify which institutional units are included in this coverage (which, despite divergent views, evidently is the budgetary central government) or precisely how this coverage differs from central government.¹¹ Also, on the BTr and DOF websites, transactions of specific extrabudgetary funds (including the Government Service Insurance System) and social security schemes were not fully identified as part of transactions of the central government.

Revenue often not reported according to economic classifications and including grants and privatization receipts in national reporting), expenditure (including net lending in national reporting), and financing items for the national government are reported in the BTr 2002 Annual Report, with details that are largely in line with the GFSM 1986.¹² Financing data erroneously have included government purchases of securities issued by the National Power Corporation, instead of properly treating them as lending minus repayments. While debt data of the national government identify foreign and domestic debt, details are not typically available on the instruments of debt.¹³

Regarding the aggregated transaction data found on the public sector on the DOF website, the summary data for revenue, expenditure and financing comprised only certain aspects of units

¹¹ While these institutions are supposedly covered in data on the national government as indicated by the authorities, the data in the COA *Annual Audit Report on the Bureau of the Treasury 2002* implies in the accounting that the CBBLCBBOL is not included in the national government. The national government has a notes receivable claim on the CBBLCBBOL (in note 3 on the balance sheet)—a claim (of up to 137 billion pesos) that of course is unwarranted in the consolidated accounts of national government, given this described coverage.

¹² According to GFSM 1986, grants are not part of revenue, and privatization receipts, (part of lending minus repayments) are not part of revenue. Table 2 regarding the national government cash performance in the BTr 2002 Annual Report for 2002 does not identify the analytical components of revenue and expenditure.

¹³ Table 6 of the BTr 2002 Annual Report for 2002 has some detail, but it identifies, inconsistent with international statistical convention, government securities in the direct loan category.

of the public sector. Moreover, the revenue and expenditure data covered different public sector units than the data on financing, so the reported 2002 deficit data differed substantially from the financing data. Such a mismatch, given the different coverage of institutions covered by above-the-line and below-the-line data, is to be expected. Also, the aggregated public sector data included CBP data only on its profits. Separate data on the general government and the public financial and nonfinancial institutions were not available.

2.4 Basis for recording

2.4.1 Market prices are used to value flows and stocks

Transactions of government are recorded on a current market value basis. Outstanding debt data of the national government are available, according to authorities, on the basis of the amount due on maturity, thus conforming with the *GFSM 1986* methodology. Debt data based on market prices would conform with the *GFSM 2001* methodology.

Transactions in foreign currency are converted to pesos using the exchange rate prevailing in the market at the moment they take place, and outstanding balances denominated in foreign exchange are valued at the exchange rates on the reporting date for the balance sheet.

2.4.2 Recording is done on an accrual basis

BTr recorded transactions of government through 2000 on a cash basis, in accordance with the *GFSM 1986*. The COA issued instructions for all general government units to adopt the modified accrual basis of accounting (as well as summary data on a cash basis), and the national government began to establish this policy in 2001. Local governments have been instructed to report quarterly data on a cash basis and on an accrual basis. No documentation on the arrangements for, or the timing of, fully implementing accrual accounting data for all of general government has been made available. The available descriptions of the modified accrual basis of accounting conforms closely to the accrual accounting outlined in the *GFSM 2001* methodology.

The extent to which existing fiscal data, for various parts of the Philippine public sector, is reported on an accrual basis is not fully documented.¹⁴ There is no reporting of arrangements being made to convert from a cash to an accrual basis where cash or mixed recording is used. To whatever extent government subsectors have implemented accrual accounting for fiscal data, the international reporting (but not necessarily the recording) of transaction data according to the *GFSM 2001* methodology, for the GFS Yearbook from 2003 will include reporting on both an accrual and a cash basis. There were, in 2003 GFS Yearbook report

¹⁴ The GSIS is described as reporting on a cash basis, and the Social Security System is described as reporting on an accrual basis, except for contributions which are reported on a cash basis.

forms, tables calling for accrual data with a classification category, for example, on the consumption of fixed capital; those compilers with only cash records would simply not have an entry for this category. While pension obligations to government employees are identified as liabilities according to the *GFSM 2001* methodology, no evidence appeared of accrual accounting or actuarial data, which are consistent with appropriately compiled transaction data for this government fund.¹⁵

2.4.3 Grossing/netting procedures are broadly consistent with internationally accepted standards, guidelines, or good practices

All transactions are shown gross, except as appropriate for borrowing and amortization transactions. Certain corrective transactions (e.g., refunds of taxation) are properly netted against the original transactions.

3. Accuracy and Reliability

3.1 Source data

3.1.1 Source data are collected from comprehensive data collection programs that take into account country-specific conditions

Substantial source data for GFS are available, but they have not been adequately utilized to compile the full range of consolidated stock and flow statistics on central or general governments or the full public sector in accord with the GFSM 1986 or the *GFSM 2001*. No documented procedures are in place to assure that audit findings on national or other government data are taken fully into account and that only the most accurate and reliable data sources are used. The mission found no documentation of procedures to allow estimation of missing data, although some estimation procedures for local government operations were in place. The authorities have documented plans to collect timely quarterly transaction data on all local governments (see the BLGF's A Manual on the Statement of Income and Expenditures for Local Government Units, including BLGF Memorandum Circular

¹⁵ The use of accrual accounting data, if available, is necessary to appropriately calculate data on government transactions and liabilities for government employee pensions under *GFSM 2001*. The *Annual Audit Report on the GSIS* for 2002, on first view, seems to imply that pension obligations have been recognized as government liabilities. However, the identification of these liabilities as the amount of obligations for which resources on the GSIS balance sheet are available is not consistent with this concept. The proper amount of these obligations that should be recognized as liabilities, for conformity with *GFSM 2001*, is the full amount of the obligations based solely on the defined benefits, the actuarial tables, and the market discount rate; to the extent that assets do not match liabilities, the net worth of the GSIS would be identified as a negative entry. (Note 12 on the balance sheet implies a GSIS 2002 shortfall in liability reporting of 26 billion pesos.)

No. 01-2003, mandating the collection of quarterly data on revenue and expenditure by economic type and by function). The authorities see no basis for resorting to sampling techniques in this regard, even though the complete local government reporting of any of these quarterly data is not yet evident. No documentation on the planned collection of data on local government stocks or holding gains has been provided. Fiscal data on the major 14 nonfinancial GOCCs, representing roughly 70 percent of expenses of the roughly 90 nonfinancial GOCCs, are used as the estimate of the activities of these corporations.

3.1.2 Source data reasonably approximate the definitions, scope, classifications, valuation, and time of recording required

The government chart of accounts is not sufficiently in line with the classifications in *GFSM 1986* or the *GFSM 2001* to ensure that consolidated data can be reported fully in accordance with either of these methodologies. While the chart of accounts for government activities, recently revised for 2003 by the COM, covers transactions and balance sheet items, the establishment of a bridge table fully linking this chart of accounts with the *GFSM 1986* or the *GFSM 2001* classifications would be difficult. The descriptions do not specifically indicate that it also applies to nonbudgetary central government activities. Its use does not permit the compilation of (1) complete detailed data on net acquisition of financial assets, (2) complete liability data by instrument or by sector of creditor (to help permit accurate consolidation of government data and the reconciliation of GFS with data of other macroeconomic areas), (3) expense data by functional categories closely in line with the international Classifications of the Functions of Government (COFOG), or (4) data on holding gains and other changes in the volume. (In response to queries, the authorities observed that considerations could be given, at the time of future revisions to the chart of accounts, to identifying precisely its coverage and to align it more closely with the *GFSM 2001* for all stocks and flows.)

Budget management systems do not include provision for the automatic derivation of GFS items from budget items. The timing, recording, and valuation of source data are broadly consistent with concepts in *GFSM 1986*. One inconsistency is that national government source data on expenditure are recorded at the time the expenditure is authorized and funds are allocated to various agency accounts, rather than after the agencies have taken the funds from its government accounts (for the cash basis of recording or actually received the purchased goods and services for the accrual basis of recording). Information published under financial accountability arrangements has roughly the same scope as GFS and can be reconciled for the most part with GFS.

3.1.3 Source data are timely

Annual provisional data on selected transactions of the public sector are available within six months of the end of the reference year, monthly provisional data on national government transactions are available within three weeks of the end of the reference month, and

provisional summary debt data on the national government are available ten weeks after the reference month (for dissemination of compiled data under SDDS framework). Source data on the transactions and debt of the complete central government also are available with this timing, thus permitting, if distributed to compilers promptly, the dissemination of these data on the complete central government within this same time frame. Final annual transaction and debt data on the national government have been made available within one year of the reference period, and selected final annual transaction data on most of the public sector have been made available within one and one-half years (the authorities suggested that the timing for these annual source data could be quickened).

3.2 *Statistical techniques*

3.2.1 Data compilation employs sound statistical techniques

While there are subpar procedures in place to allow for the estimation of missing data, there is only a limited need for estimating fiscal data. Currently, data on 14 major nonfinancial GOCCs are used as data on all these corporations. Data on many of the roughly 90 nonfinancial GOCCs are not available within six months of the annual reference period. (Data on the complete sector could be estimated based on the reporting corporations and the use of increases of those sectors, along with the data on the prior period for those not currently reporting, to estimate the stock and flow data for all nonfinancial GOCCs.) Currently, preliminary annual data on local governments that are used in compiling preliminary transaction data on the public sector are calculated from annual transaction data on the prior year's local government activities and GDP growth rate. This practice is not consistent with best international statistical practices. (The mission explained the advantages of using the complete source data on a preliminary basis that are soon expected to be available on local government transactions in a timely manner.)

3.2.2 Other statistical procedures (e.g., data adjustments and transformations, and statistical analysis) employ sound statistical techniques

No other statistical techniques have been reported for adjusting reporting of fiscal data (and such an absence is reflected in the mismatch between data on deficits and financing for the public sector, as reported by DOF). In light of new procedures being undertaken by the DOF officials, no need for dramatic adjustments was perceived. However, some adjustments are expected in view of the absence of certain details in the chart of accounts that would permit (1) the complete translation of nationally reported accounting data to statistics fully conforming with GFSM 1986 or *GFSM 2001*, and (2) the accurate consolidation of quarterly stock and flow statistics on the central government, and consolidation of annual stock and flow statistics on the general government and the public sector.

3.3 *Assessment and validation of source data*

3.3.1 *Source data—including censuses, sample surveys and administrative records—are routinely assessed, e.g., for coverage, sample error, response error, and nonsampling error; the results of the assessments are monitored and made available to guide planning*

The problems of gaps in coverage of institutions in source data had not been adequately identified and addressed at the time the mission arrived. The balance between accuracy and timeliness mainly concerns the source data, on which the COA has raised significant disclosures.¹⁶ The extent to which revisions of annual data fully address such disclosures is unclear, and no documentation of such procedures is evident. No statistical procedures appear to be in place to assess the accuracy of accounting data or to ensure the reporting of statistics from accurate and reliable source data. Fiscal data are published following a regular cycle, where the preliminary data are replaced by final audited data. The most timely data that are accurate for fiscal policy development and analysis are used for preliminary fiscal data. The status of data used for each period—whether preliminary or final—is not always identified in GFS publications. All preliminary data are revised when later final data become available.

3.4 *Assessment and validation of intermediate data and statistical outputs*

3.4.1 *Main intermediate data are validated against other information where applicable*

Major aggregates for fiscal data for any level of the public sector are evidently not reconciled with corresponding reporting in other macro-economic statistical areas.

For example, there is no documentation of reconciliation between (1) fiscal transaction or debt data and (2) statistics on financial institutions, balance of payments, or the national accounts. The authorities indicated their intention to document differences and reconciliations.

3.4.2 *Statistical discrepancies in intermediate data are assessed and investigated*

While the mission received no evidence that data on expenditure by economic type and by function have been cross-checked for consistency, the expenditure data by economic type and by function submitted for publication in the GFS Yearbook have been consistent.

¹⁶ See the COA Audit Certificate of March 18, 2003 in the COA *Annual Audit Report on the Bureau of the Treasury* for 2002. For example, the audit disclosed that government cash accounts with 96 billion pesos could not be validated, and that the ledger accounting for claims of 294 billion on GOCCs was not available.

3.4.3 Statistical discrepancies and other potential indicators of problems in statistical outputs are investigated

In view of the absence of recent reporting on the differences between GFS financing data and corresponding records of financial institutions, no one had yet addressed the steps needed to ensure a reconciliation of any differences. (The authorities indicated their intention to address data differences and work toward reconciliations.)

3.5 Revision studies

3.5.1 Studies and analyses of revisions are carried out routinely and used to inform statistical processes

Data revisions take account of all revisions to source data. There are revisions to annual data to reflect final data. Preliminary monthly data, which are never finalized, periodically are revised, but their revisions are not identified as such. There is no documentation of data revisions, whether identifying the main aspects of preliminary source data, the reasons for revisions, or the typical direction and magnitude of data revisions. While the authorities work hard on data quality and have assessed data, the mission was provided with no evidence that revisions to GFS have been assessed in recent years to determine the reliability of data or that there may be a basis for trying to improve the data sources or compilation procedures. (DOF officials have indicated plans to document data revisions, why there is a need for revisions, and the typical direction and magnitude of revisions to major aggregates, and to address the possible basis for improving the quality of reported data.)

4. Serviceability

4.1 Relevance

4.1.1 The relevance and practical utility of existing statistics in meeting users' needs are monitored

Users of fiscal data are widespread among policymakers, analysts, and other domestic and international users. The extent to which users' utility of these data is monitored is limited, in part because of the number of sources of fiscal accounting data and the lack of a coherent authority given to one unit to ensure the quality of comprehensive GFS. Available statistical reporting of annual data (interpreted as in the DOF Statistical Bulletin, the BTr Annual Report, the BTr and DOF websites, and the GFS Yearbook), while good in certain areas, is not comprehensive and consolidated for transactions or stocks of either the central government or the general government. Substantial separate and diverse accounting data for virtually all the public sector are available. The available reporting is mainly the data on accounts of national government, which do not include transaction and stock data on extrabudgetary funds (including GSIS) or the Social Security System. Transaction data on

local governments are in the *Statistical Bulletin* in a substantially different presentation. Because the *Statistical Bulletin*, with detailed 2001 data on the national government, is scheduled to be published almost two years after the reference year, it is of limited use to users attempting to assess stated fiscal policies. A summary of the Monthly Cash Statement is disseminated in a timely manner and is well received by users, and these aggregates permit rough assessments of policy implementation.

While published accounts (in the *Republic of the Philippines Budget of Expenditure and Sources of Financing*) present a table with consolidated transactions of the public sector, some shortcomings were observed in the consolidation. For example, the table does not cover all financial and nonfinancial corporations, and includes only the deficit data of extrabudgetary funds and social security agencies.

The primary process of determining and evaluating fiscal policy and assessing the degree to which government is achieving its stated objectives is based on the aggregated budget outturns on the national government. The methodological basis, the classification structure, and coverage of available fiscal data are not as suitable for analytical needs as properly compiled GFS would be. There is, for example, an inadequate presentation of cash changes and amortization (including of the CBBOL) of central government transactions. While there is no evidence that feedback of users and potential users on the relevance of existing reports on fiscal data is sought regularly, users provide substantial feedback to the compilers through the websites.

The availability of comprehensive data is not largely constrained by the absence of accounting data, although a more sufficient chart of accounts would be helpful. Somewhat adequate annual source data are available on transactions and stock holdings among the subsectors of budgetary units, extrabudgetary units, and social security units, thus potentially enabling, with difficulty, a consolidation of quarterly data on central government. Moreover, such transactions and positions between public sector subsectors are also mostly available, thereby permitting the annual consolidation of transactions and balance sheets for the general government and the public sector. Such comprehensive and consolidated reporting, while not yet occurring, is envisioned by the authorities for the near term.

4.2 *Timeliness and periodicity*

4.2.1 *Timeliness follows dissemination standards*

Timeliness of monthly central (national) government operations data is within the SDDS-prescribed one month after the reference period. The timeliness of monthly central (national) government debt data is ten weeks, within the SDDS-prescribed one quarter after the reference period. For public sector operations, the data release follows within the SDDS-prescribed two quarters after the reference period. While this is broader coverage than data on general government operations, data on the main aggregates of annual data do not fully

conform with fully aggregated or consolidated data on public sector operations. But the authorities during the mission indicated they soon plan to improve the coverage of institutions as well as transactions of the public sector.

4.2.2 *Periodicity follows dissemination standards*

Consistent with SDDS requirements, the central (national) government operations data are published monthly and annually, selected general government operations data are published annually, and central (national) government debt is published monthly. See section 4.2.1 above.

4.3 **Consistency**

4.3.1 *Statistics are consistent within the dataset*

Aggregates of fiscal data in national publications and on official websites are similar for the national government, for transactions and debt. The fiscal data on the public sector (on the DOF site), however, include deficit and financing data that were not consistent. The electronically disseminated data on the public sector deficit do not match reported financing data largely because the above-the-line institutional coverage is different than that used to compile financing data. Steps are being taken, however, to resolve this issue. (The authorities indicated that steps are being considered to help ensure that complete and consistent sets of transaction data, including net lending and use of cash balances, are transparently included in all reports of fiscal statistics.)

The GFS that were sent to the IMF for the *GFS Yearbook 2002* are, mainly, consistent with the *GFSM 1986* guidelines, which call for:

- Deficit/surplus = (-) financing;
- Major aggregates consistent—(revenue & grants) less (expenditure & lending minus repayments) = sum of financing, where financing = net borrowing plus reductions in cash balances;
- Table B expenditure (by function) = Table C expenditure (by economic type);
- Domestic financing consistent (allowing for holding gains) with change in domestic debt;
- Foreign financing consistent (allowing for holding gains) with change in foreign debt;
- Transfers paid = transfers received between levels/subsectors of government; and
- Interest paid in Table B = interest paid in Table C.

GFS compilers introduced in 2003 the reporting of GFS to the Fund for the *GFS Yearbook* on the basis of classifications of the *GFSM 2001* methodology, regardless of the availability of

full balance sheet information, holding gains, accrual accounts, etc. The compilers have helped ensure that data are consistent for the items listed below.

While country reporting for the *GFS Yearbook* in 2003 is based on the classifications in the *GFSM 2001*, this does not necessarily imply that reporting or recording systems in individual countries have changed. The Fund provided a bridge table linking the *GFSM 1986* classifications with the *GFSM 2001* classifications (as provided to the DOF). Also, to the extent that national account data are not available for certain transactions, such as consumption of fixed capital, there simply would be no reported entries for these items. If accounting records are available only for cash transactions, which is usually the case, these data will be published in the *GFS Yearbook*. While the *GFSM 2001* identifies the ideal reporting of both cash and accrual data, the important issue is that compilers report the precisely identified basis of recording and use the main account data available (possibly a mix of cash and accrual data) for the accrual reporting and simply the cash data for the summary cash table for the *GFS Yearbook*.

- The difference between opening and closing balance sheets, for each asset/liability category, equals the sum of transactions, net holding gains and losses, and other changes to the volume of assets for that category.
- If consistency as defined above is achieved by deriving any component residually, then an annotation to this effect is published.
- Net operating balance less net acquisition of nonfinancial assets equals net lending/borrowing.
- Net lending/borrowing, derived from revenue less expenses less net acquisition of nonfinancial assets, equals financing.
- Components of revenue, expense, net acquisition of nonfinancial assets, and financing add to aggregates.
- Detailed revenue, expense, net acquisition of nonfinancial assets, and financing table data agree with the aggregates in the government operations table.
- Transfers paid = transfers received between levels/subsectors of government.
- Information on revisions is provided to users.
- The sum of GFS aggregates for component levels of government, or other subsectors of GFS, equals aggregates for the consolidated combination of those subsectors, less consolidation adjustments. Note that the net operating balance, net lending/borrowing, change in net worth, and net worth across all subsectors (such as central and local

governments) should add to these balances for the inclusive government sector (general government).

4.3.2 Statistics are consistent or reconcilable over a reasonable period of time

Divergences from the expected trend in the revenue and/or expenditure time series are related to the underlying fiscal policy and/or economic developments. No previously reported series have been adjusted and identified, to account for discontinuities arising from methodological developments or other changes in the statistical system. And no breaks in time series, with explanations, have been significantly used. For example, some accrual data were introduced in 2001 in some transaction data of national government, but this introduction was not documented or identified in disseminated data and no breaks in time series were documented or explained. During the mission, the authorities indicated their plans to document such changes in the future. In view of possibilities for introducing various migration stages on the basis of the *GFSM 2001* methodology—which to an extent has already begun—the associated need for revising data for significant periods, and reporting overlapping data for some period on the different bases, was discussed.

4.3.3 Statistics are consistent or reconcilable with those obtained through other data sources and/or statistical frameworks

Reconciliation of fiscal data disseminated by various agencies (DOF FPPO, BTr, and the Commission on Audit) is hampered by differences in coverage, concepts, definitions, and the insufficient use of explanatory notes. No known procedures are in place to help ensure that fiscal data for central and local governments are harmonized with related national accounts aggregates, such as net lending/borrowing, government consumption, and net acquisition of nonfinancial assets. However, fiscal data are the basis for compiling these data for the national accounts.

No known procedures are in place to help ensure that fiscal financing data for national and local governments are harmonized with banking data or balance of payments data. While banking data are used as sources for the government reports on bank financing of government, there has been no recent review of the consistent use of definitions of government units or of the consistency of monetary and fiscal data reporting. There are differences in net bank credit according to Treasury and bank data. Foreign grants and financing transactions in fiscal data and in balance of payments statistics should be harmonized, but there is no evidence that these data have been reviewed. The authorities indicated that steps are to be taken to help ensure that fiscal data are consistent and reconcilable with national account, monetary and financial, and balance of payments statistics.

4.4 Revision policy and practice

4.4.1 Revisions follow a regular, well-established, and transparent schedule

The electronic release of revisions of data on the national government (by BTr) follows a well understood schedule. Revisions for data on the BTr site are largely predictable. There is no advance calendar for the Statistical Bulletin.

4.4.2 Preliminary data are clearly identified

Preliminary monthly data on the national government are identified, and this characteristic is considered to be widely understood. These monthly data are not often revised and are not finalized. If revised, the monthly data are not so identified. The first electronic release of annual data on the national government is preliminary, and this stage is not identified in the data set, although the metadata describe the scheduled revisions. There has been no specific or routine focus on the coherence between preliminary and final data to ascertain if preliminary data can be used with confidence for policy determination and analysis.

4.4.3 Studies and analyses of revisions are made public

The authorities have had no basis for believing that a pattern in the revision of data is systematic and observe that all revised source data are promptly embedded in disseminated fiscal data. However, as no series of revisions to fiscal data have been documented, such revisions and potentially related studies and analyses have not been made public.

5. Accessibility

5.1 Data accessibility

5.1.1 Statistics are presented in a way that facilitates proper interpretation and meaningful comparisons (layout and clarity of text, tables, and charts)

Elements of fiscal data for selected general government coverage are variously presented to allow major aggregates and balancing items to be identified and related to detailed underlying data. The presentation of data on accounts of the national government (e.g., in the Statistics Bulletin) is broadly adequate. But even in this publication, the aggregates and details do not fully conform with either the GFSM 1986 or *GFSM 2001*.¹⁷ Table 1, for example, does not identify grants received, and Table 13 (on financing) does not identify changes in cash

¹⁷ The COA *Annual Audit Report* on the 2002 activities of the national government have aggregates and time series that substantially differ from that in the *Statistical Bulletin* or the *BTr 2002 Annual Report*, thus making statistical comparison of these data with BTr data somewhat difficult.

balances. Table 14 (on outstanding debt) covers both real and contingent debt, but a category under contingent debt called “Assumed Liabilities” is confusing insofar as such language would be presumed to refer to actual debt. Moreover, the *Statistical Bulletin for 2001*, with detailed annual data through 2001, had not yet been published by mid-September 2003, thus raising the issue of how an accessibility to delayed data could facilitate proper data interpretation. The *Statistical Bulletin* presents national government time series—but not central or general government data—which cover at least ten years. In short, fiscal accounts on the national government—a different coverage of general government than is called for in the *GFSM 1986*—are presented acceptably for use in the budget development and monitoring process and are useful for economic and fiscal policy development. National publications, while not as timely as appropriate, provide a coverage and detail similar to those in account records, with somewhat different aggregates and detail, such as the lack of functional data in conformity with COFOG, than those set out in the *GFSM 1986* tables.

5.1.2 Dissemination media and formats are adequate

The annual Statistical Bulletin covers annual transaction and debt data of national government. The electronic release of summary data taken from the monthly Cash Operations Report has useful aggregates, but not details, on transactions of the national government. (However the reporting is not aligned with the statistical convention that net financing equals net borrowing plus the net use of cash balances.) Summary monthly cash transaction data on national government are available through electronic means on the BTr and DOF websites, and the identified major aggregates, while not fully consistent with international statistical methodologies, facilitate budgetary analysis.

5.1.3 Statistics are released on a preannounced schedule

The dissemination policy regarding available fiscal data is clearly publicized on the SDDS website. The dates of release of fiscal data are announced substantially in advance on the BTr and SDDS websites but not in preceding publications with fiscal data. The actual date of data release meets the preannounced date on the DOF website.

5.1.4 Statistics are made available to all users at the same time

Statistical publications and new information on national websites are made available, without preferential treatment of selected users, to all users simultaneously.

5.1.5 Nonpublished (but nonconfidential) subaggregates are made available upon request

Nonpublished data, including detailed data, are often made available on request (typically by email). The availability of detailed nonpublished data, and the terms and conditions on which it is made available, are not publicized in publications with fiscal data.

5.2 Metadata accessibility

5.2.1 Documentation on concepts, scope, classifications, basis of recording, data sources, and statistical techniques is available, and differences from internationally accepted standards, guidelines, or good practices are annotated

Concepts, sources, and methods (C, S, & M) are not adequately documented in disseminated reports and there is significant scope for improvement. C, S, & M have been revised in recent years, and the authorities have not documented or published changes such as the revisions of classifications and the introduction of reporting various items on an accrual basis. Compilation methods for fiscal statistics, such as those for data in the Statistical Bulletin, are not documented or made available. As the authorities begin to implement further stages of the *GFSM 2001* methodology, they plan to release more significant information on C, S, & M. The descriptions of C, S, & M in the Statistical Bulletin, while incomplete, are useful. However, the nationally published data do not identify differences in reported aggregates from those reported according to international conventions on transaction and stock data. The summary methodology reported on the DSBB is quite useful. In any event, the sources of account data on budgetary units are usually identified in national reporting. Bridge tables linking source data and data in the Statistical Bulletin, possibly reflecting the periodic changes in the detailed national classification codes for accounts of budgetary units, are not documented or made available. While no bridge tables linking published aggregates on national government with those of GFSM 1986 are available, it is judged that no linkages are likely to be needed in view of the adequate details in budgetary central government data that are in the Statistical Bulletin.

5.2.2 Levels of detail are adapted to the needs of the intended audience

Published descriptions of concepts, sources and methods are helpful but not nearly complete for assessing the strengths and weaknesses of fiscal data. The C, S, & M information provided to general users in publications is not sufficient to allow them to understand fully the framework under which the statistics are produced.

5.3 Assistance to users

5.3.1 Contact person for each subject field is publicized

Contact persons are identified on websites (e.g., the SDDS site) but not in publications. The authorities indicated that timely and knowledgeable service and support, largely through email, have been made available through these contacts, which have provided appropriate responses to queries about the misuse of fiscal data.

5.3.2 Catalogs of publications, documents, and other services, including information on any charges, are widely available

DOF entities (including BTr) with fiscal data provide fiscal tables through their websites. These DOF entities do not provide a catalog, or a full listing elsewhere of their statistical products and services.

Table 4. Philippines—Data Quality Assessment Framework: Summary of Results for Government Finance Statistics
(*Compiling Agency: Philippine Department of Finance*)

Criteria	Element	NA	Assessment				Comments
			O	LO	LNO	NO	
0. Prerequisites of quality							
0.1	Legal and institutional environment			X			No clear legal mandate for data collection and coordination.
0.2	Resources			X			Computer system not used for automatic statistics compilation.
0.3	Quality awareness			X			No procedures to guide and ensure quality.
1. Integrity							
1.1	Professionalism		X				
1.2	Transparency			X			No advance notice for changes in data sources.
1.3	Ethical standards		X				
2. Methodological soundness							
2.1	Concepts and definitions			X			Insufficient details and no documented plans for migrating to <i>GFSM 2001</i> .
2.2	Scope			X			GFS not available for central or general government.
2.3	Classification/sectorization		X				
2.4	Basis for recording		X				
3. Accuracy and reliability							
3.1	Source data			X			No procedures to ensure use of audits or best data sources.
3.2	Statistical techniques			X			Subpar for local governments and nonfinancial corporations.
3.3	Assessment and validation of source data			X			Problem of missing data for general government not addressed.
3.4	Assessment and validation of intermediate data and statistical outputs			X			No review or comparison of GFS with monetary data.
3.5	Revision studies			X			Reviewed but no evidence of recent documented studies.
4. Serviceability							
4.1	Relevance			X			Insufficient details in monthly releases and long lags in the publication of <i>Statistical Bulletin</i> .
4.2	Timeliness and periodicity		X				No match of deficit with financing in public sector operations.
4.3	Consistency			X			Revision studies not made public.
4.4	Revision policy and practice			X			
5. Accessibility							
5.1	Data accessibility		X				Limited metadata, and inexistence of a note comparing data to <i>GFSM 1986</i> .
5.2	Metadata accessibility			X			No catalogues on publications and other data information.
5.3	Assistance to users			X			

Key to symbols: NA = Not Applicable; O = Practice Observed; LO = Practice Largely Observed; LNO = Practice Largely Not Observed; NO = Practice Not Observed; SDDS = Complies with SDDS

V. MONETARY STATISTICS

0. Prerequisites of quality

0.1 *Legal and institutional environment*

0.1.1 *The responsibility for collecting, processing, and disseminating statistics is clearly specified*

The BSP is the sole official agency in charge of collecting, compiling, and disseminating monetary statistics, as designated by Presidential Executive Order no. 352 “Designation of Statistical Activities that will Generate Critical Data for Decision-Making of the Government and the Private Sector”. In addition, Section 22 of the Republic Act no. 7653, The New Central Bank Act, of July 3, 1993 states that the BSP should prepare data and conduct economic research for the guidance of the Monetary Board in the formulation and implementation of its policies. This section also stipulates that the data should include statistics on the monthly movements of monetary aggregates that are useful for the formulation and analysis of monetary, banking, credit, and exchange policies.

The Republic Act no. 7653 does not specifically indicate that the BSP has the legal authority to request any information for monetary and balance of payments statistics purposes. However, Section 25 of the Act authorizes the BSP to require banks and quasi-banks to present documents or records necessary for supervision, including those of their subsidiaries and affiliates engaged in allied activities. These supervisory data are used as the main source for the compilation of monetary statistics. Section 23 of the Act stipulates that the BSP has the authority to request from government offices and instrumentalities, or government-owned or –controlled corporations any data it may require for the proper discharge of its functions and responsibilities. For this purpose, the BSP has the power to issue a subpoena for the books and records of these institutions.

Section 40 of the Act specifies that the BSP should issue an annual report. Such a report is to include, in addition to a statement of the financial condition of the BSP, a statistical appendix with the monthly movement of monetary aggregates and their components as well as the monthly movement of the accounts of the BSP and the other banks.

The Department of Economic Research (DER) of the BSP is responsible for improvements in the statistical methodology, data collection, and compilation, verification, processing, and dissemination of monetary and financial statistics and balance of payments statistics, and for making the information public. The Economic and Financial Monitoring Group of the DER receives the data on the BSP from the Comptrollership Department, the Treasury Department, and the Department of Loans and Credit, and data of commercial banks and rural banks from the Supervisory Reports and Studies Office. In addition, the Economic and Financial Monitoring Group receives supplementary information from various BSP

departments that is also utilized in the compilation of monetary statistics. All inquiries about monetary data are directed to the DER's Economic and Financial Monitoring Group.

0.1.2 Data sharing and coordination among data producing agencies are adequate

The BSP has arrangements in place to ensure the smooth flow of information between the Comptrollership Department, the Treasury Department, the Department of Loans and Credit, the Supervisory Reports and Studies Office (as primary compilers or receivers of accounting data), the International Operations Department, various supervision and examination departments, other BSP departments, and the DER's Economic and Financial Monitoring Group. For special statistical projects, a committee or task force is created to ensure cooperation and coordination among BSP departments.

Data on lending rates are generated by the DER's Economic and Financial Monitoring Group. Statistics on international reserves are compiled by the Treasury Department.

Certain data used for compiling monetary and financial statistics are sourced from other entities such as the Philippine Deposit Insurance Corporation (for closed banks), the Securities and Exchange Commission, the Insurance Commission, and the Commission of Audit in terms of other financial corporations. Meetings are held with those agencies when necessary.

0.1.3 Respondents' data are to be kept confidential and used for statistical purposes only

Monetary statistics do not disclose data of individual institutions or transactions. Confidentiality of individual information is protected by the Republic Act no. 7653, The New Central Bank Act, Sections 23 and 27. The law forbids the publication or disclosure by the BSP of any statistical information having a private and personal nature, except under order of the court or under such conditions, as may be prescribed by the Monetary Board. In addition, the Republic Act no. 1405, Bank Secrecy Law, secures confidentiality of bank deposits.

The BSP Employee Handbook contains a section on safeguarding information. It states that employees shall be held liable for unauthorized disclosure or use of confidential information. Said employees may be subject to criminal prosecution or administrative action.

Only authorized staff members of the BSP have access to the data of individual banks before they are aggregated and consolidated for publication. Differentiated degrees of authorization give differential degrees of access to the data. Computers are password protected.

0.1.4 Statistical reporting is ensured through legal mandate and/or measures to encourage response

Section 23 of Republic Act no. 7653 provides the legal basis for the collecting information that supports the compilation of monetary statistics. The BSP is authorized to request directly, and collect information necessary for performing the regulatory and supervisory functions, from banks and from nonbank financial institutions with quasi-banking functions. The BSP is also authorized to investigate and supervise the accuracy of the statistical information provided by concerned parties and to request additional information.

According to Section 37 of the Republic Act no. 7653, the BSP is entitled to take measures against the banks and nonbank financial institutions with quasi-banking functions for violating banking laws and failing to comply with reporting requirements. This section also determines that in case of a submission of incorrect information or failure to submit information or late submission of required information, a fine would be imposed. The fine would be in the amount of P1,200 per day in case of delayed or erroneous reporting. The fines, imposed by the Supervisory Reports and Studies Office, appear to be too small to influence the reporting practices. But, if misreporting is repeated, it will have an impact on the examination report, and the delinquent institution will face reduced access to BSP privileges.

0.2 Resources

0.2.1 Staff, financial, and computing resources are commensurate with statistical programs

The DER's Economic and Financial Monitoring Group has a total of 34 professional staff, 18 of which are primarily devoted to the compilation of monetary statistics. Some staff of the group is also responsible for statistical concepts and methodology and the improvement of the coverage and accuracy of monetary data.

Employment in the DER is competitive, and professionals have university degrees in economics, banking, statistics, or accounting. Besides on-the-job training, employees are given the opportunity to participate in courses conducted by the IMF (especially the Monetary and Financial Statistics training courses), the Association of South East Asian Central Banks, the Asian Development Bank, and other international organizations, and in seminars offered by the University of the Philippines, the Statistical Research and Training Center, and other local training institutions. In addition, employees have the opportunity to attend the internal training organized by the BSP Institute.

Staff turnover was rather significant in recent years partly due to a BSP policy allowing for internal mobility and reassignments within DER. While this practice could benefit staff growth, it should also take into consideration the need to maintain a core staff with sufficient stability to fully utilize the investment placed in their training, as well as to enable them to develop their expertise and compilation skills.

In previous DER reorganizations most of the qualified and experienced staff in the compilation of monetary statistics were transferred to other subgroups of the Economic and Financial Monitoring Group and other groups within the department that were not directly involved in the compilation of monetary statistics. These transfers have an adverse impact on the quality of statistical work. In addition, the senior staff of the Economic and Financial Monitoring Group is assigned tasks that do not relate directly to the compilation of monetary data.

The data collection system is computerized. The BSP uses an electronic database system, otherwise known as the Dbank System, to collect, manage, and store economic time series data, including monetary statistics. Most of the reporting financial institutions submit their returns electronically or by diskettes to the Supervisory Reports and Studies Office, which performs validation checks on the data before releasing them to the next stage in the data processing cycle. However, 227 rural banks submit their data to the BSP only in hard copies. The data of those banks are validated and encoded in the electronic system by the Supervisory Reports and Studies Office.

It appears that computer resources utilized in collecting and compiling of monetary statistics are at in their ideal level. The Economic and Financial Monitoring Group has a PC workstation-to-staff ratio of 1:1.8, while the entire DER has a better ratio of 1:1.4. Of the total 10 PC workstations assigned to compilers of monetary data, only seven computers are high-power stations.

Currently no other budgetary constraints impede data collection and compilation activities. The budget for statistical activities is lumped with the DER budget for operating expenses and capital outlays. In line with the considered expansion of the institutional coverage of monetary data and the compilation of the flow of fund accounts, as recommended by the new *MFSM*, it is urgent to expand resources for compiling of monetary and financial statistics.

0.2.2 Measures to ensure efficient use of resources are implemented

DER management meets regularly with the staff on issues that need to be addressed for enhancing the policy vision of the managers and the understanding of the professional staff within the department. Definitions and concepts used in the compilation of monetary statistics are available from the DER *Concept Handbook* and from the concepts and definitions section of the monthly publication the *Selected Philippine Economic Indicators*. To minimize processing errors, DER staff utilizes AS400-Dbank conversion programs (to download individual bank data), table templates to extract data from Dbank, and validation worksheets.

In general, all BSP programs are subject to budget considerations and performance assessments. The BSP budget planning is done annually and is overseen by the BSP Budget Committee composed of representatives from key BSP departments and offices, with a

member of the Monetary Board as adviser. The special statistical projects are funded from contingency accounts of the BSP. All staff of the BSP are subject to vetting their working performance in semester reports, which provide the basis for promotions and special salary increases. Plans are under way to further improve the measuring of staff performance.

To provide more resources for internal statistical work, the BSP should focus on the dissemination of its own statistics rather than on a redissemination of data of other agencies producing statistics.

0.3 *Quality awareness*

0.3.1 Processes are in place to focus on quality

Recognizing that official statistics must have the confidence of their users, the BSP exercises quality control at every stage of data production and dissemination. The DER mission statement emphasizes the quality of statistics, transparency, and adoption of best practices. The department created a data quality team on monetary and financial statistics to ensure that the BSP monetary and financial statistics are in general observance with international standards and codes. The documentation and knowledge teams were created to document the process of compiling the monetary statistics. Steps for data improvements in accordance with their alignment with international standards were incorporated in the DER medium-term working plan.

Even though issues of data quality have already been addressed by technical assistance missions, the recommendations on methodological and compilation improvements in monetary data have not been fully implemented by the BSP.

Private external auditing firms audit the financial statements of commercial banks, while the Commission of Audit examines the financial statements of the BSP.

0.3.2 Processes are in place to monitor the quality of the collection, processing, and dissemination of statistics

The DER and other BSP departments verify that data reporting practices followed by the banks are consistent with the regulations. These departments also have systems and procedures in place to ensure quality in the compilation process. All levels of the DER participate actively in reviewing of data before publication.

The source data submitted by the reporting institutions to the DER and other BSP departments are cross-checked for accuracy, and any discrepancies are investigated. Data reporting practices, including supporting schedules for the collection of data, are set up in line with the sector and financial instruments classification specified in the manual of accounts of the BSP, commercial banks, and rural banks. Validation procedures for assessing the plausibility or reasonableness of reported data are undertaken visually on a bank-by-bank

basis. The DER and other BSP departments consult with the reporting institutions to verify the data for possible misclassifications.

No regular surveys of users have been undertaken so far; however, users provide their feedback and suggestions on improvements of monetary data during annual conventions on statistics where the BSP usually presents its papers on developments in monetary statistics. An ad hoc DER committee recently reviewed statistical tables and reports with respect to quantity of detailed data and improvement of their quality and relevance to users.

When contacted by users, for instance through its website, DER will respond to requests and questions. On average, in cooperation with other BSP departments, the Economic and Financial Monitoring Group responds monthly to about five questions related to monetary data.

Currently no other body outside the DER that provides regular guidance on the quality of monetary statistics and on strategies for improving data production. Suggestions on improvements of monetary data and their publication are provided ad hoc by users of monetary statistics, in particular by the Monetary Board and other users within the BSP.

0.3.3 Processes are in place to deal with quality considerations, including tradeoffs within quality, and to guide planning for existing and emerging needs

A specific DER group of the is assigned the responsibility of monitoring developments and changes in financial markets. It works to improve the methodological soundness of the data taking into account new initiatives in the financial system. In accordance with the recommendations of the IMF technical assistance missions, the Economic and Financial Monitoring Group has expanded institutional coverage, which includes all thrift and rural banks and those financial corporations that issue deposit substitutes, for the compilation of monetary data.

The need to observe SDDS requirements has promoted recognition of the trade-offs between data quality and timeliness. The production of monetary statistics is fully automated and includes a series of checks and validations at every stage of compilation. Timeliness is regarded as one of the most important dimensions of data quality. However, because of delays in bank reporting and in the validation process, compilers of monetary data have often had to sacrifice the quality of monetary statistics to comply with timeliness requirements.

If they arise, monetary data issues are discussed at regular weekly meetings of group heads within the DER. Meetings are held ad hoc with the BSP's International Operations Department and other data users to identify any emerging data requirements. The BSP also invites user comments on the relevance and usefulness of the monetary statistics via its website. The Corporate Affairs Office that deals with business reporters has been interviewed recently regarding the existing dissemination of monetary data. However, it would be

desirable that the DER establish periodic surveys of users of the monthly publication *Selected Philippine Economic Indicators*, requesting their reaction on its usefulness and their needs for specific detailed information disseminated in the publication.

1. Integrity

1.1 Professionalism

1.1.1 Statistics are compiled on an impartial basis

The statutory provisions under which the BSP compiles monetary statistics are adequate to support its independence in conducting these functions. In this regard, Section 1 of Republic Act 7653 stipulates that the BSP shall enjoy fiscal and administrative autonomy in exercising the powers and carrying out the duties granted by this law under its own responsibility.

The Human Resource Department has set up the qualification criteria for each planned position. No applicant would be considered for the position if he/she does not meet the minimum qualification requirement. For example, for entry into a Bank Officer IV position (subgroup chief), a candidate is required to have a master's degree. Applicants for higher positions need to pass the government's Career Service Executive Examination (CSEE) or the Career Executive Service (CES) examination.

Specific needs of groups/departments are taken into account. In the case of the Economic and Financial Monitoring Group, priority is given to applicants with accounting, economics, statistics, and related fields as background in addition to adequate knowledge and training on the subject matter.

The DER sponsors internal lectures/briefings to discuss issues of development in the monetary statistics methodology. Professionalism of the staff in charge of compiling monetary statistics is also promoted by encouraging participation in lectures, conferences, and meetings with other professional compilers (e.g., the National Statistical Coordination Board), other central banks, and international organizations.

1.1.2 Choices of sources and statistical techniques are informed solely by statistical considerations

Choices of sources and statistical techniques are informed solely by statistical considerations.

1.1.3 The appropriate statistical entity is entitled to comment on erroneous interpretation and misuse of statistics

The DER comments on erroneous interpretation of its statistics if deemed truly significant. The department seeks to prevent misinterpretation or misuse of monetary statistics by providing explanatory notes in its publications. In addition, the BSP management provides a

written explanation to press editors in cases when there is a need to clarify significant misinterpretations of monetary data. These explanations are published in the press.

1.2 Transparency

1.2.1 The terms and conditions under which statistics are collected, processed, and disseminated are available to the public

The Republic Act no. 7653, the main source for the BSP's mandate for compiling and disseminating of monetary data, is available on the BSP website. The Advance Release Calendar for the Philippines' SDDS data categories is available to the public.

Statistical publications give the address and telephone numbers of the respective BSP departments from which additional publications can be obtained. The data disseminated on the BSP website directly link to the IMF's Data Standard Bulletin Board (DSBB) home page (<http://dsbb.imf.org/sddsindex.htm>) which informs users on data coverage, periodicity, timeliness, integrity and quality.

1.2.2 Internal governmental access to statistics prior to their release is publicly identified

No official outside the BSP has access to the data before their release to the public.

1.2.3 Products of statistical agencies/units are clearly identified as such

The BSP's DER is identified as the source of the monetary statistics published in the monthly publication *Selected Philippine Economic Indicators*. All BSP publications, including statistical, are listed on the BSP website with an indication of their prices.

The BSP does not directly request attribution when its statistics are used or produced. But the BSP website indicates that it should be used as a source of data in case of reproduced statistical information originally disseminated on the site. Users are restricted from reselling, redistributing, or creating derivative works for commercial purposes without the expressed, written consent of the BSP. It would be useful if such a requirement is indicated also in the monthly publication *Selected Philippine Economic Indicators* and all other statistical publications.

1.2.4 Advance notice is given of major changes in methodology, source data, and statistical techniques

Advance notice is given of major changes in the methodology and compilation of monetary data, such as the expanded institutional coverage of monetary statistics or the introduction of the new charts of accounts that serve as a primary source of monetary data. Other changes in data classification, source data, and statistical techniques are announced simultaneously with

the release of the data. Also, if any interpretation is needed regarding changes in time series, explanation is provided as a note in the publication in which the change first takes place.

1.3 Ethical standards

1.3.1 Guidelines for staff behavior are in place and are well known to the staff

Republic Act no. 6713, an Act Establishing a Code of Conduct and Ethnical Standards for Public Officials and Employees, states under Section 7c that public officials and employees shall not use or divulge confidential information officially known to them by reason of their office.

Guidelines for staff behavior are set up in Republic Act no. 7653 as well. Section 27 indicates that a BSP staff member is prohibited from being an officer, director, lawyer or agent, employee, consultant or stockholder, directly or indirectly, of any institution subject to supervision or examination by the BSP, except non-stock savings and loan associations and provident funds organized exclusively for BSP employees. This section also stipulates BSP staff behavior in the case of receiving gifts, revealing the confidential information, and borrowing from any institution subject to supervision or examination by the BSP.

The BSP Employee Handbook also provides specific guidelines for safeguarding of confidential information. It states that the affairs of the BSP are confidential in nature and should not be disclosed without proper authority. Employees shall be held liable for any loss or injury suffered by the BSP or other institution as a result of unauthorized disclosure or use of confidential information. Said employees may be subject to criminal prosecution or administrative action. The handbook specifies cases considered as violations of the rules of confidentiality.

New employees of the BSP are made aware of the guidelines for staff behavior when they join the organization.

2. Methodological Soundness

2.1 Concepts and definitions

2.1.1 The overall structure in terms of concepts and definitions follows internationally accepted standards, guidelines, or good practices

The framework used in compiling the analytical accounts of the BSP and those of the commercial banks (comprising resident commercial and rural banks that accept demand deposits) reflects concepts and principles that are, in general, based on the IMF's *Draft Guide to Money and Banking Statistics in International Financial Statistics* (December 1984). The monetary survey, derived by consolidating the accounts of the BSP and commercial banks,

provides an analytical presentation of the intermediation role of the central bank and commercial banks.

The money aggregates compiled and disseminated by the BSP are (1) M_0 , comprising currency in circulation, (2) M_1 , comprising the components of M_0 and demand deposits (nonfinancial public enterprises, private sector, local governments, and other banking institutions) in the national currency, (3) M_2 , comprising the components of M_1 and time and savings deposits (nonfinancial public enterprises, private sector, local governments, and other banking institutions) in the national currency, (4) M_3 , comprising the components of M_2 and deposit substitutes in national currency that are held by domestic sectors other than the BSP, commercial banks, and the central government, and (5) M_4 , comprising the components of M_3 and foreign currency deposits (nonfinancial public enterprises, private sector, local governments, and other banking institutions) that are held in foreign currency deposits units (FCDUs) of commercial banks.

Other aggregates compiled and disseminated by the BSP are: (1) net domestic credit to the public sector (comprising the national (central) government, local governments, and public enterprises, both financial and nonfinancial), (2) domestic credit to the private sector, and (3) data on the net foreign assets (net foreign position).

Following the publication in September 2000 of the IMF's *MFSM*, the BSP has recently begun compiling the monetary data in the format recommended by the manual. The BSP is also conducting studies prior to adopting the *Financial Corporations Survey*, which would extend the coverage beyond the deposit-taking institutions covered in the current monetary survey. This expansion of the coverage of monetary statistics is dependent on establishing reporting arrangements for various financial institutions other than banks and nonbank financial institutions with quasi-banking functions.

2.2 Scope

2.2.1 The scope is broadly consistent with internationally accepted standards, guidelines, or good practices

As of August 31, 2003, the institutional coverage of monetary statistics comprises the BSP, 42 active commercial banks (including branches of foreign banks operating in the Philippines), and 219 rural banks that accept demand deposits. Branches of the Philippines banks operating abroad are excluded.

The monetary statistics include data of one commercial bank that is currently in the process of liquidation. While this is consistent with the recommendation of the *MFSM*, the deposits of this bank are included in the money aggregates. In accordance with the *MFSM*, deposits of nonoperating depository corporations should be reclassified as restricted deposits and excluded from the definition of money as long as the nonoperating units continue to exist as legal entities.

For analytical purposes, the *MFSM* defines the other depository corporations (ODCs) as comprising resident financial corporations (except the central bank) and quasi-corporations mainly engaged in financial intermediation. The liabilities of these institutions consist of deposits or financial instruments considered deposit substitutes included in the definition of money. The national definition of broad money is thus fundamental to the methodology of *MFSM*, in that it determines which units in the financial corporations sector are classified as ODCs. In line with *MFSM* guidelines, the ODCs subsector should include all financial corporations that issue liabilities (accept deposits or issue instruments that are considered as their substitutes) to be included in the national definition of broad money.

In this connection, the Philippine institutional coverage of monetary statistics should be expanded to include also 93 thrift banks, 555 rural banks that accept other than demand deposits, 85 nonstock savings and loan associations, and 12 nonbank financial institutions with quasi-banking functions that issue instruments considered as deposit substitutes. As of December 2002, deposits and deposit substitutes issued by these financial corporations were equivalent to about 10 percent of deposits in domestic currency collected by commercial banks.

Furthermore, the institutional coverage of monetary data does not include data of about 60,000 credit and savings cooperatives that operate in the Philippines. However, based on data provided by the Cooperative Development Authority, as of December 2001, deposits collected by the savings and credit cooperatives from its members were equivalent only to about 0.22 percent of deposits collected by commercial banks, and therefore their impact on the monetary aggregates would be negligible.

The Economic and Financial Monitoring Group has recently added expanded coverage of depository corporations for its compilation of monetary statistics. It is planned that these data will be disseminated by end-2003.

The definition of residency in monetary statistics is consistent with the *BPM5* and *1993 SNA*. Branches of foreign banks in the Philippines are regarded as residents, whereas branches of domestic banks abroad are classified as nonresidents.

The monetary statistics do not include data of the overseas banking units (OBUs). While considered residents of the Philippines, these are not licensed to collect deposits from resident sectors other than banking institutions. This procedure is consistent with recommendations of the *MFSM*. However, BSP positions with the OBUs are currently included in foreign assets and foreign liabilities in monetary statistics. These positions should be classified as claims on/liabilities to other financial corporations.

2.3 *Classification/sectorization*

2.3.1 *Classification/sectorization systems used are broadly consistent with internationally accepted standards, guidelines, or good practices*

The BSP uses the residency criterion to distinguish between domestic and external transactions for the compilation of monetary statistics. The delineation between resident and nonresident institutional units is broadly consistent with the recommendations of the *BPM5*, *1993 SNA*, and *MFSM*.

The sectorization of the domestic economy by the BSP is not fully in line with the *MFSM*. The sectoral classification of resident units recommended in the *MFSM*, for the purpose of compiling monetary statistics, refers mainly to the following major subsectors: (1) central bank, (2) other depository corporations, (3) other financial corporations, (4) central government, (5) state and local government, (6) public nonfinancial corporations, (7) other nonfinancial corporations, and (8) other resident sectors.

In the detailed presentation of monetary data by the BSP, the following sectoral groupings of resident institutional units are distinguished: (1) central bank, (2) commercial banks and rural banks accepting demand deposits, (3) public sector, and (4) private sector. Given the unavailability of supporting schedules (except for the BSP, commercial banks, and thrift banks), data of other depository corporations cannot be properly sectorized.

The principles underlying the BSP classification of financial instruments in the monetary statistics are broadly consistent with international standards and, notwithstanding differences in terminology, generally consistent with *MFSM* recommendations. Data on financial derivatives (other than foreign exchange swaps) are not available, and therefore they are not included in monetary statistics.

The import deposits are classified as foreign liabilities rather than included in the money aggregates, if the restrictions on the use of these deposits are viewed as short term or classified as restricted deposits if they are unavailable for a longer period. The commercial bank holdings of bills issued by resident customers expecting a payment for their exports are classified as foreign assets rather than included in holdings of securities issued by residents sectors. Also, BSP positions with OBUs are classified as foreign assets and liabilities in monetary statistics rather than included in claims on and liabilities to other financial corporations.

Securities repurchase operations are treated as collateralized loans, consistent with *MFSM* recommendations.

2.4 Basis for recording

2.4.1 Market prices are used to value flows and stocks

The general recommendation of the *MFSM* is that the valuation of financial assets and liabilities should be done on the basis of market prices or market-price equivalents (fair values). The valuation of loans is an exception to this principle, and loan values should be based on creditors' outstanding claims without adjustment for expected loan losses. This amount comprises the outstanding principal plus any accrued interest and is referred to as the book value of a loan. Monetary gold and nonmonetary gold should be valued on the basis of the market price of gold. Holding gains and losses arising from changes in market values (or fair values) of financial assets and of outstanding liabilities should be recorded separately in a revaluation account.

Accounting data and financial statements are prepared in accordance with the related Philippines legislation and requirements of the Republic Act no. 7653. Monetary data compilation based on accounting records follows only very partially the valuation principles recommended by the *MFSM*.

The purchase of securities is recorded at acquisition cost. While separate accounts for recording unamortized premiums and discounts on securities held in banks' portfolios are available in commercial banks' accounting data, monetary data does not show holdings of securities in the market value. Information on unamortized premiums and discounts on securities is available in accounting data used for compiling of the analytical accounts of the central bank, but it is mixed with the accrued interest.

According to the *MFSM*, all stocks and flows denominated in foreign currency should be converted to national currency values at the market exchange rate prevailing at the time they are entered in the accounts. The midpoint between the buying and selling rate of exchange should be used so that any service charge is excluded. Monetary data compiled by the Economic and Financial Monitoring Group do not fully follow this principle. While some foreign-currency-denominated accounts are converted to national currency in accordance with the *MFSM*, in the analytical accounts of the central bank, some foreign-currency-denominated accounts with residents are converted to national currency using exchange rates applicable at the time transactions took place. Also, data on SDR allocations are not converted in national currency values using the current exchange rates. In data on commercial banks, positions in foreign currencies with nonresidents are not uniformly converted to national currency values. This procedure creates discrepancies with BOP statistics data disseminated in U.S. dollars. Also, the past due loans denominated in foreign currencies are revalued to national currency in the central bank's balance sheets only if their conversion to national currency results in foreign exchange losses. On the other hand, the past due loans denominated in foreign currencies are not revalued if the prevailing exchange rate increases.

The BSP records its foreign equity shares at acquisition cost and revalues them at the current exchange rates prevailing at the balance sheet date. Monetary and nonmonetary gold at the BSP are valued at the price determined on international markets.

Consistent with the recommendations of the *MFSM*, the loan portfolio and deposits on the balance sheets of the banks are valued at book value. In line with the recommendations of the *MFSM*, loan valuation is not adjusted for expected loan losses. Provisions for expected loan losses are recorded as separate entries on the liability side of the balance sheets and included in the capital accounts in the analytical accounts of the central bank and the analytical accounts of the banking sector.

The *MFSM* recommends that data be compiled on stocks and on each of the three flows components: *transactions*, *revaluations*, and *other changes in the volume of assets*. The BSP does not yet compile data on flows.

2.4.2 *Recording is done on an accrual basis*

According to the accrual accounting principles recommended in the *MFSM*, interest due but not paid on financial instruments should be incorporated into the outstanding amount of the financial asset or liability, rather than treated as part of other accounts receivable/payable. The accounting standards in the Philippines require interest to be accrued on a monthly basis. However, because of unavailable instrument and sector disaggregation of the accrued interest, monetary data compiled by the Economic and Financial Monitoring Group do not include accrued interest in the underlying financial instrument. Accrued interest is included in unclassified assets and unclassified liabilities, except for the accrued interest related to the BSP and commercial bank transactions with nonresidents. These are included in foreign assets and foreign liabilities in the analytical accounts of the central bank and the analytical accounts of commercial banks.

In general, transactions are recorded at the time the transaction occurs by means of simultaneous electronic recording.

2.4.3 *Grossing/netting procedures are broadly consistent with internationally accepted standards, guidelines, or good practices*

In line with the general principle of the *MFSM*, assets and liabilities of the BSP and commercial banks are collected and compiled on a gross basis. In line with the *MFSM*, claims on particular transactors are not netted against liabilities to those transactors. However, other foreign assets and other foreign liabilities of commercial banks are shown on a net basis, which leads to the underestimation of gross data on foreign assets and foreign liabilities in the analytical accounts of commercial banks. Data presented on a net basis (e.g., “foreign assets (net)” and “claims on central government (net)” in the monetary survey) are also shown with the underlying gross data.

In the detailed monetary data disseminated in the BSP statistical publications and on the BSP's website, the data on financial assets and liabilities are aggregated into major categories (e.g., claims classified by debtors and deposits classified by creditors). The monetary survey is obtained by canceling out all outstanding claims and liabilities between the BSP, commercial banks, and rural banks and between commercial banks (including rural banks) themselves.

3. Accuracy and Reliability

3.1 Source data

3.1.1 Source data are collected from comprehensive data collection programs that take into account country-specific conditions

The source data for compiling the analytical accounts of the central bank are its balance sheet records and other information provided by the Comptrollership Department, Treasury Department, and other BSP departments. The source data for compiling the analytical accounts of commercial banks are the balance sheet records and supporting schedules of commercial banks and rural banks provided by the Supervisory Reports and Studies Office. The Supervisory Reports and Studies Office and the DER to ensure full institutional coverage. The balance sheet records and supporting schedules of the BSP and commercial banks capture in general the range of financial instruments and economic sectors.

The staff monitor the financial press for information on developments in financial markets that may be relevant for compiling of monetary statistics. In this context, staff may prepare reports for information on financial instruments and markets. Regular meetings are held with bankers, associations and nonbank financial institutions, associations to identify new developments that need to be taken into account in compiling monetary statistics.

3.1.2 Source data reasonably approximate the definitions, scope, classifications, valuation, and time of recording required

Reported source data for the BSP, commercial banks, thrift banks, rural banks, and nonbank financial institutions with quasi-banking functions largely follow sound concepts, definitions, scope, classifications, and recording principles. However, there is scope for closer compliance with international standards. Transactions of the BSP and commercial banks with counterparties that cannot be reasonably approximated or allocated to specific instruments or sectors are recorded in "other assets" and "other liabilities." Supporting schedules of rural banks and nonbank financial institutions with quasi banking functions are not provided to compilers of monetary data by the Supervisory Reports and Studies Office.

Data reported by savings and loan associations do not provide needed detail for the proper sectorization and classification of their records. Steps are under way to introduce changes in reporting of those institutions. The request has already been provided to the Supervisory

Reports and Studies Office and the Information Systems Technology Department for the better sectorization and classification of financial instruments, including financial derivatives, in reported data, so the monetary statistics could be compiled in full compliance with international guidelines.

3.1.3 Source data are timely

The unaudited BSP balance sheet is provided to compilers of monetary data with a lag of four weeks. To comply with the SDDS requirements, the BSP disseminates the preliminary analytical accounts of the central bank based on the operational data provided by the Treasury Department and other BSP units.

Commercial banks and thrift banks are required to submit the reports not later than 15 working days after the reference period. Other banks report data on a quarterly basis. On average, seven commercial banks report their data about one week later than prescribed. To comply with the SDDS requirements, balances of those banks that lag behind in reporting have to be carried forward. Banks are penalized for late or erroneous reporting.

3.2 Statistical techniques

3.2.1 Data compilation employs sound statistical techniques

Balance sheet records and supporting schedules of banks are provided by the Supervisory Reports and Studies Office using Excel format. They include several checks within the data. The statistical techniques used to compile monetary statistics are automated. In processing source data, computerized files that incorporate macros are used to avoid processing errors.

Procedures for data management are documented with assistance of the BSP's Information and Systems Technology Department.

3.2.2 Other statistical procedures (e.g., data adjustments and transformations, and statistical analysis) employ sound statistical techniques

Upon the implementation of the new General Ledger/Subsidiary Ledger for thrift banks, major revisions, such as programming systems and mapping old records vis-à-vis new records, are being done. In the meantime, data pertaining to thrift banks' supporting schedules regarding sectorization were estimated. In case of late reporting, balances of the previous month are carried forward. The DER calculates seasonally adjusted data on the aggregate M₃.

3.3 *Assessment and validation of source data*

3.3.1 Source data—including censuses, sample surveys and administrative records—are routinely assessed, e.g., for coverage, sample error, response error, and nonsampling error; the results of the assessments are monitored and made available to guide planning

The Supervisory Reports and Studies Office monitors and evaluates the timeliness, completeness, and accuracy of totals in bank reports. This department informs respective bank of any erroneous report. Queries regarding the balance sheet data and supporting schedules of the BSP and commercial banks are solved among the Comptrollership Department, the Treasury Department, the Supervisory Reports and Studies Office, the DER, and other BSP departments.

A designated group of the DER monitors developments and changes in financial markets, which may affect the compilation of monetary statistics.

3.4 *Assessment and validation of intermediate data and statistical outputs*

3.4.1 Main intermediate data are validated against other information where applicable

If deemed necessary, the accuracy of the balance sheets and data in supporting schedules is checked against secondary data sources, such as with data collected by other BSP departments. In general, however, most queries concerning monetary statistics are resolved by the Economic and Financial Monitoring Group directly with the banks.

3.4.2 Statistical discrepancies in intermediate data are assessed and investigated

The Economic and Financial Monitoring Group investigates statistical discrepancies and determines major factors that might be contributing to them.

3.4.3 Statistical discrepancies and other potential indicators of problems in statistical outputs are investigated

Large fluctuations in monetary or credit aggregates are rare and likely to occur only after a significant change in statistical methodology or source data. In those circumstances, upon the release of monetary statistics, the Economic and Financial Monitoring Group is likely to receive inquiries from data users and handle them directly. In the case of large and unexplained fluctuations in data series, the Economic and Financial Monitoring Group would investigate possible classification/sectorization errors by individual respondents.

3.5 Revision studies

3.5.1 Studies and analyses of revisions are carried out routinely and used to inform statistical processes

No mechanism is in place to conduct routine revision studies. However, deviations, omissions, and other potential sources of problems in the data (e.g., erroneous sectorization of institutional units) are identified and investigated. The results of these ad hoc studies are not made available to the users.

4. Serviceability

4.1 Relevance

4.1.1 The relevance and practical utility of existing statistics in meeting users' needs are monitored

There is no formally established process of regular consultation with policy departments, ministries, or representatives from the private sector or academia. The DER informally reviews monetary policy needs with BSP units, in particular with the Monetary Policy Group, the Financial Market and Banking Group, the Macroeconomic Policy Group, the Balance of Payments Group, and also with the Advisory Committee on Inflation Targeting and the Monetary Board. A users' forum was conducted in 2000 and 2001 to enhance public awareness of the BSP produced statistics. This forum will be conducted now regularly on an annual basis and will also include users outside of Metro Manila. The DER regularly participates in international statistical meetings and seminars organized by international and regional organizations.

4.2 Timeliness and periodicity

4.2.1 Timeliness follows dissemination standards

In accordance with the SDDS requirements, the analytical accounts of the central bank are first disseminated on the BPS website within 15 days after the reference month. These data are preliminary because they are compiled based on the operational data provided by the Treasury Department and other BSP units. The revised data for the month are based on the unaudited BSP balance sheet and are disseminated about five weeks after the reference month.

The preliminary analytical accounts of the banking sector (monetary survey) are first disseminated on the BSP website 30 days after the end of the reference month, in accordance with the SDDS requirements. They are based on the preliminary accounts of the central bank, commercial banks, and rural banks accepting demand deposits, which, in some cases, include carried forward balances of those banks that are late in reporting their data. The revised data

for the analytical accounts of the banking sector are disseminated about six weeks after the reference month.

4.2.2 Periodicity follows dissemination standards

The analytical accounts of the central bank and of the banking sector are disseminated on a monthly basis, consistent with the specifications of the SDDS.

4.3 Consistency

4.3.1 Statistics are consistent within the dataset

The central banks' and commercial banks' records for claims on, and liabilities to, each other show usually only negligible discrepancies, because of differences in the time of recording financial transactions. A reconciliation of stock and flow data is not available, because flow data for monetary statistics are not compiled. Differences exist in claims of commercial banks on the BSP vis-à-vis BSP's liabilities to commercial banks in foreign currencies. These differences relate to the certificate of the BSP's indebtedness issued and sold to a consortium of foreign banks that later sold the certificate to local commercial banks. The analytical accounts of commercial banks show this transaction correctly as commercial banks' claims on the BSP in foreign currencies. In the analytical accounts of the central bank, the transaction is recorded as foreign liabilities. In monetary statistics and balance of payments statistics, the BSP certificate of indebtedness held by the domestic commercial bank should be reclassified as domestic liabilities, specifically as securities issued by the BSP to commercial banks.

4.3.2 Statistics are consistent or reconcilable over a reasonable period of time

Time series are available in the electronic system managed by the DER and on the BSP website. When changes in source data, methodology, and statistical techniques are introduced, all time series are revised. Main breaks and discontinuities in the time series are explained in detail in attached notes/footnotes. Unusual changes in economic trends are explained by the DER in the monthly publication the *Selected Philippine Economic Indicators*.

4.3.3 Statistics are consistent or reconcilable with those obtained through other data sources and/or statistical frameworks

Owing to inconsistent procedures used for converting of foreign-currency-denominated accounts to national currency values in monetary statistics, data on foreign liabilities of commercial banks presented by the BOP statistics in US\$ are not reconcilable with the same set of data in pesos disseminated by monetary statistics. Consistency between government finance statistics and monetary statistics is regularly maintained in the case of credits provided by the banking sector to government units because the BSP presents data on outstanding public debt in banks to the Department of Finance (DOF). However, there is a

need to reconcile more detailed data on public sector transactions with the DOF records and to establish a regular procedure for updating a list of nonfinancial and financial public corporations for their proper sectorization in monetary data. A comparison of a list of these corporations between the DOF and the BSP revealed there are 10 corporations for which BSP has not provided instructions to commercial banks for their proper classification in their accounting records.

4.4 *Revision policy and practice*

4.4.1 Revisions follow a regular, well-established, and transparent schedule

Because of a need to use operational data of the BSP and delays in reporting of banks, the BSP regularly releases preliminary data on the analytical accounts of the central bank and the analytical accounts of commercial banks to comply with the SDDS requirements. Also, because rural banks, non-stock savings and loan associations, and nonbank financial institutions with quasi-banking functions report data only quarterly, and monetary data are released monthly, data of quarterly reporting banks are carried forward in the compilation of monetary statistics until new quarterly data are provided. Therefore, preliminary data could be published up to four months.

4.4.2 Preliminary data are clearly identified

Revised data are identified as such in the publications and on the BSP website.

4.4.3 Studies and analyses of revisions are made public

Because monetary data are based on accounting records and preliminary data are released only due to delays in the finalization of balance sheets and reporting and quarterly provision of data, no studies and analyses are carried out routinely. However, errors and data shortcomings in the data reported by banks are the focus of internal analysis. The users are generally unaware why the BSP made revisions in disseminated data.

5. Accessibility

5.1 *Data accessibility*

5.1.1 Statistics are presented in a way that facilitates proper interpretation and meaningful comparisons (layout and clarity of text, tables, and charts)

The presentation of monetary statistics by the BSP, in general, facilitates the interpretation of the data. The monthly publication the *Selected Philippine Economic Indicators*, prepared by DER, covers developments in money markets, balance sheets of the BSP, money supply, and credits. Estimates are produced only for internal analytical purposes and are not disseminated. In addition to monthly monetary data, key statistical indicators are disseminated weekly in the

form of press releases and regular tables on the BSP website. The DER disseminates seasonally adjusted data for the aggregate M₃.

It would be desirable that the BSP disseminate also the full instrument and sectoral breakdown of data in the central bank survey and the other depository corporations survey and details on sectoral components of money and credit aggregates, which would provide users with more details needed for the analysis of banking sector's activity.

5.1.2 Dissemination media and formats are adequate

Monetary data are disseminated in hardcopy and electronic formats to meet the needs of data users. Monthly time series of the current year are disseminated on the BSP website, while the monthly publication the *Selected Philippine Economic Indicators* shows three to five years of annual data and 12 positions of monthly data. The most detailed monetary data, including charts, and more longer time series are disseminated in the statistical supplement to the BSP annual report.

5.1.3 Statistics are released on a preannounced schedule

In accordance with the SDDS requirements, an advance release calendar is posted on the BSP website. It provides users with one-quarter ahead notice of the precise release days of monetary data.

5.1.4 Statistics are made available to all users at the same time

Data are released simultaneously to all interested users on the BSP website.

5.1.5 Nonpublished (but nonconfidential) subaggregates are made available upon request

Unpublished and nonconfidential data are made available upon request free of charge upon the authority of senior staff of the DER.

5.2 Metadata accessibility

5.2.1 Documentation on concepts, scope, classifications, basis of recording, data sources, and statistical techniques is available, and differences from internationally accepted standards, guidelines, or good practices are annotated

The DER briefly describes disseminates in the monthly publication the *Selected Philippine Economic Indicators* all indicators and aggregates used in the tables for monetary statistics. No documentation on differences from internationally accepted standards and good practices is available.

The SDDS page on the BSP website has a direct link to the DSBB home page where information is posted on data coverage, periodicity, timeliness, integrity, and quality.

5.2.2 Levels of detail are adapted to the needs of the intended audience

The DER *Concept Handbook* fully informs users about the framework for the compilation and presentation of Philippines monetary statistics and important metadata details, such as concepts, scope of the data, nature of the data sources, and compilation practices.

5.3 Assistance to users

5.3.1 Contact person for each subject field is publicized

Prompt and knowledgeable service and support is provided to users of monetary statistics. The phone numbers and e-mail addresses of the BSP officials responsible for the compilation of statistical data can be found on the BSP website. The monthly publication the *Selected Philippine Economic Indicators* shows the phone and fax numbers and e-mail address of the DER. The DER *Concept Handbook* is available at the BSP Center for Statistical Information.

5.3.2 Catalogs of publications, documents, and other services, including information on any charges, are widely available

A catalogue of publications, including statistical publications, is available in hard copy and updated each year. A list of periodic publications is disseminated on the BSP website. Prices of statistical products and services are clearly disclosed, and assistance is provided in placing orders.

Table 5. The Philippines—Data Quality Assessment Framework: Summary of Results for Monetary Statistics
(Compiling Agency: Bangko Sentral ng Pilipinas)

Element		Assessment				Comments
		NA	O	LO	NO	
0. Prerequisites of quality						
0.1	Legal and institutional environment			X		Statistical information can be disclosed under order of the court or a decision of the Monetary Board.
0.2	Resources				X	Computer resources are not sufficient, staffing constraints are severe, with excessive staff mobility and senior staff given nonstatistical tasks.
0.3	Quality awareness			X		Fund mission recommendations on quality improvements in monetary data have not been fully implemented. Due to delays in reporting, the accuracy is markedly sacrificed to comply with timelines requirements.
1. Integrity						
1.1	Professionalism		X			
1.2	Transparency		X			
1.3	Ethical standards		X			
2. Methodological soundness						
2.1	Concepts and definitions		X			
2.2	Scope			X		Thrift banks, rural banks that accept other than demand deposits, savings and loan associations, and nonbank financial institutions with quasi banking functions are not currently included in the institutional coverage of monetary statistics.
2.3	Classification/sectorization			X		Deposits of banks in liquidation included in money. Sectorization of domestic economy is not in full compliance with international guidelines; data on financial derivatives are not available.
2.4	Basis for recording				X	Holdings of securities is not shown in market prices; inconsistent conversion of foreign currency denominated accounts to national currency values. Except for foreign assets and foreign liabilities accrued interest is not incorporated into underlying sectors and financial instruments.
3. Accuracy and reliability						
3.1	Source data			X		Accounting data do not provide all classification needs to compile monetary statistics in compliance with international standards. Unaudited BSP balance sheet provided to compilers of monetary data four weeks after the reference month; delays in reporting of banks.
3.2	Statistical techniques		X			
3.3	Assessment and validation of source data		X			
3.4	Assessment and validation of intermediate data and statistical outputs		X			
3.5	Revision studies			X		No mechanism in place to conduct routine revision studies.
4. Serviceability						
4.1	Relevance		X			
4.2	Timeliness and periodicity		X			
4.3	Consistency			X		Differences in BSP positions vis-à-vis positions of commercial banks. Discrepancies with BOP statistics due to inconsistent conversion of foreign currency denominated accounts to national currency units in monetary data.
4.4	Revision policy and practice			X		The users are generally unaware why the BSP made revisions in disseminated data.
5. Accessibility						
5.1	Data accessibility			X		BSP should publish more detailed monthly data, including the full instrument and sectoral breakdown in the central bank survey and the other depository corporations survey, and sectoral components of money aggregates.
5.2	Metadata accessibility		X			
5.3	Assistance to users		X			

VI. BALANCE OF PAYMENTS STATISTICS

0. Prerequisites of quality

0.1 *Legal and institutional environment*

0.1.1 *The responsibility for collecting, processing, and disseminating statistics is clearly specified*

The balance of payments statistics of the Philippines are compiled and disseminated by Bangko Sentral ng Pilipinas (BSP). The Philippines' balance of payments compilation started in 1949 with the establishment of the Central Bank of the Philippines.

Executive Order No. 352 (1996)—Designation of Statistical Activities That Will Generate Critical Data for Decision Making of the Government and the Private Sector—authorizes BSP, as implementation agency, to compile and provide to the Office of the President data on the balance of payments accounts and ensure the dissemination of the data to the general public on a monthly, quarterly, semestral, and annual frequency and with timeliness of 30–45 days after the reference period.

With primary responsibility for compilation of the balance of payments statistics, BSP makes available to the National Statistical Coordination Board (NSCB) advance information on the quarterly current account, with details of factor and nonfactor services, for the preparation of official estimates of the national income accounts.

0.1.2 *Data sharing and coordination among data producing agencies are adequate*

Overall, data sharing arrangements among data producing agencies are adequate. Section 23 of Republic Act (R.A.) No. 7653 (1993)—The New Central Bank Act—grants BSP the authority to request from government offices and instrumentalities, or government-owned or controlled corporations, any data it may require for the proper discharge of its functions and responsibilities.

Through NSCB's mandate, agencies can raise statistical and policy issues that require coordination. The NSCB creates various interagency committees (IACs), technical committees, technical working groups, and task forces to coordinate and resolve agency concerns on statistical matters. As regards external sector statistics, the following are currently in operation—IAC on Foreign Direct Investments, Task Force on Overseas Employment and Tourism Statistics, and Task Force on Trade Statistics (both task forces were initiated by BSP). Much of the work on trade statistics was also funded by BSP, and BSP is assisting the Philippine Overseas Employment Administration, a task force member, in data processing.

Through the Task Force on Overseas Employment and Tourism Statistics the BSP aims to generate improved data while at the same time unifying methodologies and definitions among concerned agencies.

With primary responsibility for compiling the balance of payments statistics, BSP has working arrangements with various government agencies for the provision of administrative and other data, which are provided on a timely basis. These data sharing arrangements have been mostly agreed without memoranda of understanding and include monthly data on trade in goods from the National Statistics Office (NSO); monthly data on travel receipts from the Department of Tourism; and monthly data on transfers from the National Economic and Development Authority (NEDA), Department of Budget and Management, and Commission on Audit. To accommodate the requirements of both the balance of payments and flow of funds, there is coordination between BSP and SEC on the revision of the reporting form that companies are to submit to SEC.

0.1.3 Respondents' data are to be kept confidential and used for statistical purposes only

Section 23 of R.A. No. 7653 requires that data on individual firms, other than banks, gathered by the Department of Economic Research (DER) and other departments or units of the BSP, shall not be made available to any person or entity outside of the BSP whether public or private except under order of the court or under such conditions as may be prescribed by BSP's Monetary Board. In the case of data on banks, Section 27 prohibits personnel of the BSP from revealing in any manner, except under orders of the court, the Congress, or any government office or agency authorized by law, or under such conditions as may be prescribed by the Monetary Board, information relating to the condition or business of any institution. This prohibition shall not be held to apply to the giving of information to the Monetary Board or the Governor of BSP, or to any person authorized by either of them, in writing, to receive such information.

Section 16 of R.A. No. 7653 stipulates that members of the Monetary Board, officials, examiners, and employees of the BSP who willfully violate this Act or who are guilty of negligence, abuses, or acts of malfeasance or misfeasance or fail to exercise extraordinary diligence in the performance of his duties shall be held liable for any loss or injury suffered by BSP or other banking institutions as a result of such violation, negligence, abuse, malfeasance, misfeasance or failure to exercise extraordinary diligence. Said employees may be subject to criminal prosecution or administrative action (*BSP Employee Handbook*).

In surveys of nonbank enterprises, the BSP provides assurances that individual firms' data derived from a particular survey will be treated as confidential and will not be given to any other entity or agency, whether government and private, and the data will be used only for statistical purposes and presented only in aggregate form.

Security procedures are in effect, including designation of authorized persons to open the doors to the offices of the DER each morning; oversight during working hours of all persons that enter into the work area; computers employed by individuals within a group being password protected and not used by staff from other groups within DER; no sharing of individual firm data with entities outside BSP (there is limited sharing of individual firm data with other BSP departments on an as-needed basis).

0.1.4 Statistical reporting is ensured through legal mandate and/or measures to encourage response

Section 23 of R.A. No. 7653 grants BSP the authority to request from government offices and instrumentalities, or government-owned or controlled corporations, any data it may require for the proper discharge of its functions and responsibilities.

With respect to surveys of nonbank firms, Section 80 of R.A. No. 7653 allows the Monetary Board to require other persons and entities to report to it currently all transactions or operations in gold and in foreign exchange whether entered into or undertaken by them directly or through agents, or to submit such data as may be required on operations or activities giving rise to or in connection with or relating to a gold or foreign exchange transaction. The Monetary Board shall prescribe the forms on which such declarations must be made. However, no penalty is provided for noncompliance.

A bank reporting system forms a key component of the balance of payments compilation system in the Philippines. Section 80 of R.A. No. 7653 provides the basis for the BSP to require banks operating in the Philippines to report any information on the movements in their accounts in foreign currencies and all transactions or operations in gold and foreign exchange. In line with the reportorial requirement under Section 80 of R.A. 7653, BSP Circular No. 194, Series of 1999, requires that foreign currency transactions coursed through the Regular Banking Units (RBUs) and Foreign Currency Deposit Units (FCDUs) of domestic banks should be reported in the Revised FED Form 1 (Consolidated Report on Foreign Exchange Assets and Liabilities). This, together with the accompanying schedules, provides various details on banks' foreign currency transactions that permit a classification of the data in the balance of payments accounts. FED Form 1, commonly referred to as FX Form 1, is used for regulatory as well as statistical purposes. FX Form 1 requires an extensive amount of information. Banks are meted monetary penalties (paragraphs 4 and 5 of Circular No. 194, as amended by Circular letter dated August 29, 2001) for nonsubmission of, delays in, and submission of erroneous or incomplete reports.

With respect to foreign currency transactions coursed through FCDUs of domestic banks, R.A. No. 6426, as amended, stipulates that all foreign currency deposits are declared and "considered of an absolutely confidential nature and may not be examined, inquired or looked into by any person, government official, bureau or office except when the examination is made in the course of a special or general examination of a bank and is specifically

authorized by the Monetary Board after being satisfied that there is reasonable ground to believe that a bank fraud or irregularity, has been or is being committed...” As banks adhere strictly to the Law on Secrecy of Bank Deposits, the classification of foreign currency transactions coursed through FCDUs is done on a best effort basis. Following liberalization, the bulk of transactions, particularly in exports of goods and services (around 70–75 percent of the total), is effected through FCDUs.

With the issuance of Circular No. 284 on June 4, 2001, thrift banks were required to prepare and submit FX Form 1 on a monthly basis starting with data for January 2001. Circular Letter dated June 27, 2001, as amended by memorandum to all banks with affiliated forex corporations dated July 20, 2001, required all universal and commercial banks with forex corporations as affiliates/subsidiaries to prepare and submit a weekly report on the foreign exchange purchases and sales of forex corporations. With the change in the treatment of offshore banking units (OBUs) as residents, OBUs are required, under Circular No. 274 dated February 27, 2001, to submit on a monthly basis Statement of Assets and Liabilities, including supporting schedules starting January 2001.

0.2 Resources

0.2.1 Staff, financial, and computing resources are commensurate with statistical programs

The Balance of Payments and International Research Group (BOPIRG) of DER is responsible for monitoring, compiling, reporting, and analyzing the balance of payments and international investment position (IIP) statistics. In addition to reporting on international reserves, the group is tasked with BSP’s foreign exchange budget and balance of payments forecasting for financial programming. Although the budgetary complement is adequate to support current activities, staff and computing resources are not commensurate with the requirements of compiling accurate balance of payments statistics, including the ongoing development of these statistics as well as related IIP statistics.

The BOPIRG is comprised of 17 personnel, including a Deputy Director of DER. Six of these staff are officers (excluding the Deputy Director). Only six persons are directly involved in the compilation of balance of payments and IIP statistics. Of the remainder, two staff analyze the balance of payments and monitor external developments; three monitor reserves (including daily reporting of reserves and monthly reporting of the reserves and foreign currency template); two are involved in balance of payments projections; one prepares a compendium of external statistics for management; one is involved in administration; and two supervise the above activities.

Several staff, particularly those with the rank of officers, are frequently assigned, as required, to collaborative research activities within DER. Staff at junior levels are also assigned to work on various tasks forces (SEACEN, ACBF, etc.), which requires other staff to assist in the work of other staff within BOPIRG. These noncompilation activities have a serious impact on the ability of the officers to initiate research programs to systematically improve

the accuracy and reliability of the balance of payments statistics, as well as supervise sufficiently the production of the balance of payments statistics.

In August 2003, two other groups within DER—Cross Border Transactions Survey (CBTS) Subgroup and International Transactions Reporting System (ITRS) Subgroup—were reassigned to the BOPIRG to bring about closer coordination between data generation and compilation. These two subgroups comprise a staff of 22, including six officers, and the output of these subgroups, as before, is related to balance of payments compilation.

The enlarged BOPIRG has a total of 25 computers, mostly Pentium III, which is not sufficient for current operational needs, especially at peak production periods. The mission was informed that some new computers are scheduled for delivery.

Several of the officers are highly experienced in balance of payments concepts and methods but, as noted above, do not work full-time on balance of payments statistics compilation. Eight of the staff have received IMF training in balance of payments concepts and methodology.

0.2.2 Measures to ensure efficient use of resources are implemented

To minimize processing errors, BOPIRG staff utilizes AS400-Dbank conversion programs (to download individual bank data from AS400), table templates to extract data from Dbank, and validation worksheets.

There are efforts to establish a BSP-wide Data Warehouse System, which will be a unified depository and storage of all data collected and compiled by the BSP, including balance of payments statistics.

There is no specific resource allocation program for balance of payments statistics. The budget for balance of payments statistics is included with the DER budget for operating expenses and capital outlays.

DER has availed itself of IMF technical assistance in balance of payments statistics on several occasions. However, because of work pressures staff have not been able to implement recommendations from this technical assistance on a timely basis.

0.3 Quality awareness

0.3.1 Processes are in place to focus on quality

The DER mission statement affirms that DER “will be the Bank’s leading provider of quality economic research and statistics that will give support to the Monetary Board in the formulation of monetary, credit, banking, and foreign exchange policies.” ... “Towards these ends, we will maintain a highly motivated and professional staff, honed through continuous

training, supported by leading-edge technology and imbued with the highest ethical standards in meeting our responsibilities to the Bank and the public that we serve.”

0.3.2 Processes are in place to monitor the quality of the collection, processing, and dissemination of statistics

All survey forms prepared by DER that will produce data for release to the general public are required to be reviewed by NSCB under the Statistical Survey Review and Clearance System. Those surveys that are conducted by government agencies for their internal use (i.e., survey results will not be published nor released to the general public) are exempted from clearance. The NSCB also provides through interagency task forces and technical committees a forum for improving data collection, processing, and dissemination.

BSP’s website has a feedback form that users of statistics may use to query statistics or other activities of the BSP. BSP also conducts user forums in order to inform/educate users of new data/methodology introduced by BSP and to solicit comments from users regarding BSP information.

0.3.3 Processes are in place to deal with quality considerations, including tradeoffs within quality, and to guide planning for existing and emerging needs

There is recognition by management of the trade-off between timeliness and quality, and in this regard consideration is being given to disseminating quarterly rather than monthly balance of payments statistics.

1. Integrity

1.1 Professionalism

1.1.1 Statistics are compiled on an impartial basis

Section 1 of R.A. No. 7653 states that “considering [BSP’s] unique functions and responsibilities, the central monetary authority established under this Act, which being a government-owned corporation, shall enjoy fiscal and administrative autonomy.” The BOPIRG carries out the compilation of balance of payments statistics with complete independence.

DER regularly sends qualified employees to participate in seminars, workshops, and conferences sponsored by international and regional institutions, which in the past two years involved the following external sector issues: portfolio investment (IMF/ASEAN/SEACEN); IIP statistics (Bank Indonesia/IMF); direct investment (ASEAN/Banque de France); and short-term capital flows (ASEAN+3/EMEAP/SEACEN).

Professionalism is also promoted by encouraging staff to give lectures at the BSP Institute, international fora (e.g., SEACEN/ASEAN seminar) and to contribute articles for publication in *Bangko Sentral Review*. A staff member of BOPIRG is a member of the Editorial Staff. The July 2003 *Bangko Sentral Review* will include an article dealing with the recent revisions to the import statistics.

1.1.2 Choices of sources and statistical techniques are informed solely by statistical considerations

The DER has the sole responsibility for determining what data sources and statistical techniques are to be employed in balance of payments compilation. However, when new surveys are introduced they must be reviewed by the NSCB in connection with the Statistical Review and Clearance System, which involves the process of evaluating the design and instruments of statistical surveys or censuses sponsored and/or to be conducted by government agencies, including government corporations at the national and/or subnational level. The Cross Border Transactions Survey (CBTS) developed by the BOPIRG to close gaps in the balance of payments accounts did not require review as it was for internal use, but BSP transmitted the survey to the NSCB for information.

1.1.3 The appropriate statistical entity is entitled to comment on erroneous interpretation and misuse of statistics

DER regularly responds to erroneous interpretations/misuse of its statistics by the press and other users of statistics or to provide clarification, as required. In order to avoid/minimize misinterpretations, monthly press briefings were commenced in early 2003. They afford opportunities to explain the balance of payments statistics to the press and also to seek feedback.

1.2 Transparency

1.2.1 The terms and conditions under which statistics are collected, processed, and disseminated are available to the public

The metadata posted on the IMF's Dissemination Standards Bulletin Board (DSBB) provide information on the terms and conditions under which the statistics are collected, processed, and disseminated. The BSP's website provides a link to the DSBB for users who would be interested in looking at information on balance of payments metadata.

BSP's website provides a list of DER's publications. A brochure is also available with a list of the products and their prices.

1.2.2 Internal governmental access to statistics prior to their release is publicly identified

The NSCB is given an advance copy of the quarterly estimates of the current account with details of factor and nonfactor services eight weeks after the reference quarter for the preparation of quarterly estimates of national income accounts.

The *Balance of Payments Developments* report and the supporting details on the monthly current account and capital and financial account balances are made available under strict conditions two working days (recently changed from one working day) prior to release to the public, to the Governor and members of the Monetary Board for notation in its regular meeting which is held every Thursday. The Secretary of Trade and Industry is a member of the Monetary Board. Except for posting on the DSBB, there are no formal announcements to the public of intergovernmental access prior to release to the public.

1.2.3 Products of statistical agencies/units are clearly identified as such

Balance of payments statistics released in DER publications and on BSP's website are clearly identified as BSP products. BSP's website lists the terms and conditions under which users of statistics may use the statistics found there, including providing proper acknowledgement of source. Notice is also given in *Bangko Sentral Review*.

1.2.4 Advance notice is given of major changes in methodology, source data, and statistical techniques

As stated in the SDDS metadata, advance notice of major changes in methodology is announced through press releases and through BSP publications. Only in one instance—the planned introduction of *BPM5*—has advance notice of major change in methodology been given to the public through a press release.

1.3 Ethical standards

1.3.1 Guidelines for staff behavior are in place and are well known to the staff

BSP's *Employee Handbook* states that the Bank subscribes to the tenets of accountability and ethical conduct in public service. The norms of conduct of Bank personnel in the performance of their duties are subject to the Code of Conduct and Ethical Standards for Public Officials and Employees (R.A. No. 6713); Rule XIV of the Omnibus Civil Service Rules Implementing Book V of Executive Order No. 292; and other pertinent laws. New employees are oriented into BSP's functions and overall mission.

When necessary, management sends memoranda to all group heads to remind staff of the need to meet requirements in BSP guidelines (e.g., a response to a query must be sent within 15 days).

2. Methodological Soundness

2.1 Concepts and definitions

2.1.1 The overall structure in terms of concepts and definitions follows internationally accepted standards, guidelines, or good practices

The overall structure of the balance of payments is based on the fifth edition of the BPM5, which DER implemented beginning with data for January 2000. The 1999 balance of payments statistics were also reworked for comparison of performance. Data are disseminated for the current, capital, and financial accounts, showing very close to the full BPM5 classification of accounts and in some areas providing additional component detail (e.g., sectoral breakdown of investment income).

2.2 Scope

2.2.1 The scope is broadly consistent with internationally accepted standards, guidelines, or good practices

All resident-nonresident transactions are broadly classified in accordance with the residency criteria of *BPM5*. However, a significant deviation from the residency concept set out in *BPM5* was particularly observed in the case of determining the center of economic interest of Overseas Filipino Workers (OFWs). As the length of employment abroad of most land-based OFWs is about two years, the *BPM5* would treat the workers as nonresidents of the Philippines. However, because of their close ties to the Philippines and their important contribution to the domestic economy BSP treats the workers as residents, which has implications for the classification of the funds OFWs remit to the Philippines, viz., compensation of employees (income) or workers' remittances (transfers). The measurement of travel receipts is also affected by the treatment.

2.3 Classification/sectorization

2.3.1 Classification/sectorization systems used are broadly consistent with internationally accepted standards, guidelines, or good practices

The classification/sectorization of balance of payments transactions deviates from *BPM5* guidelines in a few areas. Goods transactions exclude repairs and goods procured in ports, which are classified under services. The methodology developed to measure trade credit does not distinguish trade credit with affiliated enterprises, which should be classified as part of direct investment. Also, in the data for loan liabilities and interest payments, the Central Bank Board of Liquidators is incorrectly classified under other sectors rather than under the general government sector. In reserve transactions, OBUs are incorrectly treated as nonresidents (this treatment was recently changed for other balance of payments accounts).

2.4 Basis for recording

2.4.1 Market prices are used to value flows and stocks

Most transactions are recorded at market prices. There is some uncertainty regarding valuation practices for exports of electronic goods on consignment. The financial transactions of the banking sector are derived from position data without adjustment for valuation changes arising from foreign exchange and price changes due to unavailability of information. Reserve transactions, also derived from position data, are adjusted for changes due to foreign exchange fluctuations (securities held as part of reserves are valued at book values rather than market prices).

2.4.2 Recording is done on an accrual basis

Recording is on a cash basis rather than on an accrual basis. Selected financial account data include accruals—reserve assets and reserve-related liabilities and the derived data on the financial flows of the banking sector—but the income data are recorded on a cash basis.

2.4.3 Grossing/netting procedures are broadly consistent with internationally accepted standards, guidelines, or good practices

Current and capital account transactions are mostly recorded on a gross basis. Financial account transactions are recorded on a net basis, separately for the external asset and liability components, which is in conformity with *BPM5*.

Data on certain transactions sourced from the International Transactions Reporting System (ITRS) are recorded on a net basis, such as settlements related to communication services (inward remittances are net of traffic pay ins and pay outs) and income and services distributions subject to any withholding taxes at source. Outward remittances of passenger fares by foreign airlines would be net of any local expenditure. Consistent with *BPM5*, goods for processing, which are significant in the Philippines, are recorded on a gross basis. Within the financial account, amounts due to/from head office, branches, and agencies of foreign and local banks are netted (and recorded under assets or liabilities, other investment, currency and deposits, banks).

3. Accuracy and Reliability

3.1 Source data

3.1.1 Source data are collected from comprehensive data collection programs that take into account country-specific conditions

In several important areas, source data do not provide comprehensive coverage.

International Transactions Reporting System (ITRS): The bank reporting component of the ITRS (i.e., foreign currency transactions coursed through the domestic banking system), an important part of the compilation system, covers the banking system and related financial institutions, which include the RBUs and FCDUs of commercial banks, thrift banks, forex corporations, and OBUs. Rural banks and credit cooperatives, which are only permitted to conduct over-the-counter transactions in foreign exchange, are not required to report. Their transactions are believed to be minimal. While the ITRS encompasses reporting on banks' income and service transactions, data on banks' financial flows are derived from other data sources. Transactions involving only peso-denominated accounts are not recorded (e.g., investment income in pesos deposited by a nonresident in a peso-denominated account held with domestic banks).

The ITRS is a closed system, in which the commercial banks are required to reconcile the changes in their foreign currency assets and liabilities. There is no reporting threshold, and reporting by commercial banks is daily, weekly for forex corporations, and monthly for thrift banks and OBUs. The opening and closing positions may not correspond to the balance sheet information used in the monetary statistics. Data are reported for each transaction. However, for transactions of OFWs below US \$5,000, commercial banks are permitted to aggregate the value of such transactions and indicate how many transactions were aggregated. OFW transactions include only transfers to accounts with banks; over-the-counter transactions of residents are considered tourist-related/other transactions (which are not used in balance of payments compilation as a survey is used to estimate travel receipts).

Enterprise surveys: In the last quarter of 2001, BSP designed, in consultation with target respondents, and implemented the CBTS to close gaps in the compilation system relating to transactions that bypass the domestic banking system—bank accounts abroad and intercompany accounts. Data from CBTS are available from 2001 onwards. However, at this time, only the transactions of the Build Operate Transfer (BOT) enterprises and a few other nonfinancial corporations (mostly telecom companies) are recorded in the balance of payments. The CBTS reporting framework includes reporting on opening positions, transactions, and closing positions for each account. While response rates for BOT firms (and electronic firms) have been high, some difficulties were experienced in obtaining the cooperation of nonfinancial firms in the survey of transactions conducted via bank accounts abroad.

Goods transactions: Customs declarations tabulated by the NSO are used to compile data on goods transactions. Following large upward adjustments to the tabulated data on imports of electronic goods during 2000–02, there are indications that the compiled import data for 2003 remain problematic, although discrepancies are much lower than in the past. Moreover, even after the upward correction to imports, partner country data from the IMF's *Direction of Trade Statistics* (September 2003) suggest that exports and imports for 2000–02 (and earlier years) may be considerably understated.

The NSO manually tabulates the customs declarations to generate the trade statistics. On the import side, some of the documents are photocopies rather than copies of the actual import declaration. While the export documents are sequentially numbered (Customs Control Number), those for imports are not. In 2002, the Bureau of Customs (BOC) completed the implementation of an automated system to process the import declarations, and the two agencies signed a memorandum of understanding for the NSO to gain access to the information in the database, with effect from March 26, 2003. The NSO is in the process of comparing its data on imports of electronic goods with the data from the BOC database, which could potentially lead to improvements in the coverage of imports. The BOC is now in the process of developing an automated system to process the export declarations.

Customs data exclude imports for the use of the military, fish acquired by national vessels on the high seas from foreign vessels, and fish sold abroad from national vessels. Also excluded from goods imports are bunkers, stores, ballast and dunnage acquired abroad by Philippine carriers (sales of such products to foreign carriers are included in exports).

Data on freight and insurance on goods transactions—credits and debits—are also based on the information reported in customs declarations and compiled by the NSO.

Travel receipts: Data on travel receipts are based on information compiled by the Department of Tourism (DOT). The methodology involves the use of a Visitor Sample Survey (VSS) in which personal interviews are conducted with visitors who have completed their visit and are about to depart the Philippines. The VSS includes only visitors departing from the Philippines by airplane via the Ninoy Aquino International Airport. Information is gathered on average expenditures and length of stay, which is used in conjunction with information on the numbers of foreign visitors to estimate travel receipts. Respondents are divided into two classes—overseas Filipinos (“Balikbayans”) and non-Balikbayans—and excludes Filipino overseas contract workers on home visits, which results in errors and omissions. However, the treatment is consistent with the authorities’ view that OFWs are residents of the Philippines. Data on travel expenditure abroad by residents are based on the ITRS.

Compensation of employees: The data on remittances of OFWs, which are classified as income (compensation of employees), are drawn from the ITRS. Thus, the data exclude remittances of OFWs that are not channeled through the domestic banking system, for instance, brought home by OFWs (or co-workers) on return visits to the Philippines, including any remittances in kind. Based on data derived from a rider to the annual labor force survey conducted by the NSO, such remittances account for about 25–30 percent of total OFW remittances.

Reinvested earnings on direct investment: Through representation by BSP, the SEC has accommodated some of the balance of payments/IIP data requirements in the design of the template that will be required of companies in reporting their financial conditions, including estimates of reinvested earnings and also other data, such as equity capital for IIP

compilation, and data for checking recorded services and financial transactions. No estimates are made for reinvested earnings on direct investment abroad.

Direct investment: Data on foreign direct investment in the Philippines are drawn from the ITRS (equity and property transactions), external debt statistics (intercompany loans, including trade credit), CBTS (equity via accounts abroad of BOT firms), noncash transactions (from BSP's International Operations Department), and data on assigned capital of foreign banks from balance sheet information. Reverse investment (e.g., lending by the direct investment enterprise to the foreign parent) is not recorded; there is no information to indicate that such flows are significant.

Although intercompany accounts of electronic firms are covered in the CBTS, they are not yet integrated in the balance of payments compilation system. The intercompany accounts of garment industries and other direct investment enterprises are not yet covered (however, intercompany loans are captured through the external debt statistics). The CBTS is being extended to cover intercompany accounts of direct investment enterprises. As in the case of BOTs, all the large transactors will be surveyed.

Data on direct investment abroad are drawn from the ITRS and thus do not include transactions via bank accounts abroad and intercompany accounts, including trade credit.

Banking sector statistics: Monthly data on the foreign assets and liabilities of the banking sector are obtained from DER's Economic and Financial Monitoring Group and cover the external positions of commercial banks and rural banks (they do not cover thrift banks and credit cooperatives). Flow data are derived from changes in stock data and are not adjusted to exclude valuation changes owing to unavailability of information.

OBUs domiciled in the Philippines are correctly considered to be residents for balance of payments compilation, although data on the financial flows of OBUs are not yet recorded in the data. The same applies to forex corporations, which are affiliates/subsidiaries of domestic banks. OBUs and forex corporations are correctly classified under other sectors.

Financial derivatives: Data on financial derivative transactions with nonresidents, available from the ITRS, are not used in balance of payments compilation. A new proposed report on financial derivatives is being prepared for implementation by the Supervisory Reports and Studies Office, with opening and closing balances plus transactions, including sectorization.

External debt statistics: The data on external debt transactions are broadly in line with the recommendations of the *BPM5*. The balance of payments statistics include several external debt items not included in BSP's official measure of external debt, viz., intercompany accounts of Philippine branches of foreign banks; long-term loans of nonbanks, which are not serviced using the foreign exchange resources of the Philippine banking system, and long-

term obligations under capital lease agreements (however, data on these items are disclosed in the footnotes on external debt). The maturity and instrument breakdowns follow *BPM5*. Debtors wishing to use the domestic banking system to service their foreign currency debt obligations must register with the BSP and report on their external debt transactions. Debtors that intend to use other avenues to service their debt obligations are not legally required to register and report on their transactions, although many do provide data in response to requests from BSP's International Operations Department (IOD), which is responsible for compiling the external debt statistics. The IOD intends to investigate the coverage of intercompany debt liabilities.

Reserves: Data are obtained from BSP's Treasury Department, and flow data are derived from changes in stock data, adjusted for valuation changes with respect to foreign exchange fluctuations (securities are valued at book values). Deposits in foreign banks of the Bureau of the Treasury in connection with the Brady bonds initiative are correctly not recorded in reserves.

3.1.2 Source data reasonably approximate the definitions, scope, classifications, valuation, and time of recording required

In several important respects, the source data do not reasonably approximate the recording requirements of the *BPM5*.

ITRS: Reporting by commercial banks, thrift banks, and OBUs, encompassing regular and FCDU accounts as well as forex corporations, distinguishes the residency of the transactor. For bank reports, all resident-resident foreign currency transactions are reported in Schedule 7, while the balance of payments entries are compiled from other schedules that cover resident-nonresident transactions. However, because of the secrecy rules attached to FCDU accounts, the reporting institutions do not approach the transactors directly for the required information to classify the foreign currency transactions (and there are limited supporting documents for which to validate the classification), which can result in some misclassification and, at times, duplication of information from other sources.¹⁸ Reporting on FCDU transactions is done on a best effort basis, and thus the correctness of the classification of transactions is not ascertained. This differs from reporting on the foreign currency accounts of RBUs, where comprehensive information must be sought in reporting to BSP.

¹⁸ The issue on duplication may be true particularly for exports of petroleum products sold to foreign carriers in Philippine ports covered in the merchandise trade statistics, which may also be reported under the services receipts of the bank reports. The amounts involved, however, are not significant based on NSO Foreign Trade Statistics which reported exports of these goods at US\$36.5 million in 2002 and US\$58.1 million in 2003.

Transportation: Freight on goods: The data on freight and insurance on exports of goods are based on information reported in the customs declarations and compiled by the NSO, who derive an estimate of the percentage of freight (and insurance) earned by domestic carriers. However, the local participation is based on the residence of the payee rather than on the residency of the carrier. Also, for exports valued fob, the data from mid-2001 indicate there was no local participation whereas in the 1999–2000 period the NSO data indicated a local component of about 25 percent.

Passenger fares: Data on passenger fares are drawn from the ITRS. On the debit side, the manner in which foreign airlines operating in the Philippines are treated gives rise to some double counting, that is, when the traveler resident in the Philippines buys foreign exchange from banks to purchase the ticket and whenever the foreign airline's agency office remits the funds that have been deposited with banks (net of any local expenditures) to their headquarters abroad. It is also possible that some passenger fares of travelers may be misclassified under travel expenditures, because the traveler may purchase foreign exchange for the entire trip, as in the case of package tours.

Other transportation: Data on receipts of other transportation services, drawn from the ITRS, include receipts from sales of bunkers, stores, etc. supplied to foreign vessels or aircraft in the national territory. However, the inclusion of the latter gives rise to duplication because goods procured in ports are also included in the data on goods exports compiled from customs declarations. Data on payments are also drawn from the ITRS and thus would not include any port expenditures abroad settled via bank accounts held abroad by domestic carriers. The domestic airlines are now being surveyed for information on their accounts abroad. These expenditures are not recorded in the customs imports data. In the *BPM5*, goods procured in ports are classified as part of goods, rather than services.

Investment income: Income is recorded on a cash basis. Interest on external debt is mostly provided by IOD and is on a cash basis with the exception of one deep discount security, which is recorded on an accrual basis. IOD is planning to derive estimates of interest payments on an accrual basis. Interest on reserve assets is obtained from BSP's Treasury Department.

Data on dividends and distributed branch profits are drawn from the ITRS. Estimates of reinvested earnings on foreign direct investment in the Philippines is compiled from annual balance sheet information obtained from the SEC and would include capital gains/losses, which is not in conformity with *BPM5*.

Current transfers: Data compiled from the ITRS on current transfers incorrectly include some capital transfers, which should be classified in the capital account (several such transactions have been identified, which will permit a reclassification of these transactions). Other data sources include cash disbursements from USAID, USVA, and those compiled by NEDA.

Grants in kind, however, are sourced from NSO reports on imports. Foreign technical assistance provided to the Philippines is not recorded.

Portfolio investment: Data on portfolio investment assets are drawn from the ITRS, banking sector data, and the CBTS. The banking sector data are derived from stock data and thus incorrectly include valuation changes. In the ITRS, all equity transactions of nonresidents conducted via domestic stock exchanges are recorded under portfolio investment. These data may include some direct investment transactions, but they are not believed to be significant. Also, data are based on settlements and thus are net of any fees and commissions. Some portfolio transactions are also reported in the CBTS.

With respect to portfolio investment liabilities, data on bonds and notes issued abroad by residents come from external debt statistics and are based on reports from the issuers of these securities as well as other documents received by IOD. The data are correctly recorded gross of fees and commissions (however, the fees and commissions are not captured in the balance of payments as the settlements data are net of these charges). Also, data on portfolio investment liabilities are adjusted to take account of banks' and insurance companies' purchases of securities that have been issued abroad by domestic borrowers and are based on data reported to Supervisory Reports and Studies Office (SRSO). Any acquisitions of securities by nonbank entities such as pension funds and holding companies are not currently captured.

Banking sector flows: The stock data on the foreign assets and liabilities of the banking sector were found to include some domestic claims and liabilities, viz., FCDU borrowings and cash letters of credit. Also, the interoffice float item does not represent a transaction.

External debt: The external debt data compiled by IOD covers, among other things, intercompany debt and trade credit. Like other components of external debt, trade credit is reported on a per account basis. IOD classifies intercompany debt based on documents on file as well as information provided by the applicant-borrower, taking into consideration the actual relationship between borrower and creditor. In addition to possible undercoverage for nonregistered debt, some of the intercompany debt may have been reported net of any claims.

3.1.3 Source data are timely

With one exception, source data are timely, permitting the compilation of a monthly balance of payments. Data on reinvested earnings are compiled from annual balance sheet information obtained from the SEC and then retroactively prorated across the months of the past year based on the trend in exports.

3.2 *Statistical techniques*

3.2.1 *Data compilation employs sound statistical techniques*

To minimize processing errors, BOPIRG staff utilizes AS400-Dbank conversion programs (to download individual bank data from AS400), table templates to extract data from Dbank, and validation worksheets. The entire “consolidation” of the balance of payments accounts is done through Dbank. After consolidation, each member of the group responsible for inputs into the consolidation is required to confirm the accuracy of the data.

The ITRS and CBTS collections are automated.

3.2.2 *Other statistical procedures (e.g., data adjustments and transformations, and statistical analysis) employ sound statistical techniques*

Goods transactions: BOPIRG adjusts the customs trade data for returned goods and operational leases included in imports. Allocations within the goods category are made between general merchandise and goods for processing and nonmonetary gold (but not for repairs on goods and goods procured in ports). An interagency task force developed estimates of imports of electronic goods based on information gathered from a sample of firms, which was used to adjust imports upward in 2000–02. The revisions to imports were explained in a press release issued by the NSO (April 22, 2003). BSP initiated work on this data problem and provided resources to the project.

Freight and insurance: The data on freight and insurance on exports and imports of goods are based on information reported in the customs declarations and compiled by the NSO with respect to the percentage of goods carried by local/foreign carriers. For exports fob, the local component (i.e., the percentage of exports carried by domestic carriers) suddenly became zero in mid-2001. However, BOPIRG continues to estimate a local share based on the reported ratio in 2000 adjusted by the growth in exports. As in exports, the local component for freight on imports (i.e., the percentage of imports carried by domestic carriers) became zero in January 2002. BOPIRG makes no allowance for goods imports carried by local carriers.

Trade credits: Trade credits—assets and liabilities—are estimated on the basis of data compiled from customs declarations (adjusted for grants in kind) and settlements with respect to goods transactions from the ITRS. However, the latter do not cover settlements via bank accounts abroad and via intercompany accounts. The persistent understatement of settlements in relation to the recorded trade data gives rise to implausibly large flows that do not reverse, suggesting an ever-rising level of trade credit assets and liabilities. Problems in the measurement of trade in electronic goods also contribute to the problem. In addition, the data on liabilities also gives rise to duplication with data on trade credit included in intercompany loans under direct investment.

3.3 *Assessment and validation of source data*

3.3.1 Source data—including censuses, sample surveys and administrative records—are routinely assessed, e.g., for coverage, sample error, response error, and nonsampling error; the results of the assessments are monitored and made available to guide planning

Within the ITRS Subgroup, each staff member is assigned to review reporting on a specific number of transaction categories across banks and also to monitor reporting of a number of individual banks. Banks are contacted to clarify any irregularities in the reported data. If errors are identified, the banks are required to transmit an amended report. Penalties are assessed for late and/or erroneous reporting and failure to provide an amended report in response to a written request. The opening and closing balances reported in FX Form 1 are not reconciled with the data on foreign claims drawn from the monetary statistics and used in deriving the financial flows of the banking sector, because the latter include noncash items and other adjustments. However, the banks submit a monthly reconciliation statement of the stock data reported under FX Form 1 and the CSOC.

For transactions of OFWs below US\$5,000, commercial banks are permitted to aggregate the value of such transactions and indicate how many transactions were aggregated. The latter information is used in editing the reported amounts. OFW transactions include only transfers to accounts; over-the-counter transactions of residents are considered tourist-related/other transactions.

The CBTS Subgroup conducts a number of checks on the reported data. These include checking that the opening balance reported by a company in a particular month tallies with the ending balance reported a month earlier, that all receipts/payments are properly identified as to whether they relate to residents or nonresidents and are properly classified, and more importantly, that any large item or sudden increase/decrease in the value of a particular variable is automatically verified with the respondent.

One member of BOPIRG regularly monitors external developments in the press media. This information is used in reporting balance of payments developments to the Monetary Board and is also used in checking large transactions, such as direct investment.

3.4 *Assessment and validation of intermediate data and statistical outputs*

3.4.1 Main intermediate data are validated against other information where applicable

BOPIRG reconciles data on interest payments on BSP's external debt reported by IOD with Treasury data. Data on equity inflows drawn from the ITRS are compared with IOD information on equity registrations (however, it is known that the latter source may not have accurate information on the timing of transactions). Comparisons are also made between the ITRS and the CBTS for potential duplication of data. Data on portfolio investment

transactions in domestic securities—equities and debt instruments—are compared with flow data reported to IOD by five large domestic custodian banks. The latter also provide data on stocks of domestic securities held by nonresidents, which are using in compiling the IIP statement.

Monitoring of external sector developments sometimes identifies transactions in the print media (e.g., direct investment transactions) that are checked with the ITRS and/or the enterprise. Such contacts are infrequent because of work pressures.

The staff of the Economic and Financial Monitoring Group checks the reserves data (positions) against the BSP's balance sheet.

DER routinely compares/reconciles the Treasury and IOD data on use of Fund credit and loans and external loans of the national government. The BOPIRG also checks press announcements of securities issuance with IOD external debt data.

3.4.2 Statistical discrepancies in intermediate data are assessed and investigated

The behavior of series is not cross-checked with related series/indicators.

The IIP data are not sufficiently developed for use in checking the accuracy of the reported investment income estimates.

3.4.3 Statistical discrepancies and other potential indicators of problems in statistical outputs are investigated

Bilateral information on portfolio investment and loans are exchanged with the Bank of Korea and the Bank of Japan as part of an initiative of ASEAN+3.

3.5 Revision studies

3.5.1 Studies and analyses of revisions are carried out routinely and used to inform statistical processes

A study of the revisions to the data on estimates of reinvested earnings on direct investment in the Philippines was undertaken, which led to the discontinuation of estimating these data in current periods. The studies are not routinely carried out.

4. Serviceability

4.1 *Relevance*

4.1.1 The relevance and practical utility of existing statistics in meeting users' needs are monitored

Monthly briefings to the press and consultations once a year with the general public during celebration of National Statistics Month are conducted to reach out to users of statistics and to obtain feedback. Users are also invited to provide comments via the feedback form on BSP's website. Through the NSCB and other interagency collaborative works, BSP can raise issues that require interagency cooperation in policy and/or statistical issues.

BSP participates in international meetings organized by international and regional organizations. One recent ASEAN initiative in which BSP was involved was standardization of foreign direct investment statistics released to the public.

4.2 *Timeliness and periodicity*

4.2.1 Timeliness follows dissemination standards

The BSP disseminates monthly balance of payments statistics within three months after the end of the reference month, thereby meeting the timeliness of one quarter prescribed by the SDDS for the balance of payments statistics data category.

4.2.2 Periodicity follows dissemination standards

The BSP disseminates monthly balance of payments statistics, thereby exceeding the quarterly periodicity prescribed by the SDDS for the balance of payments statistics data category. BSP is considering dissemination of quarterly, rather than monthly, balance of payments statistics to better employ existing resources.

4.3 *Consistency*

4.3.1 Statistics are consistent within the dataset

With one exception, annual data are derived from the monthly data, and thus the two series are consistent. Data on reinvested earnings on foreign direct investment in the Philippines are compiled on an annual basis and in the absence of an appropriate indicator distributed across the months on the basis of total monthly exports.

The reserves data and reserve liabilities (analytic presentation) and the foreign assets and liabilities of the banking sector include accrued interest, which is not consistent with the cash-based income flows recorded in the current account for these accounts.

In some years, the magnitude of the errors and omissions item has been significant and appears to be related to a methodology/statistical technique employed, for instance, the very large services estimates in 1997. However, the recording problem associated with goods transactions in electronics would also be a contributing factor during 1997.

4.3.2 *Statistics are consistent or reconcilable over a reasonable period of time*

The “peso conversion for FCDs” adjustment developed in the mid-1990s because of the difficulties experienced by banks in classifying transactions channeled through FCDUs gave rise to a major inconsistency in the data on other miscellaneous, professional, and technical services receipts, which more than doubled over the course of three years to \$12 billion in 1997, dropping to less than \$1 billion in 1999. Business service payments also increased sharply during that period and later dropped, as in the case of receipts.

Adjustments on a smaller scale were made to other data series in the following years because of the FCDU problem, creating other breaks, for example, merchanting services to remove duplication with trade data. Another example that may be related to the FCDU problem is a sharp falloff in payments for government services n.i.e., where for 2001 an amount of only US\$2 million was recorded in the second quarter, compared to much larger figures in previous years. Consistency in data series over time has also been hampered by several revisions to the bank reporting form (FX Form 1) to improve reporting on FCDU transactions. Detailed methodological notes have not been prepared to explain the various breaks apparent in the data series.

Starting with the January 2000 balance of payments, the BSP adopted the *BPM5* framework of compilation and classification of accounts. Past data were recast on the *BPM5* basis back to 1999. Annual data for 1990–99, based on the old format, are presented in *Selected Philippine Economic Indicators*, which enables users of statistics to relate the transaction categories of the old format (national presentation) with the *BPM5* classification.

In 2000, a potential problem was identified in the data on trade in electronic goods because of the seemingly inconsistent trend between electronic exports and imported inputs. The large upward corrections to imports of electronic goods (based on a survey) implemented in early 2003 were applied to the 2000–02 data, although data for the 1997–99 periods are also likely understated based on the trend between electronic exports and imported inputs and perhaps more generally because of differences with partner country trade data. The revision was explained to the public via a press release by the NSO; BSP also issued a statement.

A related problem is the measurement of trade credit. The current methodology of comparing customs trade data with settlements data from the ITRS has resulted in implausible estimates. The compiled estimates bear no relationship to the corresponding data in the IIP statement. The use of this statistical technique requires more comprehensive information on trade

settlements, such as through intercompany accounts and through accounts with banks abroad, as well as good coverage of the trade flows derived from customs declarations.

4.3.3 Statistics are consistent or reconcilable with those obtained through other data sources and/or statistical frameworks

The data on exports and imports of goods and services in the balance of payments are not consistent with the external transactions in the national accounts. First, the NSCB generates its own estimates of travel payments, as the BSP data based on the ITRS are not seen to track travel activity. The NSCB methodology involves the use of trends from the travel tax collection, benchmarked in the mid-1990s, and the resultant estimates were higher than the balance of payments estimates by 15 percent in 2002 but 15 percent lower in 2001. Second, the NSCB compiles an estimate of the “total compensation” of OFWs based on the application of earnings data to the numbers of workers. Overall, the NSCB estimate was close to 20 percent higher than the balance of payments figure in 2001 (8 percent in 2002). Differences between the two sets of accounts have existed for many years and in earlier years included differences in the value of trade flows as well.

The compiled balance of payments data on trade credit liabilities are not consistent with information published in the external debt statistics. The external debt statistics are used in preparing the IIP estimates.

A few of the other compiled financial flow series are not entirely consistent with the IIP statistics, where several alternative data sources have been used (e.g., direct investment abroad and nonbank deposits with banks abroad). The IIP data were first compiled for 2001 and are still in the process of development. Although the financial transactions of OBUs and forex corporations (affiliates/subsidiaries of commercial banks) are not yet recorded in the balance of payments, the corresponding positions have been correctly recorded in the IIP statistics.

The data on goods transactions and the banking sector flows are reconcilable with those obtained from other statistical frameworks, as BOPIRG uses these data sets as source data.

4.4 Revision policy and practice

4.4.1 Revisions follow a regular, well-established, and transparent schedule

Data for the current year are revised with the release of data for the third month of each quarter. With release of the December data, revisions are also made to data of past years, as required. The revision schedule is not made known to the public, but the revised data are noted in a footnote in the release.

4.4.2 *Preliminary data are clearly identified*

The monthly balance of payments data are preliminary when first released although this is not made explicit. In most instances, users were informed that the published data have been revised, but only through a footnote. The revised data are disseminated with the same level of detail as previously published for the data being revised.

4.4.3 *Studies and analyses of revisions are made public*

Revisions to data are discussed in technical notes posted on the BSP's website (but not in the hard copy version of *Selected Philippine Economic Indicators*).

5. Accessibility

5.1 Data accessibility

5.1.1 Statistics are presented in a way that facilitates proper interpretation and meaningful comparisons (layout and clarity of text, tables, and charts)

Balance of Payments Developments, disseminated each month on BSP's website, provides a monthly analysis of developments in the balance of payments, including charts and a wide array of tables containing component detail. BSP employs an analytic balance of payments presentation in which reserve liabilities are netted from reserve assets. Reserve liabilities include use of Fund credit and loans and the short-term external liabilities of BSP.

Selected Philippine Economic Indicators contains a summary analytic balance of payments table, together with a wide array of tables providing, among other things, data on commodity detail on goods transactions, direction of trade, *BPM5* component detail of the balance of payments, stock data on external debt, and net international reserves. The publication does not contain any analysis of the data. Seasonally adjusted data are not prepared.

With the introduction of *BPM5* in 2000, the following sign convention has been used in the disseminated data on transactions in foreign financial assets: increase = credit/decrease = debit. BSP views this presentation, which is opposite to the *BPM5* or international sign convention for the recording of financial flows relating to external assets, to be more understandable to the users of its statistics. Users have not expressed any difficulties with this presentation. Also, errors and omissions are termed "net unclassified items" in the disseminated data, which also deviates from the *BPM5* terminology. However, the standard *BPM5* presentation, including the *BPM5* sign convention and terminology, is employed in reporting to the IMF's Statistics Department for publication purposes.

5.1.2 Dissemination media and formats are adequate

Following a briefing to the press, the balance of payments statistics are released on BSP's website via a summary information release (following the Monetary Board's notation of the balance of payments report in the Board's regular Thursday morning meetings), followed the next day by *Balance of Payments Developments*. Data are subsequently disseminated on the 15th day of the month at the Selected Philippine Economic Indicators page located at <http://www.bsp.gov.ph/Statistics/spei>. Historical data are provided in the annexes, and longer time series are provided upon request, without a fee. Hard copies of *Selected Philippine Economic Indicators* are available the same time Selected Philippine Economic Indicators is released in the website.

5.1.3 Statistics are released on a preannounced schedule

An advance release calendar that gives one-quarter ahead notice of the release dates is posted on the BSP's internet website: <http://www.bsp.gov.ph>.

5.1.4 Statistics are made available to all users at the same time

The data are released simultaneously to all interested parties via a press release to the accredited press through the BSP's Corporate Affairs Office and by posting the data on BSP's internet website's SDDS and mirrored in the NSCB's website at <http://www.nscb.gov.ph/sdds/nsdp.htm>. Selected key components of the balance of payments are disseminated in advance of the full balance of payments report (i.e., information on OFW remittances).

5.1.5 Nonpublished (but nonconfidential) subaggregates are made available upon request

In some cases, nonpublished but nonconfidential subaggregates are made available to users upon request. This would include the regular data submissions to ASEAN, SEACEN, and other international organizations of this type.

5.2 Metadata accessibility

5.2.1 Documentation on concepts, scope, classifications, basis of recording, data sources, and statistical techniques is available, and differences from internationally accepted standards, guidelines, or good practices are annotated

A summary methodology on the concepts and statistical techniques data coverage is available on the BSP's SDDS page. The SDDS summary methodologies are regularly reviewed and updated. In addition, a *Concept Handbook* prepared by DER, containing the scope, sources, and methodology used for each of the balance of payments accounts, is made available to the public at the BSP's Center for Statistical Information. More detailed documentation of the

data sources for each balance of payments account is available internally. However, these have not yet been consolidated into a single document and regularly updated.

The monthly *Selected Philippine Economic Indicators* provides a brief overview of the concepts and definitions employed in the principal balance of payments accounts, and summary metadata is also provided to the IMF for publication in the annual *Balance of Payments Statistics Yearbook* (Part 3).

5.2.2 Levels of detail are adapted to the needs of the intended audience

Balance of payments presentations and the level of details are adapted to the needs of the intended audience. For the press briefings, aside from the summary table, trade in goods, travel, and OFW remittances are highlighted. For economic briefings for the business sectors in general and foreign investors in particular, direct investment and portfolio investment are given prominence.

5.3 Assistance to users

5.3.1 Contact person for each subject field is publicized

Balance of Payments Developments and *Selected Philippine Economic Indicators* provide contact information for the Department of Economic Research—address, telephone, fax, and e-mail. Contact persons are identified on the IMF's DSBB for the balance of payments data category and the advance release calendar.

5.3.2 Catalogs of publications, documents, and other services, including information on any charges, are widely available

A list of publications for sale or subscription is posted on the BSP's website. The source department, mailing address, telephone and fax numbers, and e-mail addresses are given.

Table 6. Philippines—Data Quality Assessment Framework: Summary of Results for Balance of Payments Statistics
(Bangko Sentral Ng Pilipinas)

Element		Assessment				Comments
		NA	O	LO	NO	
0. Prerequisites of quality						
0.1	Legal and institutional environment			X		Statistical reporting by nonbanks not ensured by legal mandate/penalties for non-compliance; Law on Secrecy of Bank Deposits impacts on ability of banks to correctly report transactions channeled through FCDUs; statistical information can be disclosed under order of court or a decision of the Monetary Board.
0.2	Resources			X		Severe staffing constraints, as senior staff often assigned to work on tasks other than statistics; computer resources not sufficient.
0.3	Quality awareness			X		
1. Integrity						
1.1	Professionalism		X			
1.2	Transparency		X			
1.3	Ethical standards		X			
2. Methodological soundness						
2.1	Concepts and definitions		X			OFW's working abroad for more than one year treated as residents, rather than nonresidents;
2.2	Scope			X		Some transactions not classified according to <i>BPM5</i> (e.g., CBBOI, included under other sectors, rather than government and repairs and goods procured in ports treated as services rather than goods);
2.3	Classification/sectorization			X		Recording is on a cash basis rather than an accrual basis; some instances of incorrect netting of transactions (e.g., communication services, amounts due to/from head offices of banks).
2.4	Basis for recording			X		
3. Accuracy and reliability						
3.1	Source data				X	Deficiencies in primary source data—impact of bank secrecy laws on FCDU transactions; significant gaps in coverage of transactions conducted via accounts abroad and peso-denominated transactions; under coverage in trade in electronic goods and select commodities; OFW remittances outside banking system not captured; transactions of OBU's/forex corporations not covered.
3.2	Statistical techniques			X		Transportation services not based on residency criteria; methodology for trade credits gives implausible results and misclassification of transactions;
3.3	Assessment and validation of source data		X			Behavior of series not cross-checked with related series/indicators;
3.4	Assessment and validation of intermediate data and statistical outputs			X		Revision studies not routinely conducted.
3.5	Revision studies			X		
4. Serviceability						
4.1	Relevance		X			
4.2	Timeliness and periodicity		X			
4.3	Consistency				X	Large breaks in services data in mid-1990s; implementation of <i>BPM5</i> methodology carried back one year; data on imports of electronic goods during 1997–99 not revised in line with data for 2000–02; implausible data on trade credits; BOP services and income not consistent with national accounts; financial flows not consistent with IIP statistics;
4.4	Revision policy and practice				X	Revision studies not conducted.
5. Accessibility						
5.1	Data accessibility			X		Sign conventions/terminology not in line with <i>BPM5</i> ; detailed documentation on sources and methods not available.
5.2	Metadata accessibility		X			
5.3	Assistance to users		X			

Summary of the Special Data Dissemination Standard (SDDS)

The SDDS prescribes the following practices under each of the identified dimensions:

Data dimension (coverage, periodicity, and timeliness)

- the dissemination of 18 data categories, including component detail, covering the four main sectors of the economy, with prescribed periodicity and timeliness.

Access dimension

- the dissemination of advance release calendars providing at least one-quarter advance notice of approximate release dates, and at least a one-week advance notice of the precise release dates; and
- the simultaneous release of data to all users.

Integrity dimension

- the dissemination of the terms and conditions under which official statistics are produced and disseminated;
- the identification of internal government access to data before release;
- the identification of ministerial commentary on the occasion of statistical release; and
- the provision of information about revision and advance notice of major changes in methodology.

Quality dimension

- the dissemination of documentation on statistical methodology and sources used in preparing statistics; and
- dissemination of component detail and/or additional data series that make possible cross-checks and checks of reasonableness.

SDDS subscribers are required to:

- post descriptions of their data dissemination practices (metadata) on the IMF's Dissemination Standards Bulletin Board (DSBB). Summary methodologies, which describe data compilation practices in some detail, are also disseminated on the DSBB; and
- maintain an Internet website, referred to as the National Summary Data Page (NSDP), which contains the actual data described in the metadata and to which the DSBB is electronically linked.

At the March 29, 2000 meeting of the IMF's Executive Board, Directors approved the incorporation of a new SDDS data category on external debt. The transition period for implementing this data category expires in March 2003.

As a result of the IMF Executive Board's Third Review of the SDDS in March 2000, the IMF staff began monitoring observance of the Standard through NSDPs maintained on the Internet. Monitoring commenced at the beginning of July 2000 and is limited to the coverage, periodicity, and timeliness of the data and to the dissemination of advance release calendars.

Source: Guide to the SDDS, February 2002: <http://dsbb.imf.org>

Data Quality Assessment Framework—Generic Framework
(July 2001 Vintage)

Quality Dimensions	Elements	Indicators
<p>Prerequisites of quality¹</p>	<p>0.1 Legal and institutional environment—<i>The environment is supportive of statistics.</i></p> <p>0.2 Resources—<i>Resources are commensurate with needs of statistical programs.</i></p> <p>0.3 Quality awareness—<i>Quality is a cornerstone of statistical work.</i></p>	<p>0.1.1 The responsibility for collecting, processing, and disseminating statistics is clearly specified.</p> <p>0.1.2 Data sharing and coordination among data producing agencies are adequate.</p> <p>0.1.3 Respondents' data are to be kept confidential and used for statistical purposes only.</p> <p>0.1.4 Statistical reporting is ensured through legal mandate and/or measures to encourage response.</p> <p>0.2.1 Staff, financial, and computing resources are commensurate with statistical programs.</p> <p>0.2.2 Measures to ensure efficient use of resources are implemented.</p> <p>0.3.1 Processes are in place to focus on quality.</p> <p>0.3.2 Processes are in place to monitor the quality of the collection, processing, and dissemination of statistics.</p> <p>0.3.3 Processes are in place to deal with quality considerations, including tradeoffs within quality, and to guide planning for existing and emerging needs.</p>

Data Quality Assessment Framework—Generic Framework
(July 2001 Vintage)

Quality Dimensions	Elements	Indicators
<p>1. Integrity</p> <p><i>The principle of objectivity in the collection, processing, and dissemination of statistics is firmly adhered to.</i></p>	<p>1.1 Professionalism—<i>Statistical policies and practices are guided by professional principles.</i></p> <p>1.2 Transparency—<i>Statistical policies and practices are transparent.</i></p> <p>1.3 Ethical standards—<i>Policies and practices are guided by ethical standards.</i></p>	<p>1.1.1 Statistics are compiled on an impartial basis.</p> <p>1.1.2 Choices of sources and statistical techniques are informed solely by statistical considerations.</p> <p>1.1.3 The appropriate statistical entity is entitled to comment on erroneous interpretation and misuse of statistics.</p> <p>1.2.1 The terms and conditions under which statistics are collected, processed, and disseminated are available to the public.</p> <p>1.2.2 Internal governmental access to statistics prior to their release is publicly identified.</p> <p>1.2.3 Products of statistical agencies/units are clearly identified as such.</p> <p>1.2.4 Advance notice is given of major changes in methodology, source data, and statistical techniques.</p> <p>1.3.1 Guidelines for staff behavior are in place and are well known to the staff.</p>

Data Quality Assessment Framework—Generic Framework
(July 2001 Vintage)

Quality Dimensions	Elements	Indicators
<p>2. Methodological soundness</p> <p><i>The methodological basis for the statistics follows internationally accepted standards, guidelines, or good practices.</i></p>	<p>2.1 Concepts and definitions— <i>Concepts and definitions used are in accord with internationally accepted statistical frameworks.</i></p> <p>2.2 Scope—<i>The scope is in accord with internationally accepted standards, guidelines, or good practices.</i></p> <p>2.3 Classification/sectorization— <i>Classification and sectorization systems are in accord with internationally accepted standards, guidelines, or good practices.</i></p> <p>2.4 Basis for recording—<i>Flows and stocks are valued and recorded according to internationally accepted standards, guidelines, or good practices.</i></p>	<p>2.1.1 The overall structure in terms of concepts and definitions follows internationally accepted standards, guidelines, or good practices: see dataset-specific framework</p> <p>2.2.1 The scope is broadly consistent with internationally accepted standards, guidelines, or good practices: see dataset-specific framework.</p> <p>2.3.1 Classification/sectorization systems used are broadly consistent with internationally accepted standards, guidelines, or good practices: see dataset-specific framework.</p> <p>2.4.1 Market prices are used to value flows and stocks. 2.4.2. Recording is done on an accrual basis. 2.4.3 Grossing/netting procedures are broadly consistent with internationally accepted standards, guidelines, or good practices.</p>

Data Quality Assessment Framework—Generic Framework
(July 2001 Vintage)

Quality Dimensions	Elements	Indicators
<p>3. Accuracy and reliability</p> <p><i>Source data and statistical techniques are sound and statistical outputs sufficiently portray reality.</i></p>	<p>3.1 Source data—<i>Source data available provide an adequate basis to compile statistics.</i></p> <p>3.2 Statistical techniques—<i>Statistical techniques employed conform to sound statistical procedures.</i></p> <p>3.3 Assessment and validation of source data—<i>Source data are regularly assessed and validated.</i></p> <p>3.4 Assessment and validation of intermediate data and statistical outputs—<i>Intermediate results and statistical outputs are regularly assessed and validated.</i></p> <p>3.5 Revision studies—<i>Revisions, as a gauge of reliability, are tracked and mined for the information they may provide.</i></p>	<p>3.1.1 Source data are collected from comprehensive data collection programs that take into account country-specific conditions.</p> <p>3.1.2 Source data reasonably approximate the definitions, scope, classifications, valuation, and time of recording required.</p> <p>3.1.3 Source data are timely.</p> <p>3.2.1 Data compilation employs sound statistical techniques.</p> <p>3.2.2 Other statistical procedures (e.g., data adjustments and transformations, and statistical analysis) employ sound statistical techniques.</p> <p>3.3.1 Source data—including censuses, sample surveys and administrative records—are routinely assessed, e.g., for coverage, sample error, response error, and nonsampling error; the results of the assessments are monitored and made available to guide planning.</p> <p>3.4.1 Main intermediate data are validated against other information where applicable.</p> <p>3.4.2 Statistical discrepancies in intermediate data are assessed and investigated.</p> <p>3.4.3 Statistical discrepancies and other potential indicators of problems in statistical outputs are investigated.</p> <p>3.5.1 Studies and analyses of revisions are carried out routinely and used to inform statistical processes.</p>

Data Quality Assessment Framework—Generic Framework
(July 2001 Vintage)

Quality Dimensions	Elements	Indicators
<p>4. Serviceability</p> <p><i>Statistics are relevant, timely, consistent, and follow a predictable revisions policy.</i></p>	<p>4.1 Relevance—<i>Statistics cover relevant information on the subject field.</i></p> <p>4.2 Timeliness and periodicity—<i>Timeliness and periodicity follow internationally accepted dissemination standards.</i></p> <p>4.3 Consistency—<i>Statistics are consistent within the dataset, over time, and with major datasets.</i></p> <p>4.4 Revision policy and practice—<i>Data revisions follow a regular and publicized procedure.</i></p>	<p>4.1.1 The relevance and practical utility of existing statistics in meeting users’ needs are monitored.</p> <p>4.2.1 Timeliness follows dissemination standards. 4.2.2 Periodicity follows dissemination standards.</p> <p>4.3.1 Statistics are consistent within the dataset (e.g., accounting identities observed). 4.3.2 Statistics are consistent or reconcilable over a reasonable period of time. 4.3.3 Statistics are consistent or reconcilable with those obtained through other data sources and/or statistical frameworks.</p> <p>4.4.1 Revisions follow a regular, well-established and transparent schedule. 4.4.2 Preliminary data are clearly identified. 4.4.3 Studies and analyses of revisions are made public.</p>

Data Quality Assessment Framework—Generic Framework
(July 2001 Vintage)

Quality Dimensions	Elements	Indicators
<p>5. Accessibility</p> <p><i>Data and metadata are easily available and assistance to users is adequate.</i></p>	<p>5.1 Data accessibility—<i>Statistics are presented in a clear and understandable manner, forms of dissemination are adequate, and statistics are made available on an impartial basis.</i></p> <p>5.2 Metadata accessibility—<i>Up-to-date and pertinent metadata are made available.</i></p> <p>5.3 Assistance to users—<i>Prompt and knowledgeable support service is available.</i></p>	<p>5.1.1 Statistics are presented in a way that facilitates proper interpretation and meaningful comparisons (layout and clarity of text, tables, and charts).</p> <p>5.1.2 Dissemination media and formats are adequate.</p> <p>5.1.3 Statistics are released on the preannounced schedule.</p> <p>5.1.4 Statistics are made available to all users at the same time.</p> <p>5.1.5 Nonpublished (nonconfidential) subaggregates are made available upon request.</p> <p>5.2.1 Documentation on concepts, scope, classifications, basis of recording, data sources, and statistical techniques is available, and differences from internationally accepted standards, guidelines or good practices are annotated.</p> <p>5.2.2 Levels of detail are adapted to the needs of the intended audience.</p> <p>5.3.1 Contact person for each subject field is publicized.</p> <p>5.3.2 Catalogs of publications, documents, and other services, including information on any charges, are widely available.</p>

Note: The elements and indicators included here bring together the “pointers to quality” that are applicable across the five identified dimensions of data quality.

Survey of Users of Official Macroeconomic Data--Results from Sixty Responses to IMF Questionnaire,
Manila, September 2003

	Share of users	Share of users with opinion
I. General information about the uses of official macroeconomic statistics		
1. Which official statistics do you use regularly?		
1.1	National Accounts (NA), e.g. GDP, GNP, Gross Value Added	95%
1.2	Prices: Consumer Price Index (CPI), Producer Price Index (PPI)	92%
1.3	Government Finance Statistics (GFS) or fiscal data	78%
1.4	Monetary and financial statistics (monetary)	88%
1.5	Balance of payments (BOP)	70%
1.6	Other	
1.6.1	Production indices	42%
1.6.2	Labor market	47%
1.6.3	Merchandise trade	60%
1.6.4	International trade and foreign liquidity	67%
1.6.5	External debt	55%
1.6.6	International investment Position	47%
2. Where do you obtain official statistics?		
2.1	National Statistics Office	83%
2.2	National Statistics Coordination Board	80%
2.3	Bangko Sentral ng Pilipinas	88%
2.4	Department of Finance	55%
2.5	Other government agencies or departments (please specify)	57%
2.6	International and regional organizations (IMF, AsDB, OECD, UN, etc.)	47%
2.7	News media	53%
3. Do you refer to descriptions of sources and methods provided by agencies compiling the macroeconomic statistics?		
3.1	Yes	68%
3.2	No	27%
3.2	No opinion	5%
4. For what purposes do you use the official statistics?		
4.1	Analysis of current developments for short-term decision making	88%
4.2	Analysis of trends for longer-term policy formulation	75%
4.3	Model building and forecasting	52%
4.4	Economic research	78%
4.5	Comparison with economic developments in other countries	62%
4.6	General economic background	95%
4.7	Market research	44%

Survey of Users of Official Macroeconomic Data--Results from Sixty Responses to IMF Questionnaire,
Manila, September 2003 (Continued)

			Share of users	Share of users with opinion
Section B: Information concerning quality aspects of official macroeconomic statistics				
5. Coverage and detail				
5.1 In general, are you satisfied with the coverage of official statistics?				
5.1.1 National accounts				
1.1	Yes		75%	94%
1.2	No		5%	6%
1.3	No opinion		20%	
5.1.2 CPI/PPI				
1.1	Yes		82%	94%
1.2	No		5%	6%
1.3	No opinion		13%	
5.1.3 GFS				
1.1	Yes		62%	84%
1.2	No		12%	16%
1.3	No opinion		27%	
5.1.4 Monetary				
1.1	Yes		75%	94%
1.2	No		5%	6%
1.3	No opinion		20%	
5.1.5 BOP				
1.1	Yes		65%	91%
1.2	No		7%	9%
1.3	No opinion		28%	
5.2 In general, are you satisfied with official statistics in terms of available detail?				
5.2.1 National accounts				
1.1	Yes		67%	85%
1.2	No		12%	15%
1.3	No opinion		22%	
5.2.2 CPI/PPI				
1.1	Yes		82%	98%
1.2	No		2%	2%
1.3	No opinion		17%	
5.2.3 GFS				
1.1	Yes		58%	81%
1.2	No		13%	19%
1.3	No opinion		28%	
5.2.4 Monetary				
1.1	Yes		68%	89%
1.2	No		8%	11%
1.3	No opinion		23%	
5.2.5 BOP				
1.1	Yes		58%	88%
1.2	No		8%	13%
1.3	No opinion		33%	

Survey of Users of Official Macroeconomic Data--Results from Sixty Responses to IMF Questionnaire,
Manila, September 2003 (Continued)

			Share of users	Share of users with opinion
6. Periodicity and timeliness				
6.1 Are you satisfied with the frequency of compilation of official statistics (e.g., weekly, monthly, quarterly, annual)?				
6.1.1 National accounts				
1.1	Yes		75%	92%
1.2	No		7%	8%
1.3	No opinion		18%	
6.1.2 CPI/PPI				
1.1	Yes		83%	96%
1.2	No		3%	4%
1.3	No opinion		13%	
6.1.3 GFS				
1.1	Yes		70%	93%
1.2	No		5%	7%
1.3	No opinion		25%	
6.1.4 Monetary				
1.1	Yes		77%	96%
1.2	No		3%	4%
1.3	No opinion		20%	
6.1.5 BOP				
1.1	Yes		67%	93%
1.2	No		5%	7%
1.3	No opinion		28%	
6.2 In general, do you consider that official statistics are disseminated with the appropriate timeliness (the time lag after the period to which they pertain, e.g., 60 days after the reference period)?				
6.2.1 National accounts				
1.1	Yes		52%	66%
1.2	No		27%	34%
1.3	No opinion		22%	
6.2.2 CPI/PPI				
1.1	Yes		67%	77%
1.2	No		20%	23%
1.3	No opinion		15%	
6.2.3 GFS				
1.1	Yes		45%	61%
1.2	No		28%	39%
1.3	No opinion		27%	
6.2.4 Monetary				
1.1	Yes		50%	61%
1.2	No		32%	39%
1.3	No opinion		18%	
6.2.5 BOP				
1.1	Yes		33%	49%
1.2	No		35%	51%
1.3	No opinion		32%	

Survey of Users of Official Macroeconomic Data--Results from Sixty Responses to IMF Questionnaire,
Manila, September 2003 (Continued)

			Share of users	Share of users with opinion
7. Other dissemination practices				
7.1 Do you know if there is a publicly disseminated calendar that pre-announces the dates on which various official statistics will be disseminated?				
7.1.1 National accounts				
1.1	Yes		38%	49%
1.2	No		40%	51%
1.3	No opinion		22%	
7.1.2 CPI/PPI				
1.1	Yes		37%	43%
1.2	No		48%	57%
1.3	No opinion		15%	
7.1.3 GFS				
1.1	Yes		17%	22%
1.2	No		60%	78%
1.3	No opinion		23%	
7.1.4 Monetary				
1.1	Yes		15%	19%
1.2	No		65%	81%
1.3	No opinion		20%	
7.1.5 BOP				
1.1	Yes		15%	20%
1.2	No		58%	80%
1.3	No opinion		27%	
7.2 If there is a calendar of release dates, in your experience, are official statistics released on the pre-announced dates?				
7.2.1 National accounts				
1.1	Yes		42%	93%
1.2	No		3%	7%
1.3	No opinion		55%	
7.2.2 CPI/PPI				
1.1	Yes		40%	92%
1.2	No		3%	8%
1.3	No opinion		57%	
7.2.3 GFS				
1.1	Yes		15%	60%
1.2	No		10%	40%
1.3	No opinion		75%	
7.2.4 Monetary				
1.1	Yes		17%	71%
1.2	No		7%	29%
1.3	No opinion		77%	
7.2.5 BOP				
1.1	Yes		17%	67%
1.2	No		8%	33%
1.3	No opinion		75%	

Survey of Users of Official Macroeconomic Data--Results from Sixty Responses to IMF Questionnaire,
Manila, September 2003 (Continued)

			Share of users	Share of users with opinion
7.3	Is there enough information about revisions to official statistics to satisfy your needs?			
7.3.1	National accounts			
	1.1	Yes	30%	49%
	1.2	No	32%	51%
	1.3	No opinion	38%	
7.3.2	CPI/PPI			
	1.1	Yes	35%	54%
	1.2	No	30%	46%
	1.3	No opinion	35%	
7.3.3	GFS			
	1.1	Yes	30%	56%
	1.2	No	23%	44%
	1.3	No opinion	47%	
7.3.4	Monetary			
	1.1	Yes	32%	58%
	1.2	No	23%	42%
	1.3	No opinion	45%	
7.3.5	BOP			
	1.1	Yes	25%	45%
	1.2	No	30%	55%
	1.3	No opinion	45%	
8.	Accessibility			
8.1	Can you easily access official statistics?			
8.1.1	National accounts			
	1.1	Yes	75%	90%
	1.2	No	8%	10%
	1.3	No opinion	17%	
8.1.2	CPI/PPI			
	1.1	Yes	80%	89%
	1.2	No	10%	11%
	1.3	No opinion	10%	
8.1.3	GFS			
	1.1	Yes	62%	77%
	1.2	No	18%	23%
	1.3	No opinion	20%	
8.1.4	Monetary			
	1.1	Yes	70%	81%
	1.2	No	17%	19%
	1.3	No opinion	13%	
8.1.5	BOP			
	1.1	Yes	63%	81%
	1.2	No	15%	19%
	1.3	No opinion	22%	

Survey of Users of Official Macroeconomic Data--Results from Sixty Responses to IMF Questionnaire,
Manila, September 2003 (Continued)

			Share of users	Share of users with opinion
8.2 Can you easily access information pertaining to official statistics you use (explanatory notes, methodological descriptions, references concerning concepts, classifications, statistical practice)?				
8.2.1 National accounts				
1.1	Yes		48%	62%
1.2	No		30%	38%
1.3	No opinion		22%	
8.2.2 CPI/PPI				
1.1	Yes		53%	62%
1.2	No		33%	38%
1.3	No opinion		13%	
8.2.3 GFS				
1.1	Yes		35%	49%
1.2	No		37%	51%
1.3	No opinion		28%	
8.2.4 Monetary				
1.1	Yes		40%	52%
1.2	No		37%	48%
1.3	No opinion		23%	
8.2.5 BOP				
1.1	Yes		42%	57%
1.2	No		32%	43%
1.3	No opinion		27%	
8.3 Is the above information on methodology sufficiently clear and at an adequate level of detail to be useful to you?				
8.3.1	Yes		43%	
8.3.2	No		17%	
8.3.3	No opinion		40%	
8.4 In what format do you get access to official statistics?				
Hard copy:				
8.4.1	Official releases		75%	
8.4.2	Publications		77%	
8.4.3	Special requests		43%	
8.4.4	Official policy papers		28%	
8.4.5	Private sector summaries and analysis		35%	
8.4.6	Newspapers		70%	
Electronic form:				
8.4.8	Official website		85%	
8.4.9	Official database and other (such as CD-ROM)		27%	
8.4.10	Private websites		27%	
8.4.11	Newsmedia websites Official policy papers		38%	
8.4.12	E-mail		35%	
8.4.13	Other		5%	

Survey of Users of Official Macroeconomic Data--Results from Sixty Responses to IMF Questionnaire,
Manila, September 2003 (Continued)

			Share of users	Share of users with opinion
9. Overall assessment				
9.1 In your opinion, is the underlying methodology of official statistics sound and appropriate?				
9.1.1 National accounts				
1.1	Yes		52%	91%
1.2	No		5%	9%
1.3	No opinion		43%	
9.1.2 CPI/PPI				
1.1	Yes		55%	89%
1.2	No		7%	11%
1.3	No opinion		38%	
9.1.3 GFS				
1.1	Yes		42%	93%
1.2	No		3%	7%
1.3	No opinion		55%	
9.1.4 Monetary				
1.1	Yes		52%	97%
1.2	No		2%	3%
1.3	No opinion		47%	
9.1.5 BOP				
1.1	Yes		43%	100%
1.2	No		0%	0%
1.3	No opinion		57%	
9.2 In general, do you consider official statistics to be accurate and reliable ("impartial")?				
9.2.1 National accounts				
1.1	Yes		63%	95%
1.2	No		3%	5%
1.3	No opinion		33%	
9.2.2 CPI/PPI				
1.1	Yes		62%	80%
1.2	No		15%	20%
1.3	No opinion		23%	
9.2.3 GFS				
1.1	Yes		58%	95%
1.2	No		3%	5%
1.3	No opinion		38%	
9.2.4 Monetary				
1.1	Yes		63%	97%
1.2	No		2%	3%
1.3	No opinion		35%	
9.2.5 BOP				
1.1	Yes		50%	94%
1.2	No		3%	6%
1.3	No opinion		47%	

Survey of Users of Official Macroeconomic Data--Results from Sixty Responses to IMF Questionnaire,
Manila, September 2003 (Continued)

		Share of users	Share of users with opinion
9.3 How would you compare the quality of official statistics of the Philippines with those of other countries in the region?			
<i>(Please comment)</i>			
9.3.1	National accounts		
	Better	8%	33%
	Same	10%	40%
	Worse	7%	27%
	No opinion	75%	
9.3.2	CPI/PPI		
	Better	7%	25%
	Same	15%	56%
	Worse	5%	19%
	No opinion	73%	
9.3.3	GFS		
	Better	5%	19%
	Same	15%	56%
	Worse	7%	25%
	No opinion	73%	
9.3.4	Monetary		
	Better	7%	24%
	Same	15%	53%
	Worse	7%	24%
	No opinion	72%	
9.3.5	BOP		
	Better	7%	27%
	Same	10%	40%
	Worse	8%	33%
	No opinion	75%	

**Survey of Users of Official Macroeconomic Data--Results from Sixty Responses to IMF Questionnaire,
Manila, September 2003 (Concluded)**

		Share of users	Share of users with opinion
9.4	How do you assess the overall quality of the official statistics of the Philippines? <i>(Please rate on a scale from 1-5 the overall quality of statistics, with 1 rated as poor and 5 as excellent)</i>		
9.4.1	National accounts		
	1	0%	0%
	2	3%	4%
	3	32%	39%
	4	40%	49%
	5	7%	8%
	No opinion	18%	
9.4.2	CPI/PPI		
	1	0%	0%
	2	5%	6%
	3	23%	27%
	4	48%	57%
	5	8%	10%
	No opinion	15%	
9.4.3	GFS		
	1	0%	0%
	2	2%	2%
	3	35%	45%
	4	38%	49%
	5	3%	4%
	No opinion	25%	
9.4.4	Monetary		
	1	0%	0%
	2	5%	6%
	3	25%	30%
	4	47%	56%
	5	7%	8%
	No opinion	17%	
9.4.5	BOP		
	1	0%	0%
	2	5%	7%
	3	38%	50%
	4	28%	37%
	5	5%	7%
	No opinion	23%	

Source: User Survey; and staff estimates.