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# Arab Republic of Egypt: Report on the Observance of Standards and Codes—Data Module, Response by the Authorities, and Detailed Assessments Using the Data Quality Assessment Framework

This Report on the Observance of Standards and Codes on Data Module for the **Arab Republic of Egypt** 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 **July 11, 2005.** The views expressed in this document are those of the staff team and do not necessarily reflect the views of the government of the **Arab Republic of Egypt** or the Executive Board of the IMF.

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

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ARAB REPUBLIC OF EGYPT

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

Prepared by the Statistics Department

Approved by William E. Alexander and Mohsin S. Khan

July 11, 2005

The Report on the Observance of Standards and Codes (ROSC) data module provides an assessment of the Arab Republic of Egypt's macroeconomic statistics against the Special Data Dissemination Standard (SDDS) complemented by an assessment of data quality based on the IMF's Data Quality Assessment Framework (DQAF July 2001). The DQAF lays out internationally accepted practices in statistics, ranging from good governance in data producing agencies to practices specific to datasets.

The datasets covered in this report are national accounts, consumer and producer price indices, and government finance, monetary and balance of payments statistics. The agencies that compile the datasets assessed in this report are the Ministry of Planning (MOP), the Central Agency for Public Mobilization and Statistics (CAPMAS), the Ministry of Finance (MOF), and the Central Bank of Egypt (CBE).

The datasets to which this report pertains can be accessed in print and on the Internet:

| | |
|---|---|
| CAPMAS: | http://www.capmas.gov.eg |
| CBE: | http://www.cbe.org.eg/ |
| MOF: | http://www.mof.gov.eg |
| MOP: | http://mop.gov.eg |

This report is based on information provided prior to and during a staff mission from October 7–20, 2003 and publicly available information. The mission team was headed by Mr. Adriaan M. Bloem, and included Mr. Cornelis Gorter, Ms. Betty Gruber, Mr. Gary Jones, Ms. Silvia Matei, Mr. Manik Shrestha, Ms. Xiu-xhen Zhao (All STA), and Ms. Lidia Tokuda (STA—Administrative Assistant).

Egypt is a participant in the SDDS.

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## ACRONYMS

| | |
|---|---|
| *1968 SNA* | *System of National Accounts 1968* |
| *1993 SNA* | *System of National Accounts 1993* |
| AIB | Arab International Bank |
| AMF | Arab Monetary Fund |
| BCD | Bank Control Department |
| *BPM5* | *Balance of Payments Manual*, fifth edition |
| CBE | Central Bank of Egypt |
| CAO | Central Audit Organization |
| CAPMAS | Central Agency for Public Mobilization and Statistics |
| CPI | Consumer price index |
| COICOP | Classification of Individual Consumption by Purpose |
| DQAF | Data Quality Assessment Framework |
| DSBB | Dissemination Standards Bulletin Board |
| FAAD | Finance and Accounting Department |
| FAD | IMF Fiscal Affairs Department |
| GASC | General Authority for Supply of Commodities |
| GFS | Government finance statistics |
| *GFSM 1986* | *A Manual on Government Finance Statistics 1986* |
| *GFSM 2001* | *Government Finance Statistics Manual 2001* |
| IIP | International investment position |
| *MFSM* | *Monetary and Financial Statistics Manual* |
| MOF | Ministry of Finance |
| MOP | Ministry of Planning |
| MPU | Monetary Policy Unit |
| NIB | National Investment Bank |
| NSDP | National Summary Data Page |
| ODC | Other Depository Corporations |
| OFC | Other Financial Corporations |
| PPI | Producer price index |
| SDDS | Special Data Dissemination Standard |
| SDF | Social Development Fund |
| SIF | Social insurance fund |
| STA | IMF Statistics Department |
| USAID | United States Agency for International Development |
| WPI | Wholesale price index |

## EXECUTIVE SUMMARY

This Report on the Observance of Standards and Codes data module provides an assessment of the quality of the national accounts, the consumer price index, the wholesale price index, and government finance, monetary, and balance of payments statistics of the Arab Republic of Egypt. The report also provides a review of Egypt's data dissemination practices against the IMF's Special Data Dissemination Standard (SDDS). The agencies that compile the statistics assessed in this report are the Ministry of Planning (MOP), the Central Agency for Public Mobilization and Statistics (CAPMAS), the Ministry of Finance (MOF), and the Central Bank of Egypt (CBE). The MOP is responsible for the national accounts, and CAPMAS for price statistics. The MOF is responsible for government finance statistics, and the CBE for monetary and balance of payments statistics. The assessment was carried out by a mission from the IMF's Statistics Department (STA) that visited Cairo during October 7–20, 2003.

Against the background of economic liberalization, the Egyptian authorities have made important efforts to improve the statistics needed for developing and monitoring economic policies. There is a general awareness of the need for good quality data for these purposes. This has led to great improvements in many areas of statistics. The authorities' strong commitment to adhering to internationally accepted standards and best practices is demonstrated by their decision to subscribe to the SDDS and their ongoing effort to meet its requirements. Metadata on compilation and dissemination practices are being developed with IMF assistance.

The main conclusions of the mission are:

- **Data dissemination practices:** Egypt is well on its way to subscribing to the SDDS. Several issues remain, including the timeliness of the wholesale price index and the compilation of the data template on international reserves and foreign currency liquidity.

- **Prerequisites of quality:** The agencies that produce statistics work within a satisfactory legal and institutional framework that supports statistical programs. In general, agencies display an awareness of quality as the cornerstone of statistical work.

  For most topical areas staff resources are broadly sufficient for compiling macroeconomic statistics. Most professional staff have a college degree or an advanced degree, and appear to be well trained. However, computer resources are not always sufficient (price statistics and government finance statistics). Coordination among some of the institutions compiling related sets of statistics is limited or ad hoc.

- **Integrity:** In general, institutions display professionalism and aim for transparency in their statistical practices and policies. The terms and conditions that govern collecting, processing, and disseminating official statistics are generally available to

the public. However, authorities do not provide advance notice of major changes in methods, source data, and statistical techniques. Internal governmental access to government finance statistics and real sector statistics before their release is not sufficiently publicized.

- **Methodological soundness:** Macroeconomic statistics largely follow international standards. However, in several areas problems remain (in particular concerning basis for recording).

- **Accuracy and reliability:** Most macroeconomic statistics are of satisfactory accuracy and reliability, except for national accounts and price statistics. National accounts would benefit from a more critical review of source statistics. In price statistics, various constraints have impeded much needed innovations.

- **Serviceability:** The disseminated macroeconomic statistics do not in all cases fully meet users' needs, as confirmed by the results of a users' survey.[1] There is no general oversight regarding the development and coordination of macroeconomic statistics. Revision policies are not well established. Studies and analyses of revisions, where carried out, are generally not made public.

- **Accessibility:** In anticipation of Egypt's subscription to the SDDS, the authorities have prepared draft metadata for all datasets. However, these are not yet publicly accessible, except for those on the balance of payments and monetary statistics. In other areas, some metadata are publicly available. Publicly announced advance release calendars are not available for many data categories. The authorities intend to provide these prior to subscription. Except for balance of payments and monetary statistics, data are not released simultaneously to all interested parties. Contact information and support services to users are limited in several areas.

[1] With the agreement of the authorities, an informal survey was conducted among academics, media, international organizations and bilateral donors, banks, and public sector agencies. The results of the survey are presented in Appendix III of the accompanying Detailed Assessments document.

# I. INTRODUCTION

1. The data dissemination module of this Report on the Observance of Standards and Codes (ROSC) provides a summary of Egypt's practices on the coverage, periodicity, and timeliness of the data categories. This summary is complemented by a detailed assessment of the quality of the national accounts, the consumer price index (CPI), the wholesale price index (WPI), and government finance, monetary, and balance of payments statistics. This assessment uses the Data Quality Assessment Framework (DQAF) developed by the IMF's Statistics Department (STA). The report is based on information provided prior to and during a staff mission from October 7–20, 2003,[2] as well as publicly available information.

2. Section II includes an overview of the Special Data Dissemination Standards (SDDS) and an assessment of Egypt's current data dissemination practices against this standard. Section III presents a summary assessment of the quality of the principal macroeconomic datasets following the dataset-specific assessment frameworks. Finally, Section IV sets out recommendations to achieve further improvements in Egypt's statistics.

# II. DATA DISSEMINATION PRACTICES AND THE SPECIAL DATA DISSEMINATION STANDARD

## A. Overview of the SDDS

3. Although Egypt is not yet a subscriber to the SDDS, the authorities have been working closely with the IMF toward subscription for several years. Therefore, Egypt's data dissemination practices are assessed in terms of the dimensions (data, access, integrity, and quality) of the SDDS (see Box 1). For each dimension, the SDDS prescribes "good practice" elements that can be monitored by users of statistics.[3]

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[2] The mission team was headed by Mr. Adriaan Bloem and included Mr. Cornelis Gorter, Ms. Betty Gruber, Mr. Gary Jones, Ms. Silvia Matei, Mr. Manik Shrestha, and Ms. Xiu-zhen Zhao (all STA), and Ms. Lidia Tokuda (STA—Administrative Assistant).

[3] See *Guide to the Data Dissemination Standards* (Module 1: The Special Data Dissemination Standard), IMF, May 1996.

Box 1. Dimensions and Elements of the Special Data Dissemination Standard

**Data dimension** (coverage, periodicity, and timeliness)

- the dissemination of 18 data categories, including component detail, covering the four main macroeconomic statistical sectors, with prescribed periodicity and timeliness.

**Access dimension**

- the dissemination of advance release calendars providing at least a one-quarter ahead notice of approximate release dates, and at least a one-week ahead 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.

Subscribers are required to take the following actions:

- post description of their data dissemination practices (metadata) on the IMF's Dissemination Standards Bulletin Board (DSBB). Summary methodology statements, which describe data compilation practices in some detail, are disseminated on the DSBB.
- maintain an Internet website, referred to as the National Summary Data Page, which contains the actual data described in the metadata, and to which the DSBB is electronically linked.

## B. Current Dissemination Practices and Outstanding Issues

4. Pursuant to a decree of the Prime Minister that appointed the Minister of Planning as SDDS country coordinator, the Egyptian authorities plan to subscribe to the SDDS in January 2004.[4] The authorities have provided draft metadata for all prescribed data categories. In some instances, the metadata provided to date to the IMF have included information on dissemination practices that would be adopted to meet the requirements for subscription to the SDDS but have not yet been fully implemented.[5] Therefore, Table 1 assesses Egypt's existing data dissemination practices in terms of the SDDS requirements

[4] Decree No. 1578 dated September 28, 2003.

[5] Because the ROSC provides a "snap shot" assessment of a country's statistical system at a particular point in time, prospective or planned improvements are not included in the assessment. However, where relevant, they are noted.

based on staff findings. Also, the authorities are working toward the development of a National Summary Data Page (NSDP). Advance release calendars are available only for a few financial and external sectors' data categories. The authorities have prepared also external debt and international investment position (IIP) statistics with the breakdowns prescribed under the SDDS. The IIP data have not been disseminated to the public. The Data Template on International Reserves and Foreign Currency Liquidity is under development.

5. The four agencies responsible for compiling official macroeconomic statistics are the Ministry of Planning (MOP), the Central Bank of Egypt (CBE), the Central Agency for Public Mobilization and Statistics (CAPMAS), and the Ministry of Finance (MOF).[6] Data access over the Internet is in a developmental phase in Egypt. Several agencies provide electronic public access to SDDS related data.

**Data dimension: coverage, periodicity, and timeliness**

6. Table 1 compares Egypt's data dissemination practices to the SDDS requirements for coverage, periodicity, and timeliness of data. A preliminary review shows that the coverage for most data categories meets the SDDS requirements. The CBE is preparing an updated draft data template on international reserves and foreign currency liquidity for review by IMF staff. Most data categories meet the prescribed periodicity. The exception is central government operations (quarterly), for which Egypt will use one of its two allowed flexibility options. All data categories meet the timeliness requirements. The exceptions are wholesale prices and central government operations.[7] For labor market data, Egypt will use the "as relevant" provisions available under the SDDS.

**Access dimension**

7. Advance release calendars are available for balance of payments, external debts, and analytical accounts of the banking sector and central bank. Data are not always simultaneously released to all interested users.

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[6] The share price index is compiled and disseminated by the Cairo & Alexandria Stock Exchange at http://www.egyptse.com/main.asp.

[7] CAPMAS intends to begin Internet dissemination of the wholesale price index with monthly timeliness prior to Egypt's subscription to the SDDS.

Table 1. Current Practices on Coverage, Periodicity, and Timeliness of Data

| SDDS Data Category | Coverage (meets SDDS requirement) | Periodicity | | Timeliness | | Comments |
|---|---|---|---|---|---|---|
| | | SDDS | Egypt | SDDS | Egypt | |
| **Real Sector** | | | | | | |
| National accounts | Yes | Q | Q | Q | 1Q | |
| Production index/indices | Yes | M | M | 6W (M encouraged) | 6W | |
| Employment | Yes | Q | A | Q | 1M | "As relevant" provisions of the SDDS being applied. Quarterly Labor Force Survey data compiled but not yet published. |
| Unemployment | Yes | Q | A | Q | 1M | |
| Wages/earnings | Yes | Q | A | Q | 12M | "As relevant" provisions of the SDDS being applied |
| Consumer price index | Yes | M | M | M | 1M | |
| Wholesale price index | Yes | M | M | M | 2M | Bi-monthly publication of monthly data. |
| **Fiscal Sector** | | | | | | |
| General govt. operations | Yes | A | Q | 2Q | 1Q | |
| Central govt. operations | Yes | M | Q | M | 45D | Egypt will avail itself of flexibility on the periodicity and timeliness of these data. |
| Central govt. debt | Yes | Q | Q | Q | 1M | |
| **Financial Sector** | | | | | | |
| Analytical accounts of the banking sector | Yes | M | M | M | 1M | |
| Analytical accts. of the central bank | Yes | M (W recom-mended) | M | 2W (W encouraged) | 2W | |
| Interest rates | Yes | D | D | ...* | D | |
| Stock market: share price index | Yes | D | D | ...* | D | |
| **External Sector** | | | | | | |
| Balance of payments | Yes | Q | Q | Q | Q | |
| Intn'l reserves & foreign currency liquidity: | | | | | | |
| Official reserve assets | Yes | M (W recom-mended | M | M | 1W | |
| Reserves template | No | M | NA | M | NA | Data are not disseminated. |
| Merchandise trade | Yes | M | M | 8W (4-6W encouraged) | 6W | |
| Intn'l investment position | Yes | A (Q recom-mended | A | 3Q (Q encouraged) | 2Q | Data are not disseminated. |
| Exchange rates | Yes | D | D | ...* | D | |
| External debt | Yes | Q | Q | Q | 1Q | |
| **Addendum: Population** | Yes | A | A | NA | 2M | |

**Note:** 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. (…*) given that data are widely available from private sources, dissemination of official producers may be less time-sensitive.

**Integrity dimension**

8. The authorities are working to finalize the metadata and to ensure that the metadata correspond to actual practice. The collection and compilation of statistics is covered by various laws and regulations that are publicly available. This also applies to dissemination but not in all cases. Presently there is little publicly available information on internal government access to data prior to release or on the identification of ministerial commentary on the occasion of statistical releases. Information on major changes in methodology, when made available, is provided to users usually after implementation. Information on revision policies is generally not publicly disseminated.

**Quality dimension**

9. The Egyptian authorities have provided draft summary methodology statements, which are being reviewed by STA. A preliminary review of the metadata shows that, in general, the CBE, MOP, MOF, and CAPMAS disseminate information showing component details and relevant data series that can facilitate statistical cross-checks and provide assurance of reasonableness of all data categories disseminated by them.

## III. Summary Assessment of Data Quality

10. Interest in assessing the quality of data derives from the objective of complementing the SDDS with a consideration of the quality of the data being disseminated. It also derives from the objective of focusing more closely on the quality of the data that underpin surveillance of countries' economic policies. Against this background, STA has developed a tool, the DQAF, to provide a structure and a common language to assess data quality. The DQAF comprises a generic framework,[8] and a set of dataset-specific frameworks. The specific frameworks cover five dimensions of data quality—integrity, methodological soundness, accuracy and reliability, serviceability, and accessibility—and a set of prerequisites.[9]

11. Information resulting from the application of the assessment framework to the Egyptian statistical system is presented below, following the structure of the DQAF. Conclusions are also presented in the form of standardized summary tables in which the assessment of practices is made on a qualitative basis, using a four-part scale (Table 2 and Tables 1–6 in the Detailed Assessment volume).

12. In summary, Egypt's macroeconomic statistics are of reasonably good quality and are broadly adequate for effective surveillance. Nevertheless, IMF staff identified some shortcomings that detract from the accurate and timely analysis of economic developments and the formulation of appropriate policies. Unless addressed, these shortcomings have the potential to become more serious as economic liberalization progresses.

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[8] Information on data quality and the DQAF can be found at the IMF website on the "Data Quality Reference Site" (http://dsbb.imf.org/dqrsindex.htm).

[9] See also the Generic Framework set out in Appendix II of the accompanying Detailed Assessments volume to this report.

**Prerequisites of quality**

*This category in the DQAF identifies conditions within the agency in charge of producing statistics that have an impact on data quality. The elements within the category refer to the legal and institutional environment, resources, and quality awareness.*

13. The National Accounts Department in **MOP** is responsible for compiling the national accounts. There is no single law that defines the legal and institutional environment for the national accounts. The Ministry's legal mandate to receive data derives from its task regarding the General Plan of the State. Legislation protects confidentiality of individual data. However, there are no specific directives on the compilation of statistics. In particular, there is no legal requirement that the Ministry should disseminate its statistics. The National Accounts Department considers its staff resources limited but well equipped for their tasks. Most have received training in the *System of National Accounts 1993* (*1993 SNA)*, computer use, and English. Computer resources are adequate. There are few formal processes directed at efficiency. Quality awareness is stimulated by a project supported by the United States Agency for International Development (USAID) to strengthen the national accounts and prepare Egypt's subscription to the SDDS. However, there are no periodic user surveys or an oversight body to provide guidance on the quality of the statistical series.

14. A series of laws and legislative decrees defines the legal and institutional environment for the compilation of statistics and censuses by **CAPMAS**, including the CPI and the WPI. CAPMAS collects, produces, and disseminates Egypt's price statistics on the basis of existing legislation, which also provides for confidentiality of individual data and makes responding mandatory. Although resources are generally commensurate with the work program in terms of staff, but computer equipment and software are inadequate. Insufficient measures are taken to ensure efficient use of available resources. This is one of the main reasons for which the much needed CPI update and PPI implementation have been delayed. Concerning quality awareness, CAPMAS' management expresses concern about the quality of price statistics. However, no systematic review is undertaken to identify problems at various stages of collecting, processing, and disseminating data. Accuracy and reliability of statistics have little weight within quality considerations.

15. Government finance statistics are compiled and disseminated by the MOF. The **MOF** has a legal and institutional environment that assigns it responsibility for the collection, compilation, and dissemination of fiscal data and provides authority for mandatory reporting. Data sharing and coordination among the MOF, CBE, and MOP are established. Staff resources are inadequate, and all processes in the accounting system are manual, which impacts on efficiency. Staff are well qualified, very experienced, and motivated. Quality awareness is high, and the legislation and regulations for the budget and final accounts provide the accounting rules and instructions and the requirement for auditing of the fiscal data.

16. The **CBE** has an adequate legal and institutional environment for producing monetary and balance of payments statistics. Working arrangements within the CBE and with other agencies for data sharing and coordination for the compilation of monetary and balance of payments statistics are adequate. Protection of confidential information is ensured by legislation. Staff, computers, and financial resources are adequate. High

quality awareness is evidenced by the importance that CBE management attaches to its statistics work. The CBE has well established internal processes to identify and resolve problems at various stages of the collection, compilation, and dissemination of statistics.

**Integrity**

*Integrity identifies features that support firm adherence to objectivity in the collection, compilation, and dissemination of statistics so as to maintain users' confidence. Elements refer to the professionalism and ethical standards that should guide policies and practices, which should be reinforced by their transparency.*

17. There is no law or other formal provision that addresses the professional independence of the National Accounts Department of the **MOP**. The department is fully integrated in the ministry and does not have, for instance, a separate budget and discretion regarding its work program. Internal government access to the data occurs at various levels during preparation of the General Plan of the State. Transparency would be promoted by making this fact better known to the general public. Advance notice has seldom been given of major changes in methodology, source data, and statistical techniques. Written guidelines for staff behavior in situations of potential conflict of interest do not exist. There is legislation stating the ethical standards for all government employees.

18. Legislation provides **CAPMAS** with independence from political interference. Professionalism is adequate, but lack of openness impedes smooth communication of problems. Concerning transparency, terms are disseminated; however, internal government access to data is not publicized and advance notice of changes is not given. MOF staff are subject to ethical standards laid down in the Government Employee's Law.

19. **MOF** staff evidence professionalism**.** Compilation of the fiscal data and the choices of sources and methods are on an impartial basis. The MOF is entitled to comment publicly on erroneous interpretation and misuse of the data. As to transparency**,** legislation is available that sets out the terms and conditions under which the MOF collects, compiles, and disseminates fiscal data. Preferential access is not identified and no advance notice is given of changes in sources and methods. Concerning ethical standards, the same applies as for MOP.

20. **CBE** follows practices that encourages professionalism in the compilation of monetary and balance of payments statistics. Data are compiled on an impartial basis. The choice of sources and statistical techniques is based solely on statistical considerations. The CBE provides comments and clarification on erroneous interpretation and misuse of its statistics. For transparency, legislation governing collection and dissemination of statistics by the CBE is available to the public. There is no internal government access to CBE data prior to their release to the public. Major changes in methods, sources, and statistical techniques are noted in CBE publications at the time the data are published. No advance notice about forthcoming major changes is made to the public. Legislation and several CBE internal regulations provide broad guidelines for ethical standards, which staff are made aware of.

**Methodological soundness**

*Methodological soundness refers to the application of international standards, guidelines, and agreed practices. Application of such standards, which are specific to the dataset, is indicative of the soundness of the data and fosters international comparability. Elements refer to the basic building blocks of concepts and definitions, scope, classification and sectorization, and basis for recording.*

21. The **national accounts** are moving toward adoption of concepts and definitions of the *1993 SNA*. The scope of the national accounts includes the range of tables consistent with the minimum requirements for the implementation of the *1993 SNA*. In addition, quarterly GDP by activity at current and constant prices is compiled. The classification/sectorization is in accordance with international standards. The basis for recording also is according to the international standards, with two exceptions. First, consumption of fixed capital is not included in the value of most nonmarket output. Second, most government and external transactions are recorded on a cash basis.

22. The concepts and definitions, scope, and basis for recording for the **CPI** are broadly consistent with internationally accepted standards. The expenditures of all resident households from urban and rural areas are within the scope of the index. The classifications of goods and services used in the current CPI are broadly compatible with internationally accepted standards. The CPI in preparation introduces the Classification of Individual Consumption by Purpose (COICOP) adapted to national circumstances.

23. Concepts and definitions of the **WPI** are generally sound. The scope of the index covers domestic agricultural and manufacturing products, as well as imports. Different points of pricing are used and various prices are collected from wholesale traders and producers. Classifications used for the WPI are derived from international classifications, and focus mainly on classifying products by economic activities. The implementation of the Central Product Classification is being considered for the PPI. The basis for recording is generally consistent with the *1968 SNA.*

24. For **government finance statistics,** the concepts and definitions are consistent with the *A Manual of Government Finance Statistics 1986* (*GFSM 1986*). Some of the requirements (for instance, classifications) of the *Government Finance Statistics Manual 2001* (*GFSM 2001*) have already been met. However, there are no plans for full implementation. The scope of general government is good, although some quasi-fiscal activity by state-owned banks or public enterprises is not included. Accounting classifications have been bridged to both *GFSM 1986* and *GFSM 2001*. The basis for recording is cash for all transactions, except for investment expenditure that is recorded on an accrual basis.

25. The concepts and definitions for **monetary statistics** are broadly consistent with the *Monetary and Financial Statistics Manual (MFSM).* The scope of the analytical accounts of the banking survey is adequate. The classification of financial instruments and economic sectorization are broadly in line with *MFSM* guidelines. There are two deviations. One is that the subsector of other financial corporations is not separately identified. The other is that a few categories of financial assets recommended in the *MFSM*, such as shares and other equities, insurance technical reserves, and accounts receivable or payable are not shown separately. The basis for recording is accrual.

However, earned interest is not incorporated into the underlying financial assets and liabilities. Most financial assets and liabilities are valued at market prices or at fair value. Monetary gold holdings and some securities are not valued at market prices.

26. **Balance of payments statistics** are compiled in broad conformity with the concepts and definitions of the *Balance of Payments Manual*, fifth edition (*BPM5*). Although the national presentation is less detailed than in *BPM5*, data are provided to international organizations using *BPM5* format. The scope is broadly in accordance with standards. However, some transaction categories (mainly related to direct investment) are not included. The classification system is largely in line with *BPM5*. Little sectoral detail is provided. Data problems cause misclassification of some transactions, particularly for direct investment. The basis for recording uses market prices for valuation of transactions. Transactions are largely recorded on a cash basis. Data are prepared in both Egyptian pounds and U.S. dollars. The mid-point period average exchange rate for the month is used for currency conversion.

**Accuracy and reliability**

*Accuracy and reliability identifies features that contribute to the goal that data portray reality. Elements refer to identified features of the source data, statistical techniques, and supporting assessments and validation.*

27. Regarding the source data for **national accounts** a distinction must be made between public units that report to government agencies on the one hand, and private units surveyed by CAPMAS on the other. Difficulties in keeping the business register up to date likely affects the accuracy of CAPMAS' surveys. There are problems in covering the unorganized private sector. No current statistics are available to track household final consumption expenditure. The indicators chosen for the quarterly national accounts are generally satisfactory, but no indicators have been developed for nearly 40 percent of economic activity. The statistical techniques used are broadly satisfactory. However, no efforts are undertaken to adjust commercial data on inventories and for consumption of fixed capital. The National Accounts Department validates source data before using them, but no extensive investigations into the accuracy of the sources takes place. The department routinely assesses intermediate data and statistical outputs. Revision studies are not undertaken as the data are considered final on first publication.

28. Source data for **CPI** weights were determined using sound techniques. However, the basket (1995/96) and outlet sample are outdated. The 1999/2000 household survey shows substantially different consumption patterns. New products are only introduced with an index update. Subsidized and controlled goods and services are overrepresented (most importantly, bread and rent). This combination of factors leads to a downward bias in the CPI, which is likely to be considerable. The monthly price survey is largely sufficient but the collection process is not adequately supervised. A special survey was organized in early 2003 to determine the share of newly built apartments that are not subject to price control, but its results are only used in the CPI in preparation. Statistical techniques used in compiling the index are outdated. Due to limited computer equipment and outdated software, processing of intermediate data is done manually. There is no electronic database, and collected price data are not fully used. Assessment and validation of data are limited to simple techniques. Assessment of intermediate data is not done

regularly. Absence of regular audits on price collection also weakens the accuracy of the index. No revision studies are conducted.

29. The **WPI**: Updating of product composition and weights is overdue. Weights are derived from average values of output and imports for the years 1986/87 and 1987/88. Small businesses are not covered. Source data on prices from a sample of wholesale traders are collected every month. From manufacturing enterprises, only prices for the first month of each quarter are collected. Although information is available, compilation of a producer price index (PPI) has been postponed. Weaknesses with regard to statistical techniques, data assessment, and validation, as noted above for the CPI also affect WPI. No revision studies are conducted.

30. Adequate source data for **government finance statistics** are available from the budget monitoring and final accounts compiled by the MOF. Reportedly data received from the National Investment Bank are sufficiently detailed for GFS purposes. Data for some special funds at public service authorities are not included. Statistical techniques are sound. Assessment and validation of source data are undertaken by financial controllers in each budgetary agency and economic authority in accordance with the accounting law and regulations. Source data are subject to external audit. Coordination arrangements with the CBE are in place and reconciliations of financing to the monetary and debt data are routinely made. Revision studies are undertaken, but there are few revisions outside the routine replacement of preliminary actual data with final audited actual data.

31. For **monetary statistics**, source data are derived from accounting records of the CBE and the banks. The reported source data provide reasonably detailed information for appropriate classification and sectorization of bank accounts in monetary statistics. The data collection system allows timely compilation of monetary statistics. Statistical techniques are sound. Report forms are designed to encourage use of computer programs. Assessment and validation of source data, intermediate data, and statistical outputs are carried out routinely by CBE's Monetary Policy Unit. Discrepancies and unusual movements in data are investigated. Staff conduct revision studies regularly and significant discrepancies are taken into account in future data production.

32. **Balance of payments statistics** face problems with source data. Because merchandise trade statistics based on Customs declarations have serious problems, the balance of payments have to rely on banks' foreign exchange records for exports and imports of goods. Further, coverage and classification of foreign exchange transactions may be deteriorating following economic liberalization. Also, source data do not reasonably approximate accrual basis. Another main data problem is the lack of a survey of direct investment enterprises. The CBE is working with other agencies to improve both Customs statistics and statistics on direct investment in Egypt. Timeliness of data sources is appropriate. Statistical techniques are sound and consistent with international practice. Assessment and validation of source data and statistical outputs use appropriate methods. Although no formal revision studies are conducted, analysis of revisions is made and considered in compiling data for subsequent periods.

**Serviceability**

*Serviceability focuses on practical aspects of how well a dataset meets users' needs. Elements refer to the extent to which data are relevant, produced, and disseminated in a timely fashion with appropriate periodicity, are consistent internally and with other datasets, and follow a predictable revisions policy.*

33. The MOP has no well established consultation mechanism in place to monitor the relevance of the **national accounts** to users. Timeliness and periodicity meet the SDDS. Statistics are consistent within the dataset and with other statistical frameworks. Time series over longer periods have to be constructed by users themselves on the basis of overlap years. There is no regular schedule of revisions of the annual data, except for the five-yearly change of the base year. This is because data are deemed final when first released. Nevertheless, mistakes are corrected in these data, which is not publicized. On occasion of a change of the base year, MOP publishes a summary documentation of the changes.

34. The **CPI** meets SDDS requirements for timeliness and periodicity. The **WPI**, although produced monthly, is publicly disseminated every other month, but is made available monthly to government agencies. The relevance of the two indicators is widely disputed. Consideration is given to replacing the WPI with a PPI. Although the CAPMAS responds to users' queries, their feedback is not actively sought. The indices are consistent in their aggregation and within time series, but show important differences in trends for similar categories of products. Revision policies are not publicly known. Monthly price indices are not revised because they are used in contracts.

35. The relevance of **government finance statistics** is inadequate and could be improved by releasing more timely final audited parliamentary approved accounts and by seeking regular feedback from users. Timeliness and periodicity do not meet the SDDS requirements. Quarterly central government operations data are usually released within 45 days of the reference quarter. Preliminary annual data are available within three months. Government finance statistics are consistent internally and over time, and financing is routinely reconciled with CBE's monetary and debt data. However, the mix of cash and accrual results in a statistical discrepancy that is relatively large. A revision policy is in place to handle the few revisions. Revisions studies are not published. Preliminary and final data are clearly identified.

36. To ensure the relevance of **monetary statistics**, CBE undertakes regular consultations between data compilers and various data users to ascertain the users' needs. Although no formal mechanism is in place for monitoring assistance to users, detailed contact information is provided. The analytical accounts of the CBE and the banking sector meet the timeliness and periodicity requirements of the SDDS. Monetary statistics are generally consistent within the dataset, over time, and with balance of payments and government finance statistics. Preliminary and final data are clearly identified and explanation of major revisions is provided. Revision policy and practice follow a predictable pattern which users are informed of. CBE staff undertake revision studies regularly, but these are not made available to the public.

37. **Balance of payments statistics** have maintained their relevance through informal contacts with users, although no regular users' survey exists. An annual review of balance of payments data by the Central Audit Organization for its reporting to Parliament also provides a basis for evaluating the relevance. The timeliness exceeds and periodicity meets SDDS requirements. Consistency of data over time and with other datasets has a high priority. Series are revised backward when major changes are introduced. However, due to the revision schedule, quarterly data differ from the corresponding annual data for the latest year. Revisions follow a reasonably regular pattern. Preliminary and revised data are identified and an indication of future revisions is given. There is no formal public document setting out the revision cycle. Analysis of revisions is not published.

**Accessibility**

*Accessibility deals with the availability of information to users. Element refers to the extent to which data and metadata are clear and easily available and to which assistance to the users is adequate to help them find and use the data.*

38. The data accessibility of the **national accounts** suffers from the absence of a clear dissemination policy. Data are published by different agencies, there is no advance release calendar, and some users receive data earlier than others. The availability of metadata is not widely publicized. Assistance to users is given, but contact information is not mentioned in publications. No catalogue of publications and services of the National Accounts Department are available.

39. Data accessibility for **CPI** and **WPI** is broadly satisfactory. Publications of CAPMAS provide detailed data. Other government agencies may also include main aggregates of the two indices in their publications. However, no release calender is available. Metadata are limited to the notes included in publications. Staff acknowledges the necessity of preparing detailed descriptions of sources and methods for the index compilation, particularly in the context of improvements now underway. Assistance to users for both indicators is provided through the Information Center maintained by CAPMAS. A catalogue of publications and a list of prices are available but there is no contact person information in the publications.

40. Data accessibility for **government finance statistics** could be improved as there is no annual government finance statistics publication providing full disaggregated detail, no preannounced schedule for the release of the statistics, and there exists preferential treatment of selected users. Metadata are available for the accounting data but not for government finance statistics. Prompt and knowledgeable assistance to users is provided. Contact persons are not identified and there is no catalogue of publications and services.

41. Data accessibility for **monetary statistics** is generally adequate. The published data are presented in a clear manner and are accompanied by charts, tables, and a review of current-period developments. An advance release calendar is published on CBE's internet website. Monetary statistics are released simultaneously to all interested parties. Nonpublished subaggregates are usually made available upon request. Metadata accessibility is provided. Assistance to users is provided, but monitored only informally. A list of CBE publications and contact person information is posted on the CBE's Internet website.

42. Data accessibility for **balance of payments statistics** is appropriate. Data are presented clearly on CBE's website and in its publications with accompanying text and charts. The data are released simultaneously to all users according to a pre-announced schedule. Additional details are available upon request. Metadata accessibility is limited. Some documents exist on concepts, sources, and methods, but they are not published. CBE's website includes summary metadata according to the SDDS format. Assistance to users is provided, but monitored only informally. A contact person is identified on CBE's website. The CBE plans to include contact details and a catalogue of publications in its hard copy publications in the immediate future.

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

| Element | National Accounts | Consumer Price Index | Wholesale Price Index | Government Finance Statistics | Monetary Statistics | Balance of Payments Statistics | Comments |
|---|---|---|---|---|---|---|---|
| **0. Prerequisites of quality** | | | | | | | |
| 0.1 Legal and institutional environment | **LO** | **O** | **O** | **O** | **O** | **O** | See paragraph 13 |
| 0.2 Resources | **LO** | **LNO** | **LNO** | **LNO** | **O** | **O** | See paragraphs 13, 14, and 15 |
| 0.3 Quality awareness | **LO** | **LNO** | **LNO** | **O** | **O** | **O** | See paragraphs 13 and 14 |
| **1. Integrity** | | | | | | | |
| 1.1 Professionalism | **LNO** | **O** | **O** | **O** | **O** | **O** | See paragraph 17 |
| 1.2 Transparency | **LNO** | **LO** | **LO** | **LO** | **LO** | **LO** | See paragraphs 17, 18, 19 and 20 |
| 1.3 Ethical standards | **O** | **O** | **O** | **O** | **O** | **O** | |
| **2. Methodological soundness** | | | | | | | |
| 2.1 Concepts and definitions | **O** | **O** | **O** | **LO** | **O** | **O** | See paragraph 24 |
| 2.2 Scope | **O** | **O** | **O** | **LO** | **O** | **LO** | See paragraphs 24 and 26 |
| 2.3 Classification/sectorization | **O** | **O** | **LO** | **O** | **LO** | **LO** | See paragraphs 23, 25, and 26 |
| 2.4 Basis for recording | **LO** | **O** | **LO** | **O** | **LO** | **LO** | See paragraphs 21, 23, 25, and 26 |
| **3. Accuracy and reliability** | | | | | | | |
| 3.1 Source data | **LO** | **LNO** | **LNO** | **LO** | **O** | **LNO** | See paragraphs 27, 28, 29, 30, and 32 |
| 3.2 Statistical techniques | **LO** | **LNO** | **LNO** | **O** | **O** | **O** | See paragraphs 27, 28, and 29 |
| 3.3 Assessment and validation of source data | **LO** | **LNO** | **LNO** | **O** | **O** | **O** | See paragraphs 27, 28, and 29 |
| 3.4 Assessment and validation of intermediate data and statistical outputs | **O** | **LO** | **LO** | **O** | **O** | **O** | See paragraphs 28 and 29 |
| 3.5 Revision studies | **LO** | **LO** | **LO** | **O** | **O** | **O** | See paragraphs 27, 28, and 29 |
| **4. Serviceability** | | | | | | | |
| 4.1 Relevance | **LO** | **LO** | **LO** | **LNO** | **O** | **O** | See paragraphs 33, 34, and 35 |
| 4.2 Timeliness and periodicity | **O** | **O** | **LO** | **LO** | **O** | **O** | See paragraphs 34 and 35 |
| 4.3 Consistency | **LO** | **LO** | **LO** | **O** | **O** | **LO** | See paragraphs 33, 34, and 37 |
| 4.4 Revision policy and practice | **LO** | **LO** | **LO** | **LO** | **LO** | **LO** | See paragraphs 33, 34, 35, 36, and 37 |
| **5. Accessibility** | | | | | | | |
| 5.1 Data accessibility | **LNO** | **LO** | **LO** | **LNO** | **O** | **O** | See paragraphs 38, 39, 40, and 41 |
| 5.2 Metadata accessibility | **LO** | **LO** | **LO** | **LO** | **O** | **LO** | See paragraphs 38, 39, 40, and 42 |
| 5.3 Assistance to users | **LNO** | **LO** | **LO** | **LO** | **LO** | **LO** | See paragraphs 38, 39, 40, 41, and 42 |

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

## IV. STAFF'S RECOMMENDATIONS

43. Based on the results of the data quality assessment, discussions with the Egyptian authorities in the statistics-compiling agencies, and opinions expressed by data users, the following measures are proposed to increase further Egypt's adherence to international statistical standards and to enhance the analytical usefulness of its macroeconomic statistics. In the IMF staff's view, the high priority recommendations regarding the CPI should be addressed with particular urgency. The IMF would be prepared to provide technical assistance, for instance, in the area of price statistics.

### Cross-cutting Recommendations[10]

- Working through the recently nominated SDDS country coordinator, finalize all necessary steps to enable Egypt to formalize subscription to SDDS in January 2004.
- Consider modalities for improving interagency communication and coordination in the production and dissemination of official statistics.
- Seek to improve transparency and accessibility through conducting regular users' surveys, providing advance notification of changes, and adopting preannounced release schedules.

### National Accounts

***High priority***

- Consider legal and administrative provisions that assure the public that political interference in statistics is excluded.
- Develop a clear dissemination policy and improve assistance to users.

***Other key recommendations***

- Improve comprehensiveness of source statistics, among other things, through promoting the development of a unique and up-to-date business register.
- Conduct regular surveys to estimate the activities of the unorganized private sector.
- Develop statistics to track household final consumption expenditure on a continuing basis.
- Estimate gross-fixed capital formation, preferably using the Perpetual Inventory Method.

### Consumer Price Index

***High priority***

- Obtain adequate computer equipment and develop a comprehensive price database.
- Complete the update of the CPI; resolve issues such as outdated weights and outlet selection.

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[10] These recommendations apply to two or more of the statistics-producing agencies.

- Organize an efficient supervision of regional centers and regular audits on price collection.

**Wholesale Price Index**

***High priority***

- Obtain adequate computer equipment to replace the outdated WPI with a PPI.

***Other key recommendations for Consumer Price Index and Wholesale Price Index***

- Produce and publish a comprehensive methodology on sources and methods of the CPI in preparation and the expected PPI.
- Establish a fixed schedule for updates
- Introduce review of processes to identify problems at various stages.

**Government Finance Statistics**

***High priority***

- Move to an integrated computerized accounting system.
- Include data on quasi-fiscal activity of the economic authorities, special funds of the public service authorities, and the Social Development Fund.
- More timely release of final audited parliamentary approved accounts.

***Other key recommendations***

- Implement the analytic framework of the *GFSM 2001* by reclassifying and disseminating data according to the *GFSM 2001* and develop a migration path for the full implementation of the system.
- Publish an annual government finance statistics publication containing full disaggregated details.

**Monetary Statistics**

***High priority***

- Reclassify Arab International Bank (AIB) as a resident entity.
- Show the subsector of other financial corporations separately in monetary statistics.

***Other key recommendations***

- Publish analytical accounts of banks in the format of "other depository corporations survey" as recommended in *MFSM*.
- Revalue securities not held for trading at market prices or fair values.
- Revalue monetary gold holdings at market prices.
- Incorporate accrued interest and interest arrears into the underlying assets and liabilities.
- Show all the categories of financial assets as recommended in the *MFSM* separately.

**Balance of Payments Statistics**

***High priority***

- Disseminate balance of payments statistics in national publications according to the detailed classifications recommended by *BPM5*.
- Conduct an enterprise survey, in cooperation with the General Authority for Investment and Free Zones (GAFI) and other agencies, for collecting data on flows and stocks of direct investment in Egypt as well as associated incomes.
- Use a revision schedule that provides consistent quarterly and annual data.

***Other key recommendations***

- Work with Customs Administration and CAPMAS to improve international merchandise trade statistics from Customs documents. When satisfactory data based on Customs become available, use them for compiling balance of payments.
- Prepare publications on concepts, sources, and methods used to compile statistics for both specialists and general users.

INTERNATIONAL MONETARY FUND

ARAB REPUBLIC OF EGYPT

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

**Response by the Authorities**

July 11, 2005

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**Reply to**
**Egypt's Report on the Observance of Standards and Codes**
**"ROSC"**

The following italicized and bolded paragraphs are in order, along with its reply, as per the report:

## 1. MINISTRY OF PLANNING

***"National Accounts: even though the pertaining data had not yet been officially published other than as a trial application (Page 5)".***

As a matter of fact, publishing and releasing the data had already taken different channels, as the release of the 5-year national accounts volumes (1995/1996–1999/2000) in April 2003 conference including a volume for the methodology. These volumes were sent to well-known universities' professors, and the data included therein were released on the websites of the DATA Project and MOP.

***"National Accounts: the recently developed quarterly national accounts—September 2003—methodology still uses the unrevised annual accounts as a benchmark (Page 5)".***

The new quarterly GDP figures are based on indicators developed and used according to the *SNA 1993* definitions. They are preliminary numbers aiming to comply with SDDS, and will be revised and added up to the annual figures when all the details and information become available to the National Accounts Unit. This was also an opportunity to establish the process for the estimation of the quarterly data that will be in place when the new data becomes available.

***"Legal and Institutional environment: in 1999 the two national accounts units were consolidated and placed under the responsibility of the Ministry of Planning. The National Accounts Department is fully integrated into the MOP. Thus there are no legal provisions that give it separate autonomy of decision on methods, compilation and dissemination of data" (Page 6).***

National Accounts Unit is now responsible for any data pertaining to the national accounts. H.E. Minister of Planning has guaranteed that there will be no intervention in the data from the National Accounts Unit. However, he asked the National Accounts Unit to explain the differences of actual findings and estimated or projected plan figures, by cooperation between planning and follow-up departments of the Ministry of Planning and National Accounts Unit. This is to explain the shortcomings or differences in this respect since the Minister of Planning has to present an explanations for any differences. There are completely separate three departments dealing with data at the level of compilation. These are the Planning Department dealing with plan estimates, i.e., dealing with future trends. The Follow-up Department compiling the up to date figures including the achievements in different projects and sectors. (It is to be noted that the inclusion of rough estimates is compulsory merely because the follow up should be up to date; and dealing with the

government and public sector accounts take time to be final; and the private sector should always be covered through sample surveys given the fact that approximately 75 percent of GDP come from that sector) the National Account Unit deals only with final and actual data and uses the *1993 SNA* definitions. So it is so clear—by definition—the job and details of the work assigned to each of these departments, which indicates that no interference could happen among their activities. On the contrary, each department can get help and use of the findings of other departments, as it is natural for the planning department to use the actual figures of the national accounts series in prediction of future levels and trends of economic variables.

So, the autonomy is there for each of the mentioned departments, and at the same time, the mutual benefits exist as long as required for each department. This indicates that we do not need any legal provisions for separate autonomy for any of the concerned departments.

***In practice, several institutions publish a selection of national accounts data (Page 6)***

National accounts unit is constructing the accounts in the format required according to the *1993 SNA*. All official national accounts estimates are published by the Ministry of Planning.

***Apart from the data gap committee, no regular meetings are being organized (Page 6).***

The target is so wide especially when dealing with national accounts—with more jobs to be assigned, and more to be studied. In this case it goes without saying that a committee should be formed to conduct each important part of that comprehensive work. This was particularly true with the committee concerned with the Special Data Dissemination Standard (SDDS) to cope with IMF requirements. the committee of the household income, expenditures and consumption survey, and the data gap committee. But in dealing with the data required to the National Accounts Unit, i.e., a daily work, assigned to each of the 23 people in that unit, along with the other pieces of technical work (such as IT, procurement of computers, training, compiling data, etc.), all these jobs are done continuously in collaboration with other establishments, mainly CAPMAS be-side other ministries and organizations. This needs a continuous contact by different means, one of which, that always happens, is to pay visits to these establishments, to be attended by a group of people from NAU that could be considered as a small committee which does not need to be covered with a decree. In that case if the work faces some difficulties, that could not be solved within the NAU, or DATA Project, and needs experts from other entities, we start to think of a committee consisting of several members from the concerned agencies, the matter which needs a decree to be signed by the Minister of Planning to give these members the required authority and at the same time held them responsible for the findings used in the NAU.

The Data Gap Committee designed 11 questionnaires that dealt with the unorganized sector. CAPMAS conducted the pretest and hold off on the process until funding is available.

***A serious handicap …….. all information exchange between agencies relates to aggregates only. An important …….. the development of new technology tools that will permit the MOP to exploit the information collected by the various compiling agencies without having to wait ……. (Page 7).***

The data compiled by CAPMAS are shown in the published bulletins in aggregates and in details. Also other agencies do the same. In case of doing the job of national accounts in a short period, it is natural to show the global pictures using the aggregates, to be followed by the detailed accounts. Also, the new technology needs to be used for quick response and showing the findings, a matter which has already been facilitated through the websites and other computers capabilities. The second phase of the DATA Project, in its main targets, will devote a great deal of its efforts to the statistical policy, including the timeliness of releasing of data.

***The Head of the unit (NAU) considers the number of staff less than adequate to perform the required tasks …… However, staff older than 40 are strongly over represented ….. Nevertheless, relatively long working hours are sometimes seen as a disadvantage of being employed in the National Accounts Department (Page 8).***

The phenomena which is dominating all the government activities is that a part of employees is disguised unemployment. As the government avoids hiring more employees for the sake of improving the budget deficit, the already employed staff is getting older. Regarding the working hours, (maybe it is not understood), what is meant is that intensive work in the national accounts absorbs the whole office hours—a natural thing—so the employees in the MOP do not like to be captured in that work, although all employees are working from 08:30 a.m. to 03:00 p.m.

***There is no separate budget for the National Accounts Department (Page 8).***

As the MOP is formed of a number of sectors, with several departments, it seems not applicable to set a number of budgets. But if the comment refers to the facilities to be given to each department (including NAU) as computers and the like, it is logic to have a comprehensive study for the shortages of each department, and through one budget and one contract all departments, could be satisfied—within a reasonable financing. This is done, for example through procurement activity in the DATA Project which assisted not only Ministry of Planning (Computer Center and National Accounts Department) but also other ministries and organization such as Ministry of Agriculture, Central Bank of Egypt, CAPMAS, and Ministry of Foreign Trade, etc. All NAU received training on *1993 SNA*, Computer usage and language skills.

***There is no evidence that efficient use of resources is a priority concern of the National Accounts Department …. No periodic reviews take place with a view to making an optimal use of scarce resources (Page 8).***

There are many indicators to show the efficiency of using the scarce resources, some of which:

- The annual and quarterly reports, for national accounts, and even the monthly reports for the index numbers.
- The implementation of training plan, on national accounts, computers, and language.
- The procurement plan, especially for computers, and its implementation and follow up.
- The periodical reports submitted to the minister showing the achievements of all activities including the national accounts unit. These reports are always under assessment, the result of which is always followed up and reviewed. This, of course is reflected on all resources and how they are used, not only the material resources but also the human resources.

***As indicated, there is no law or other formal provision that addresses the need for professional independence of the national accounts department ….. As previously mentioned, the national accounts department is fully integrated with the MOP. Reportedly, there is no political interference on the estimates made by the national accounts department (Page 9).***

As explained earlier, there is a complete independence among the three departments of national accounts (dealing with actual figures), follow up department (dealing with present expected achievements) and annual and periodical plan preparation (dealing with targeted figures). Regarding the law, there is already a law for the Ministry of Planning (Law No. 70 for the year 1973), where we find the complete specifications of the work assigned to the Ministry of Planning and its departments. All the laws and decrees could be easily found in the MOP's library. Each publication of the *1993 SNA* accomplished by methodological papers.

***The fundamental principles of statistics, or codes under which official statistics are compiled, however, can not be found there (Page 10).***

We do have a complete volume of the methodology (the fundamental principles of statistics and codes) published on the DATA website regarding the National Accounts, the Monthly Index Numbers, and the Special Data Dissemination Standards (SDDS) required by IMF.

***Internal government access to the data occurs at various levels (Ministry of Planning, Cabinet, members of People's Assembly) during the preparation and approval of the annual plan. This fact, although partially known by the public, is not publicized (Page 10).***

I think that the preparation and approval of the annual plan is to a great extend known to the public (not only partially known), merely because—when approved by the People's Assembly—this means that all members of the Assembly discussed the plan in details with there governorates, and the newspapers published on daily basis, all discussions of the cabinet before the People's Assembly. This is already a good proof of publicizing all the plan details. In addition, the several visits of President Moubarak himself, the Prime Minister, and the concerned ministers, are considered as actual follow-up reports (each visit is shown to the public through newspapers and the TV).

***The publications on national accounts do not identify the national accounts department as authorizing unit. Such publications are labeled as originating from the MOP, but no other particulars are given, such as address, telephone number, or the section from which further information can be obtained (Page 10–11).***

Again I have to refer to my previous answer that the national accounts unit is a part in the structure of MOP, and supervised by the Minister Office Supervisor, as exactly recommended by the IMF Mission in 1996. Regarding the address, it is so easy for everybody to know his way to MOP and hence the NAU. All concerned names, titles, telephones, and addresses are given to the IMF through the material required as a plan to subscribe in the Special Data Dissemination Standard (SDDS), mainly in the metadata sheets, the advance release calendar, and the summery data page.

***Although giving advance notice of major changes in methodology, etc. to the public is intended for the near future, such was not yet done at the moment this assessment was prepared (Page 11).***

Any changes, not only in the methodology but also in figures, data, or information, are subject to be disseminated through the reports and the websites, and given to the IMF as agreed upon through the preparation stage and monitoring period of subscribing for SDDS.

***….. new staff is informed by the head on the behavior expected from them. Staff is not further reminded about the ethical standards which apply to them (Page 11).***

Before establishing the national accounts unit, and the start of the DATA Project in July 2000, no new staff have joined that unit. The existing staff have the experience and age to be aware of the Articles of Law No. 47 for the year 1978. I really don't know why this comment is raised or what happened that caused to raise it.

***The following recommended tables are not yet compiled with the required periodicity: quarterly expenditures of GDP at current and constant prices. Annual supply and use tables (Page 12).***

For the quarterly expenditures, to be actual and compiled by NAU, it will be facilitated when implementing the statistical policy which undertakes setting the system of gathering the data, adjusting the formats, training the people in main ministries, and providing them with computers. The actual annual supply and use tables are prepared for the year 1995/1996 and are still under preparation for the year 2000/2001 and will be filled, as actual figures, by the national accounts units.

***The following special cases should be mentioned for some of which no estimates can be made: own account production of goods for own final consumption, output of goods for own account fixed capital formation, mineral exploration is included in the output, production of entertainment, production of computer software also is included in the data, activities that units try to hide for the authorities are in principal included. Sources for***

***these activities may, for instance, be found in data collected from the expenditures side. Even out right illegal output such as illicit drugs sold to willing buyers is in principal included, although, as in most countries, no estimates are presently made (Page 12 and 13).***

All the above estimates are subject to research work, but the actual data for national accounts, either production or consumption; estimates include, in aggregate figures, all the own expenditures. But in case of sold drugs, as explained in the discussion with ROSC mission, they should be reflected in the total expenditures side in its different uses, not, of course, in the revenues. So if the amount of expenditures is higher than the total of revenues, the differences are to be attributed to some unknown items including the illegal activities.

***Agricultural work in progress is treated as assets (such as the 1993 SNA recommends) in the quarterly national accounts, but not yet in the annual accounts (Page 13).***

This new method of estimating the work in progress is to be applied in the annual accounts after discussion with the agriculture experts in the Ministry of Agriculture, just to show and put the estimates in a way to help changing the old method.

***Intangible assets, in so far as sources can be found, are treated in conformity with the 1993 SNA. The classification and sectorization in the Egyptian National Accounts are consistence with internationally accepted guidelines (Page 13).***

We hope that in the very near future, all the work, estimates and methodology will be matching with the *SNA 1993*, in its aggregates as well as its details, especially when having the monitoring period for subscribing in the SDDS related to the IMF.

***Economic activities that are not carried out in fixed premises, such as the street vendors, are not included in any register (Page 16).***

Not only that but there are 10 more activities to be covered, including some means of transportation, trade activities, services and social activities, which belongs to the private sector. These activities had been covered by questionnaires and a pretest and still waiting for financing to conduct the field sample survey, just to cover the most important parts of the private sector (which yield about 3 quarters of the GDP) in order to have more accurate data.

***Taken over the total of all activities, the coverage of the main sources should be considered as "satisfactory". A main problem is that there is no sources to track household final consumption expenditures for the years between five yearly Household Income, Expenditures, and consumption Surveys. Also, there is insufficient coverage for some of the services activities (Page 16). Production information for restaurants is poor (Page 17).***

***Real Estate, renting and business activities, other community, social and personal service activities, household final consumption expenditures and the assessment coverage of these items is poor (Page 18).***

The above items and the like are supposed to be estimated within the findings of the five yearly census and the indicators derived, beside the data coming from the household surveys. To have those items more accurate with comprehensive coverage, is subject to more sample and periodical surveys, which need more financial sources.

Also a committee is about to start for covering the tourism sector. And if financing source is available, more data could be available to improve tourism estimations including hotels and restaurants.

***Several sections of the economy, representing about 40 percent of GDP, are not yet covered (Page 19 and 20).***

This is related to the index numbers for having quarterly indicators. In this case, we have to look at the positive—not negative—steps which have been taken and covering about 60 percent of the GDP, just to show the movement of the economy, till the national accounts take their role by showing the actual achievements in quarterly periods. This will depend in many cases on sample surveys for the private sector, that still needs, as mentioned before, additional financial sources.

***As regards procedures to compile volume measures of GDP, one notes ---- output is deflated by elements of the wholesale price index, rather than by a producer price index (Page 22).***

The nearest measure to be used for GDP deflation is the wholesale price index, because the producer price index is not available. The latter is undertaken by CAPMAS to work on, when finding the reasonable financing sources.

***Regarding expenditures approach procedures, the following applies ------ it is preferable to have a source that tracks household final consumption expenditures more directly.***

Regarding tracking the household consumption expenditures more directly, we already have the findings of year 1999/2000 survey, and we expect to start soon (during 2004) a new survey, as the Minister of Planning has already approved the budget of that survey, aiming to have an up to date estimates of the family income, expenditures and consumption.

***On the specific techniques to compile quarterly national accounts, the following is noted: no seasonality adjusted national accounts are being complied, even through such would be most useful for economic analysis (Page 23).***

As we are talking about the quarterly national accounts, it is known that quarterization of the data started when the monthly manufacturing index started in January 2002. Though the quarterization went back to year 1998/1999, yet it could not benefit from the monthly index as this has a series of just two years, while the required series should cover more than five years in order to have seasonality adjusted national accounts. Anyhow, the DATA Project is aware of that, and it is on its agenda for the coming monthly data.

***National accounts department does not construct historical series on occasion of changes in source data, methodology, or statistical techniques (Page 26).***

The national account unit started its work with the DATA Project in July 2000. After being trained, the unit started compiling the actual data and prepared the national accounts for the period of five year (1995/1996–1999/2000). Step by step the national accounts unit will have long series and complete set of important changes to be taken into consideration.

***Officially, there are no preliminary data as they are deemed finial in first publication. In practice they are still subject to changes, which are not made clear to users. The quarterly accounts do not carry notes that the data are subject to revision (Page 27).***

There are three main publications to be considered:

1. The annual plan volume, and of course it contains the coming New Year targets (from the plan preparation department).
2. The follow up department reports, which include the quarterly follow up estimates. These reports are- by nature—include some estimates subject to revision in the following quarters and the end of the year, after getting some more actual data.
3. The national accounts unit reports, deal with, and include the actual data, and are now published annually.

So by the classification which has been explained to the ROSC mission, it is clear with the specific work assigned to each department which data are plan figures, preliminary figures, or actual figures.

***Since, 2003 Manufacturing has been added to being the total at eight activities. Actually Manufacturing Index has started in January 2002 and this sector has been added to other sectors from that year. Ministry of Foreign Trade does not publish data at constant price; such as information is included in publications of the CBE. On the other hand, the CBE does not give data for quarters, for which the MOP has a table. Neither of these "Secondary" publishing agencies provides explanations with the figures. The original documents issued by the MOP include such explanations. (Page 28).***

All data from the Ministry of Planning as the main source, either for plan targets, follow up reports, or actual national accounts data, are published in hard copies or may be found in the MOP website.

Also GDP in constant prices is shown on the MOP bulletins, and some may not be actual until the national accounts unit publishes its final data.

The secondary sources as the CBE and MOFT may publish only a part of the data. This means that users should refer to MOP (the main source of this type of data as GDP in constant prices or quarters). Also all explanations are given in details and in a volume called "national accounts methodology" which is available for any entity or user (beside DATA

Project Website), and was distributed in April Conference 2003 with 5 volumes of the 5-year national accounts—1995/96–99/2000.

***The MOP sends the national accounts data to the Cabinet around mid-April and by the first of May to people's Assembly in accordance with the law (Page 28).***

This issue is related to annual plans (for approval from the people's Assembly) and not related to the national accounts which referred to and explained to the ROSC mission, that these accounts are dealing with actual figures, and when published—as for the period 1995/96—99/2000 and its methodology – they were found in the DATA project website, beside its distribution in April Conference 2003.

***Non published but non confidential sub aggregate can be made available on request after approval of the Minister of planning. However, this opportunity is not publicized (Page 29).***

I see that most of the useful details (sub aggregates) are published, but if more details are needed it could be available through contacting the MOP (the source of plan figures and national accounts). Otherwise the MOP has to publish hundreds of files for all economic activities, which is not applicable but could be facilitated in the near future by more use of the MOP website for those type of details.

***No short brochures have been prepared that are specifically focused on a non expert public (Page 29).***

I believe this is the main job of the media which conveys the figures and findings from the experts to the public in a readable and understandable way for most of the people.

***The publications only mention as origin the MOP. No specific individuals or departments are identified who may be contacted by mail, telephone, facsimile, or by e-mail. The assistance to users is not mentioned through periodic surveys of users (Page 29).***

If the publications bear the name of the MOP, this means all sectors, department, and staff could be reached at any time to reply any question or provide any information, related to annual plans, follow up reports, and national accounts.

Also when dealing with IMF for the special DATA Dissemination Standards (SDDS), this task will be easier for both the MOP and the users, through the use of the Ministry of Planning and DATA Project's websites.

## 2. Ministry of Finance

**High Priority**

- ***Move to an integrated computerized accounting system***

The Ministry of Finance (MOF) exerts tedious efforts currently to finalize the process of introducing a full computerization, that will be extended to cover all its operations, either during the various phases of the General State's Budget preparation, or monitoring the budget execution later on, also to enable the (MOF) in producing the financial reports required either by the parliament or the international institutions, e.g., the IMF. So, the computerization efforts are strongly focusing on connecting all concerned sectors within the MOF with the Treasury.

Also, the Ministry of Finance has initiated in parallel, an ambitious, comprehensive project to computerize all government expenditures. Comprehensively, this project is titled "Automated Government Expenditure System AGES", where all Taxes Department and Custom will be connected with each other to achieve a better fiscal management.

- ***Include data on quasi—fiscal activity of the economic authorities, special funds of the public service authorities, and the social development fund.***

The Ministry of Finance expects to receive a technical assistance from the IMF Fiscal Affairs Department FAD next February, which will focus on establishing what is called a Treasury Single Account TSA, so as to study the possibility of capturing all extra budgetary accounts and the special funds accounts which are still opened and held by such entities a way from the budget. These efforts are for the purpose of a better, transparent and efficient public finance management. This upcoming mission comes in the context of the previous two missions received from the IMF during the last two months for the purpose of reclassifying the General State's Budget in conformity with the GFSM 2001.

**Other key recommendations**

- ***Implement the analytic framework of the GFSM 2001 by classifying and disseminating data according to the GFSM 2001 and develop a migration path for the full implementation of the system.***

The Ministry of Finance is currently taking all necessary procedures to apply the concepts and definitions stipulated in the **GFSM 2001** which will replace, not only the **GFSM 1986** fiscal tables provided by the MOF to the IMF regularly, but also the National Classification Standard, through which the General State's Budget is prepared and submitted to the parliament.

- ***Publish an annual government finance statistics publication containing full disaggregated details***

The MOF issues and publishes a detailed statistical financial report regularly entitled Egyptian Economic Review. Meanwhile these fiscal data are published on the website of the Central Bank of Egypt. It is worthy mentioning that the MOF is establishing its own website, within the said **AGES.**

### 3. The Central Agency for Public Mobilization And Statistics (CAPMAS)

**Consumer Price Index**

***Only one computer was allocated to the entire Division, which* was *outdated and had insufficient capacity* (Page 32).**

Five powerful computers with sufficient capacity are allocated to the entire Division.

- ***Expenditure weights for the current CPI are based on the HES of 1995–1996. Work is underway to update the CPI by introducing new weights from the 1999–-2000 HES and changing the base year prices to 1999–2000. (Page 35).***

Expenditure weights for the current CPI are based on the **HES of 1999–2000 and the base year prices have been changed to 1999-2000.**

- ***Eight major groups built up from 31 subgroups adapted to specifics are identified in the CPI (Page 36).***

Twelve major groups built up from 45 subgroups

- ***The first results are expected to be published in early 2004*** (Page 37).

The first results were published in January 2004

- ***These cover about 204 expenditure items and around 655 varieties.***
- ***The number of priced items has increased in the CPI in preparation from 655 to about 800, making the index more robust (Page 38).***
- ***The new CPI basket has increased to include about 800 commodities (Page 39).***

The number of priced items has increased in the CPI from **655 to 892 (varieties of commodities and services) and from 240 to 276 (items).**

### 4. CBE Monetary Policy Unit

- ***Reclassification of Arab International Bank (AIB) as a resident entity:***

We would like to recall that Arab International Bank was established by special treaty in 1974 among the governments of Egypt, Libya, and Oman Sultanate. According to the provisions of such treaty, the AIB is not subject to CBE supervision and, consequently, is not required to report its data regularly to CBE, a situation which makes it hard to include its operations on the monetary survey. A solution to such situation is under study, given all due respect to the treaty of establishment.

- ***showing the sub-sector of other financial corporations:***

We are currently publishing the consolidated balance sheet of banks excluding the Central Bank under SDDS section in our Website. We hope that would satisfy your requirements.

- We are currently preparing to consider all the issues below when adopting the MFSM and standardized reports forms (SRF's) as of January 2005.

  - Publishing analytical accounts of banks in the format of "other depository corporations survey".
  - Revalue securities not held for trading at market prices or fair values.
  - Revalue monetary gold holdings at market prices.
  - Incorporate accrued interest and interest arrears into underlying assets and liabilities.
  - Show all the categories of financial assets separately.

- The Research, Development and Publishing sector is cooperating with all relevant departments in the CBE to satisfy requirements related to giving advance notice in major changes and finding out better practices in receiving a feedback evaluation of the CBE data users.

## 5. Balance of Payments Statistics

- ***Disseminate balance of payments series in national publications according to the detailed classification recommended by BPM5.***

The CBE has disseminated quarterly BOP data on its website on the basis of *BPM5*, as from the first quarter of FY 2004/05 and such presentation will be in its national publications in the near future.

- ***Use a revision schedule that provides consistent quarterly and annual data.***

Quarterly and annual data are consistent throughout our monthly statistical bulletin.

- ***Prepare publications on concepts, sources and methods used to compile statistics for both specialists and general users.***

The CBE has published on its website the BOP concepts, sources, and methods used for compiling its statistics similar to the notes provided to the Balance of Payments Statistics Yearbook BOPSY. The CBE would strengthen such concepts and methods whenever seen necessary.

- ***Conduct an enterprise survey in cooperation with the General Authority for Investment and Free Zones (GAFI) and other agencies for collecting data on flows and stocks of direct investment in Egypt as well as associated incomes.***

As reported to the SDDS mission, a committee is being held to coordinate work on direct investment data and to help amending the misclassifications of some transactions. It includes, beside the CBE, the Ministry of Investment, the General Authority for Investment GAFI, the Capital Market Authority, and the Ministry of Petroleum. GAFI will be responsible for conducting the enterprise survey. By the end of this year, we hope the results from that committee may be shown on the BOP and International Investment Position data.

- ***Work with the Customs Administration and CAPMAS to improve international merchandise trade statistics from customs documents. When satisfactory data based on Customs becomes available, use them for compiling the balance of payments.***

The BOP will continue recording the exchange records data in its exports and imports statistics (trade balance) until all problems of customs statistics are solved.

INTERNATIONAL MONETARY FUND

ARAB REPUBLIC OF EGYPT

**Detailed Assessments Using the Data Quality Assessment Framework (DQAF)**

Prepared by the Statistics Department

Approved by William E. Alexander and Mohsin S. Khan

July 11, 2005

This document contains a detailed assessment by dataset of the elements and indicators that underlie the data quality dimensions discussed in Egypt'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.

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## ACRONYMS

| | |
|---|---|
| *1968 SNA* | *System of National Accounts 1968* |
| *1993 SNA* | *System of National Accounts 1993* |
| AIB | Arab International Bank |
| AMF | Arab Monetary Fund |
| ARCs | Advance Release Calendars |
| BOP | Balance of Payments |
| BOPD | Balance of Payments Division |
| *BOPSY* | *Balance of Payments Statistics Yearbook* |
| BCD | Bank Control Department |
| *BPM5* | *Balance of Payments Manual*, fifth edition |
| CAA | Central Audit Agency |
| CBE | Central Bank of Egypt |
| CAO | Central Audit Organization |
| CAPMAS | Central Agency for Public Mobilization and Statistics |
| CHGS | Classification of Household Goods and Services |
| CPI | Consumer price index |
| COICOP | Classification of Individual Consumption by Purpose |
| DQAF | Data Quality Assessment Framework |
| DSBB | Dissemination Standards Bulletin Board |
| EGPC | Egyptian General Petroleum Corporation |
| FAAD | Finance and Accounting Department |
| FAD | IMF Fiscal Affairs Department |
| GASC | General Authority for Supply of Commodities |
| GFS | Government finance statistics |
| *GFSM 1986* | *A Manual on Government Finance Statistics 1986* |
| *GFSM 2001* | *Government Finance Statistics Manual 2001* |
| HES | Household Expenditure Survey |
| IIP | International investment position |
| ITRS | International transactions reporting system |
| *ISIC* | *International Standard Industrial Classification of All Economic Activities* |
| ISWGNA | Intersecretariat Working Group on National Accounts |
| ITRS | International transactions reporting system |
| LE | Egyptian pounds |
| LEDD | Loan and External Debt Department |
| *MFSM* | *Monetary and Financial Statistics Manual* |
| MOF | Ministry of Finance |
| MOP | Ministry of Planning |
| MPU | Monetary Policy Unit |
| NIB | National Investment Bank |
| NSDP | National Summary Data Page |
| ODCs | Other Depository Corporations |
| OFC | Other Financial Corporations |
| PMSA | Public Mobilization and Statistics Administration |

| | |
|---|---|
| SDDS | Special Data Dissemination Standard |
| SDF | Social Development Fund |
| SIF | Social insurance fund |
| STA | IMF Statistics Department |
| SUMED | Suez-Mediterranean Pipeline |
| USAID | United States Agency for International Development |
| WPI | Wholesale price index |

## 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 the Egyptian 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 Egypt's Report on the Observance of Standards and Codes (ROSC)—Data Module.

### I. NATIONAL ACCOUNTS

At the time of this assessment, Egypt was in the process of strengthening its national accounts statistics. The data ROSC team and the authorities decided to assess the annual national accounts on the basis of the new methodology, even though the pertaining data had not yet been officially published other than as a trial application. Basis for the assessment were various methodological documents prepared for the revision process, in addition to provisional results at current prices made available by the Ministry of Planning (MOP) during a seminar organized in April 2003.

The revision project, carried out with assistance of the United States Agency for International Development (USAID), introduces many improvements to the annual series. The most important of these are the construction of sector accounts up till and including the capital accounts and the adoption of classifications recommended by the *System of National Accounts 1993* (*1993 SNA*).[11] According to the first published data, the level of GDP remains largely unaffected, but this may change if new information on the private sector becomes available.

This report assesses the recently developed quarterly national accounts on the methodology in place as of September 2003. While this methodology still uses the unrevised annual accounts as a benchmark, the revision will not essentially change the way the quarterly national accounts are being compiled.

[11] Plans foresee the future compilation of supply and use tables, as well as Social Accounting Matrices and a satellite account for tourism.

## 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 national accounts of Egypt are produced by the National Accounts Department within the MOP. This responsibility is related to the Ministry's responsibilities for preparing a General Plan of the State, and is not challenged by other official agencies.

Previously, national accounts estimates were both prepared by the MOP and the Central Agency for Public Mobilization and Statistics (CAPMAS).[12] To resolve the anomaly of double effort, in 1999 the two national accounts units were consolidated and placed under the responsibility of the Minister of Planning. The National Accounts Department is fully integrated in the MOP. Thus, there are no legal provisions that give it separate autonomy of decision on methods, compilation, and dissemination of data.

The responsibility for disseminating national accounts data is not laid down in any regulation. In practice, several institutions publish a selection of national accounts data.

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

The National Accounts Department does not conduct any surveys. All basic data are received from other agencies, in particular CAPMAS, the Ministry of Finance (MOF), the Central Bank of Egypt (CBE), and the MOP itself.

The National Accounts Department usually requests data from CAPMAS by way of a letter, which may be followed up by phone or fax messages. Apart from the Data Gap Committee, no regular meetings are being organized, which is remarkable in view of the large dependency on CAPMAS data. The same is true for the data providers in the public sector. It should be noted that the understanding of national accounts requirements has been considerably enhanced as a result of courses and seminars organized in the framework of the USAID supported strengthening project.

The National Accounts Department considers the working relationship with CAPMAS very good, although it does not always receive all details it would like to have and the response by CAPMAS may sometimes be late.

[12] CAPMAS performs a centralizing function regarding Egypt's official statistics. The agency is attached to the office of the MOP, but has a largely independent status. Further information is provided below in the section on the Consumer Price Index.

A serious handicap for the validation of data by the National Accounts Department in general is that all information exchange between agencies relates to aggregates only. Also, contacts with the data providing agencies are largely formal, which is not supportive for quickly solving any problems identified. An important improvement concerning the data sharing process is the development of new technology tools that will permit the MOP to exploit the information collected by the various compiling agencies without having to wait for the availability of final publications.

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

Article 22 of Law No. 70 of 1973 on the "Preparation of the General Plan of the State and the Follow-up of its Implementation" puts a penalty of imprisonment, a monetary fine, or both on the violation of confidential information. In addition, Law no. 35 of 1960 "Relating to Statistics and the Census" stipulates that the individual data related to any statistics or census are secret. Use other than for statistical purposes, or without permission from the competent entities is subject to fines or imprisonment.

As indicated above, confidentiality is not an issue for the National Accounts Department, as the Department does not receive individual data that should be kept confidential. Staff does not appear to have specific knowledge of the cited laws, but would not divulge individual data for reasons of professional ethics.

Other security aspects are good. The gates to the MOP's premises are guarded and offices are closed by keys when the officials leave their rooms. The computers are password protected, but staff of the National Accounts Department have access to each other's files.

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

Article 21 of Law No. 70 on the Preparation of the General Plan reads that the MOP shall be entitled to obtain all confidential information necessary to prepare and follow up on the implementation of the Plan.

***0.2 Resources***

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

The National Accounts Department has 23 staff. These are responsible for producing the integrated annual and quarterly national accounts, as well as for preparing manufacturing and production indices based on information collected by CAPMAS and other agencies. In view of the ongoing development project, the head of the Department considers the number of staff less than adequate to perform the required tasks.

The qualifications of the staff are good, and nearly all of them have received additional training on the *1993 SNA*, computer use, and language skills. However, staff older than

40 are strongly overrepresented as a result of hiring restrictions applied in government. To retain acquired expertise in the department, it would be prudent to gradually bring down the average age of staff. Turnover of staff is low, and salaries are broadly seen as equitable, in particular so by former CAPMAS staff (salaries paid by CAPMAS are on the whole lower than those paid by the Ministry). Nevertheless, relatively long working hours are sometimes seen as a disadvantage of being employed in the National Accounts Department.

Computing resources are satisfactory owing to donations made by USAID. All staff dispose of a personal computer and up-to-date software is being utilized.

Financial resources for compiling the statistical series appear to be commensurate with overall resource availability in the Ministry. There is no separate financial budget for the National Accounts Department, though. The head of the department is not aware of any forward plans to allocate financial resources to identified future statistical needs. It would appear that a closer involvement of departmental management in the Ministry's budgeting process could support making well-founded decisions.

*0.2.2 Measures to ensure efficient use of resources are implemented*

There is no evidence that efficient use of resources is a priority concern of the National Accounts Department. This does not mean that resources are wasted. For instance, expenditure on increasing automation of the compilation processes, including related training of staff, has had important pay-offs in the shape of less errors and more timely availability of results. If temporary shortages occur in one section, staff of other sections are often reallocated to help out. Furthermore, the head of the National Accounts Department is bound to deliver on agreed work objectives. Still, such agreements are not in place for other staff, there are no processes in place to measure resource usage. No periodic reviews take place with a view to making an optimal use of scarce resources.

### *0.3 Quality awareness*

*0.3.1 Processes are in place to focus on quality*

Management is sensitive to the various dimensions of quality. Maintaining and improving on quality is embedded in everyday work, however, rather than an issue that would require sophisticated measurement techniques or expression in the shape of a mission statement. Improvement of quality in its various dimensions is the objective of the multi-year project of strengthening the national accounts and helpful advice in this respect is received from experts hired by USAID.

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

Studies to identify problems at the various stages of collecting, processing, and dissemination have been undertaken in the framework of the project to strengthen the national accounts and

prepare Egypt's subscription to the IMF's Special Data Dissemination Standard (SDDS). There are no periodic user's surveys or bodies comprising external advisors to provide guidance on the quality of the statistical series. Major innovations, such as the work on the manufacturing and production indices are reportedly routinely discussed with other departments before being implemented.

*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 top of the Ministry recognizes issues related to tradeoffs of statistical dimensions. The various dimensions of quality are also reflected in the annual work program set up for the department.

## 1. Integrity

### *1.1 Professionalism*

*1.1.1 Statistics are compiled on an impartial basis*

As indicated, there is no law or other formal provision that addresses the need for professional independence of the National Accounts Department. Neither are provisions in place that ensure the professional independence of the head of the department in terms or tenure or reporting arrangements. As previously mentioned, the National Accounts Department is fully integrated with the MOP. Reportedly, there is no political interference on the estimates made by the National Accounts Department.

Professional competency is a key requirement in recruitment of new staff and in considerations for promotion of existing staff. In addition to requirements of formal education in the specialist area, a committee also tests the general knowledge of potential new staff. Grade-to-grade promotions involve an examination on former achievements of candidates as well as their plans on introducing improvements to the job.

Work pressure does not permit staff to publish methodological papers, but professionalism is promoted by offering courses and allowing staff to attend lectures. The strengthening of the national accounts project also gives rise to the drafting of various notes on methods. These are internally reviewed before distribution to a wider public to retain the department's professional reputation.

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

The choice of statistical sources is restricted by the limitations of collecting data by public agencies. The National Accounts Department communicates with CAPMAS on its specific wishes regarding data to be collected from the private and public sector. There is no

interference of any type in the choice of statistical techniques for compiling the national accounts.

Publications of the data by the Ministry are always accompanied with some methodological explanations. An extensive written description of methods is being developed in the framework of the strengthening of the national accounts project.

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

The Minister may comment publicly on erroneous interpretation of statistics. An example quoted by the authorities referred to the Minister of Planning's explanations in People's Assembly after incorrect unemployment figures circulated in the press. There is a clipping service that follows the press daily on articles that have a relation to the Ministry's work.

On occasion of the release of very major statistics, explanatory materials or briefings are provided to the press to prevent misinterpretation of the data. Normally, this is not done.

### *1.2 Transparency*

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

The Decree on the Preparation of the Plan is an official legal document that as such is available to all interested parties. Among other things, the Decree can be requested by the public from the Ministry's library. It is also posted on the Ministry's website. Mission statements, the fundamental principles of statistics, or codes of conduct under which official statistics are compiled, however, cannot be found there.

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

Internal government access to the data occurs at various levels (Minister of Planning, Cabinet, members of People's Assembly) during the preparation and approval of the annual plan. This fact, although partially known by the public, is not publicized.

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

The publications on national accounts do not identify the National Accounts Department as authoring unit. Such publications are labeled as originating from the MOP, but no other particulars are given, such as address, telephone number, or the section from which further information can be obtained.

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

Although giving advance notice of major changes in methodology, etc., to the public is intended for the near future, such was not yet done at the moment this assessment was prepared.

### *1.3 Ethical standards*

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

Ethical standards for staff are laid down in article 77 of the Government Employee's Law, No 47 of 1978. On the occasion of joining the department, new staff is informed by the head on the behavior expected from them. Staff is not further reminded about the ethical standards which apply to them.

## 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 *1993 SNA* is followed as a general framework for compiling the national accounts statistics. The appropriateness of all concepts, definitions, as well as working methods, is subject of an annual review by the National Accounts Department.

### *2.2 Scope*

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

The Egyptian national accounts are limited to recording transactions. They do not cover information on holding gains or losses, other changes in the volume of assets, and balance sheets. In addition, they do not include information on financial transactions, except those with the rest of the world. Still, the scope of the regularly compiled national accounts tables is consistent with the minimum requirements as defined by the ISWGNA[13] for implementation of the *1993 SNA*. Furthermore, one of the recommended tables is compiled.

Specifically, the following *minimum* information is compiled on a regular basis:

- annual value added and GDP at current and constant prices by activity,

[13] Intersecretariat Working Group on National Accounts.

- annual expenditures of GDP at current and constant prices,
- annual value added components at current prices by activity,
- sequence of accounts for the total economy (through the capital accounts) with an annual frequency,
- annual rest-of-the-world accounts (through net lending).

Of the *1993 SNA* tables and accounts that the ISWGNA determined as *recommended* for its implementation, the following are compiled on a regular basis:

- quarterly value added and GDP at current and constant prices by activity.[14]

The following recommended tables are not yet compiled with the required periodicity:

- quarterly expenditures of GDP at current and constant prices, and
- annual supply and use tables.

The definition of residency is in accordance with the recommendations of the *1993 SNA* and the fifth edition of the *Balance of Payments Manual*. In particular, the following are included as part of the economy:

- territorial enclaves in the rest-of-the-world,
- free zones/bonded warehouses/factories operated by offshore enterprises under customs control.

It is difficult to distinguish workers who work part of the year in another country (and should be considered residents) from workers that stay one year or longer abroad (who should be classified as nonresidents). For practical reasons, both categories are presently treated as nonresidents.

The production boundary is broadly in accordance with the *1993 SNA*. The following special cases should be mentioned, for some of which no estimates can be made:

- Own-account production of goods for own final consumption, mostly agricultural products, is included.
- Output of goods for own-account fixed capital formation is included.
- Mineral exploration is included in output.
- Production of entertainment, literary, or artistic originals is recorded as far as these activities can be captured.
- Production of computer software also is included in the data.
- Activities that units try to hide for the authorities are in principle included. Sources for these activities may, for instance, be found in data collected from the expenditure side. Even outright illegal output such as illicit drugs sold to willing buyers is in principle included, although, as in most countries, no estimates are presently made.

[14] The constant price data can only be found on MOP website.

The only variance with the *1993 SNA* recommendations is the following:

- Research and development on own account is not included in output.

The asset boundary is in accordance with the recommendations of the *1993 SNA*, with a few exceptions as indicated in the following list:

*Tangible assets*:

- For lack of information, most defense related assets that could be used for civilian purposes are treated as current expenditure.
- Valuables and historical monuments are in principle treated as they should, namely as assets.
- Agricultural work-in-progress is treated as assets (such as the *1993 SNA* recommends) in the quarterly national accounts, but not yet in the annual accounts.
-

*Intangible assets*, in so far as sources can be found, are treated in conformity with the *1993 SNA*:

- Mineral exploration is capitalized whether successful or not.
- Systems and standard applications computer software and databases are treated as assets whether purchased or built in-house.
- Entertainment, literary, or artistic originals are treated as assets.
- Patented entities also are treated as assets.
- Leases and other transferable contracts (such as purchased goodwill) are included in assets.

### *2.3 Classification/sectorization*

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

The classification and sectorization in the Egyptian national accounts are consistent with internationally accepted guidelines.

The sectorization of institutional units is in accordance with the recommendations in the *1993 SNA*. It should be noted that the sector "General government" includes a subsector "Service authorities," for which no appropriate classification was found in the *SNA*. Service authorities are units, not belonging to administrative government, that provide socially important goods and services such as medical and educational services to the public. They do not have the power to make independent decisions and are financed by government, although they also may charge some fees from the beneficiaries. It would appear that the service authorities answer the definition of nonmarket nonprofit institutions controlled and mainly financed by government units as mentioned in paragraph 4.113 of the *1993 SNA*.

The transaction classification is identical to the one recommended by the *1993 SNA*. "Other flows" as distinguished in the *1993 SNA* are not included in the scope of the present Egyptian national accounts.

Regarding the other classifications, the *ISIC*,[15] rev 3, is used to classify economic activities. CAPMAS has added two additional digits to this classification to accommodate national circumstances. Products are classified by the CPC,[16] 1.1. COICOP[17] is used to classify household final consumption, and COFOG[18] is applied to classify functions of government.

### *2.4 Basis for recording*

#### *2.4.1 Market prices are used to value flows and stocks.*

With exception of the third bullet mentioned below, the valuation of transactions is in accordance with the *1993 SNA*. The following details may be given.

- Market output is valued at producers' prices. This is allowed by the *1993 SNA*, although a preference is expressed for recording at basic prices. The reason why producers' prices are used in Egypt is related to practical difficulties in eliminating taxes less subsidies on products from the basic data. Agricultural output is recorded at farm-gate prices, which deviate from the concept of producers' prices in excluding any transportation by the farmer beyond the farm gate. As a result, some output of agriculture is transferred to the activity transportation. For total GDP, this transfer is inconsequential.

- Output for own use is valued at equivalent market prices.

- The value of nonmarket output is estimated on the basis of cost. However, in variance to the *1993 SNA,* this excludes in nearly all cases the cost category consumption of fixed capital. Unavailability of data is indicated as the reason for this practice. As a result, GDP at market prices is lower than it should be.

- If levied, sales and excise taxes are included in the valuation of intermediate consumption.

- Value-added tax does not exist in Egypt.

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[15] *International Standard Industrial Classification of All Economic Activities*.

[16] Central Product Classification.

[17] Classification of Individual Consumption by Purpose.

[18] Classification of the Functions of the Government.

- Transfer prices are not detected, so appropriate corrections cannot be made.
- Total imports and exports are valued on an f.o.b. basis. Information about the margin between c.i.f. valuation and f.o.b. valuation of important merchandise is received from the CBE.
- Transactions in foreign currency are converted using the average mid-point exchange rate prevailing in the market during the month they take place.

*2.4.2 Recording is done on an accrual basis*

Transactions are recorded on an accrual basis, except for most transactions derived from the balance of payments and the government accounts, which are on cash basis. The private sector may apply fiscal years that deviate from the July-June accounting year used in the national accounts. This phenomenon is mostly seen in subsidiaries of foreign companies, which often apply calendar years. It has not been possible to adjust annual data for deviating recording years.

Work-in-progress is in principle recorded in the period it is produced.

*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 the recommendations of the *1993 SNA*.

## 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*

Each data producing agency uses its own list of enterprises. Reportedly, this would not carry the danger of double counting, as every agency covers a well-defined section of the economy. CAPAS maintains a "Central Business Register" that forms the basis for its sample surveys. Work is underway to make this register more comprehensive and up-to-date.

Not up-to-date business registers usually lead to an underestimate of GDP because newly created enterprises are not taken into account from the moment they start their activities. The fact that the amounts of taxes collected and subsidies paid according to the MOF are sometimes considerably higher than the corresponding enterprise data might indeed indicate insufficient coverage of, or underreporting in, the enterprise statistics.

An important source on enterprises is the registration with the Chambers of Trade and Commerce. However, enterprises are not required to renew their registrations, and thus the register may contain many units that ceased their activity. Very important sources also are the economic census and the establishment census conducted by CAPMAS. The establishment census takes place every ten years, the last one dating from 1996, and generates data on the number of productive units, legal status, capital, number of employees, etc. The five-yearly economic census collects a wide range of economic data, including on wages, interest, profits, etc.

Economic activities that are not carried out in fixed premises, such as the street vendors, are not included in any register.

Among the sources for statistical data, it is useful to make a distinction between public enterprises (these are obliged to provide complete statistical data), enterprises in the private organized sector[19] (which are legally required to maintain accounts), and enterprises in the private unorganized sector. The last-mentioned category poses the most problems in obtaining statistical information. In surveys often a distinction is made between private enterprises with 10 or more workers and those with less than 10 workers. For retail trade a threshold of 5 workers is used. Small-scale enterprises are usually surveyed on a less than annual basis.

*Sources for the annual accounts*

The table below summarizes the main basic sources for the annual accounts estimates and their coverage. In constructing this table, the results of all current exhaustive and sample surveys that directly measure the activity have been considered as positive contributions to coverage. Estimates using indirect methods to improve exhaustively have been considered as "soft" information. Taken over the total of all activities, the coverage of the main sources should be considered as "satisfactory." A main problem is that there is no source to track household final consumption expenditure for the years between five-yearly Household Income, Expenditure, and Consumption Surveys. Also, there is insufficient coverage for some of the service activities.

[19] This sector includes private general shareholders companies, limited companies, foreign branches, limited liability companies, and companies working under the Investment Law No. 230 regardless of their legal statute or number of workers. The subset of units working under Investment Law No. 230 often is referred to as the private investment sector.

Main Sources for the Annual Accounts

| *Production approach, annual accounts* | | |
|---|---|---|
| **ISIC rev 3 categories** | **Main source** | **Assessment of coverage for current years** |
| *Agriculture, hunting, and forestry* | *Ministry of Agriculture and Land Reclamation: ready-made production accounts based on:*<br>*- Area under cultivation, average harvests, annual sample survey on inputs.*<br>*- Growth rates applied on livestock level data, prices, input structures.* | *Good (Satisfactory for livestock)* |
| *Fishing* | *Public fishery organizations:*<br>*- landings*<br>*- input structure* | *Good* |
| *Mining and quarrying* | *CAPMAS:*<br>*- Annual industrial statistics*<br>*- Small scale industrial survey 2000*<br>*- Economic census 2000* | *Good* |
| *Manufacturing* | *CAPMAS:*<br>*- Annual industrial statistics*<br>*- Small scale industrial survey 2000*<br>*- Economic census 2000* | *Satisfactory* |
| *Electricity, gas, and water supply* | *CAPMAS:*<br>*- All production data*<br>*Government final annual statement and company statements* | *Good* |
| *Construction* | *Ministry of Housing:*<br>*- Production data based on annual sample survey among registered contractors*<br>*CAPMAS:*<br>*- Building and construction bulletins* | *Satisfactory* |
| *Wholesale and retail trade, repair of motor vehicles, and personal and household goods* | *CAPMAS:*<br>*- Production data for various groups of traders*<br>*- 1995/6 Survey of the small scale unorganized sector.* | *Satisfactory* |
| *Hotels and restaurants* | *CAPMAS:*<br>*- Production information for hotels*<br>*- 1996/7 Census for restaurants* | *Good for hotels; poor for restaurants* |
| *Transport, storage, and communication* | *CAPMAS:*<br>*- Production data for various subsectors* | *Satisfactory (Poor for some activities)* |
| *Financial intermediation* | *CAPMAS:*<br>*- Various financial and economic statistics (but excluding certain categories of producer units)* | *Satisfactory/good* |

| *Production approach, annual accounts* | | |
|---|---|---|
| *Real estate, renting, and business activities* | *Ministry of Housing:*<br>*- Number of dwellings from Housing Census and information on new dwellings*<br>*- Five-yearly sample survey on rents*<br>*CAPMAS:*<br>*- Economic and financial bulletins*<br>*- Economic census 2000* | *Poor* |
| *Public administration and defense; compulsory social security* | *MOF*<br>*- Final budget data* | *Good* |
| *Education/*<br>*Health and social work* | *MOF, CAPMAS:*<br>*- Production data*<br>*- Household Income, Expenditure, and Consumption Survey* | *Satisfactory* |
| *Other community, social, and personal service activities* | *CAPMAS:*<br>*- Economic and financial bulletins*<br>*- Economic census 2000*<br>*- Household Income, Expenditure, and Consumption Survey* | *Poor* |
| *Taxes on imports* | *MOF* | *Good* |

| **Expenditure approach, annual accounts** | | |
|---|---|---|
| **Expenditure category** | **Main source** | **Assessment of coverage for current years** |
| *Household final consumption expenditure* | *CAPMAS:*<br>*- Five-yearly Household Income, Expenditure, and Consumption Survey*<br><br>*(Commodity flow method)* | *Poor* |
| *Final consumption expenditure of nonprofit institutions serving households* | *(Production method)* | *Satisfactory* |
| *Government final consumption expenditure* | *MOF*<br>*- Final budget data* | *Good* |
| *Acquisitions less disposals of tangible fixed assets* | *(commodity flow method)*<br>*CAPMAS:*<br>*- Economic and financial bulletins*<br>*MOF* | *Satisfactory* |
| *Acquisitions less disposals of intangible fixed assets* | *CAPMAS:*<br>*- Economic and financial bulletins* | *Satisfactory* |
| *Additions to the value of nonproduced nonfinancial assets* | *CAPMAS:*<br>*- Economic and financial bulletins*<br>*MOF* | *Satisfactory* |
| *Changes in inventories* | *CAPMAS:*<br>*- Economic and financial bulletins* | *Satisfactory* |
| *Acquisitions less disposals of valuables* | *Not yet reported.* | *Unsatisfactory* |

| Expenditure approach, annual accounts | | |
|---|---|---|
| *Exports and imports of goods* | *CBE:*<br>*- Balance of Payments*<br>*Ministry of Foreign Trade:*<br>*- Foreign Trade (details)* | *Good* |
| *Exports and imports of services* | *CBE:*<br>*- Balance of Payments* | *Good* |

*The above sources are supplemented by a series of agricultural and fishing price indices, the consumer price index, the wholesale price index, and unit values for foreign merchandise trade. The accuracy of some of these indices is questionable. Certain ministries collect price information on an infrequent basis, such as the five-yearly sample survey on rents conducted by the Ministry of Housing.*

When sampling takes place, scientific random sampling techniques are used. CAPMAS reportedly uses proper imputation methods to handle nonresponse (such as using donors from the same sector of economic activity, size class, and region of the missing firm), and grossing-up factors are derived scientifically.

The surveys, in particular the economic and financial surveys conducted by CAPMAS, provide sufficient information on turnover and other receipts, cost structure, inventories, personnel costs, and employment. The sources on government budgets, which relate to both central and local government, provide sufficient revenue and expenditure items, classified by economic and functional categories.

The five-yearly Household Income, Expenditure, and Consumption Survey is comprehensive: the 2000 version collected data from 48,000 households. Proper imputation methods are reportedly used to handle nonresponse, and grossing-up factors are derived scientifically. The data cover both purchases and goods produced for own consumption. Data received from government include both central and local government and also include the operations of extra-budgetary funds. Two pension funds operated by the government are included in financial corporations rather than the general government sector. As government units need approval of the MOP to purchase capital goods, the registration of this Ministry are used to estimate government capital formation. The coverage of the balance of payments, which is compiled on the basis of payments data collected by Egyptian banks, has been questioned (see further the Balance of Payments section below).

*Sources for the quarterly accounts*

The following table summarizes the main sources for the quarterly national accounts. The indicators were selected on the basis of a high correlation with the annual data. Although most of the used indicators are adequate for the purposes of the quarterly national accounts, a problem is that several sections of the economy, representing about 40 percent of GDP, are not yet covered. For the moment, these activities have been presumed to show no quarterly pattern. The MOP is committed to developing additional indicators to increase the coverage of the economy.

Main Sources for the Quarterly Accounts

| **Production approach, quarterly accounts** | | |
|---|---|---|
| **ISIC Rev 3 sections** | **Main sources** | **Adequacy for quarterly estimates** |
| *Agriculture, hunting, and forestry* | *Ministry of Agriculture and Land Reclamation:*<br>*- Area under cultivation, average harvests* | *Reasonable* |
| *Fishing* | *None* | *Not adequate* |
| *Mining and quarrying* | *Ministry of Petroleum:*<br>*- Index for oil extraction and petroleum* | *Adequate* |
| *Manufacturing* | *CAPMAS:*<br>*- Index of manufacturing production*<br>*- Wholesale price index* | *Adequate* |
| *Electricity, gas, and water supply* | *Ministry of Electricity and Energy:*<br>*- Consumption of electricity* | *Adequate* |
| *Construction* | *Ministry of Public Enterprises:*<br>*- Sales of cement and iron bars by select large enterprises* | *Not fully adequate* |
| *Wholesale and retail trade, repair of motor vehicles, and personal and household goods* | *None* | *Not adequate* |
| *Hotels and restaurants* | *CAPMAS:*<br>*- Number of tourists and number of nights* | *Adequate* |
| *Transport, storage, and communication* | *Suez-Canal Authority:*<br>*- Fees collected (in US$)*<br>*MOP Follow-up department:*<br>*-railway tonnage*<br>*- the road tonnage*<br>*- pipeline tonnage*<br>*- maritime tonnage*<br>*- railway passengers*<br>*- road passengers* | *Adequate* |
| *Financial intermediation* | *None* | *Not adequate* |
| *Real estate, renting, and business services* | *None* | *Not adequate* |
| *Public administration, Education/Health and social work* | *None* | *Not adequate* |
| *Other community, social, and personal service activities* | *None* | *Not adequate* |

Regarding prices, only the Wholesale price index for manufacturing products is used. For all activities other than manufacturing, prices are presumed to move in an equal fashion.

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

The definitions and classifications are mostly close to those used in the national accounts. Nevertheless, changes in inventories and depreciation of enterprises reflect commercial practices, which deviate from national accounts definitions.

Government and balance of payments data are on a cash basis. Part of the private enterprises use calendar years rather than July–June fiscal years. This is likely to affect the accuracy of the national accounts estimates. Sometimes, the source data received contain too few details; these can usually be obtained after a follow up with the data provider.

*3.1.3 Source data are timely*

The annual national accounts sometimes experience late availability of data from the MOF. If needed, the National Accounts Department makes provisional estimates for general government. The quarterly national accounts receive sometimes data for tourism, electricity, and manufacturing quite late.

### *3.2 Statistical techniques*

*3.2.1 Data compilation employs sound statistical techniques*

Output and intermediate consumption estimates are compiled at 2-digit *ISIC* level, with further details till 3- and sometimes 4-digit level in manufacturing.

The reliance on fixed ratios that are more than five years old is very limited, as the economic census and the household budget survey are conducted every five years.

Concerning specific issues of GDP compilation, the following is noted:

- The output of owner-occupied dwellings is estimated as rentals that tenants would pay for similar accommodation. This is according to the recommendations of the *1993 SNA*. The self-assessment by the owner-occupiers as collected through the household budget survey is used for that purpose.

- Financial services indirectly measured (FISIM) is recorded as intermediate consumption by a notional industry. This method is allowed by the *1993 SNA*, although it recommends allocating FISIM to users.

- Inventory data, such as they are reported by enterprises, are used to estimate output for most economic activities. No effort is undertaken to adjust these data for holding gains or losses, such as the international guidelines recommend.

- Consumption of fixed capital is also simply accepted from the returns on questionnaires. Accepted good practice is to use the perpetual inventory method as the conceptual basis for estimating consumption of fixed capital.

- No effort is undertaken to convert basic information on a cash basis toward accrual basis.

As regards procedures to compile volume measures of GDP, one notes the following:

- Deflators are compiled at the same level as the data at current values. Generally, prices are available that are consistent in terms of concept, coverage, and reference period with the variables being deflated. However, output is deflated by elements of the wholesale price index, rather than by a producer price index.

- The internationally recommended method of double deflation is used in the annual accounts.

- In the quarterly accounts, the same element of the wholesale price index is used to estimate both output and value added at current prices.

- Output volume of trade margins is correctly estimated by applying the base year margin rates to the corresponding volume data.

- GDP volume change is measured by expressing the data in the prices of a base year. The base year is changed every five years, which is sufficient under normal circumstances.

Regarding expenditure approach procedures, the following applies:

- Although information on household final consumption expenditure and gross fixed capital formation data are available from large enterprises and the public sector in general, the commodity flow method is used to arrive at the estimate for the total economy. It is preferable to have a source that tracks household final consumption expenditure more directly.

- Household final consumption expenditure is compiled at the 2-digit level of the COICOP. General government final consumption expenditure is compiled at the 2-digit level of COFOG. This level of detail is sufficient. (These data are not yet published.)

- Gross fixed capital formation is broken down by type of assets (buildings, machinery, transportation, equipment, etc.).

- No breakdown is made in changes in inventories, although such would be advisable.

- Government final consumption expenditure is exclusive of incidental sales, which is correct.

- Expenditures of households abroad are correctly included in imports and final consumption expenditure. Vice versa, expenditures by nonresident households are included in exports.

- Stores of wealth, such as jewelry, works or art, and similar are included as the estimates of valuables as far as they can be recognized.

- Appropriate price information is used to deflate GDP expenditure components.

- The household consumption implicit deflator is consistent with the CPI.

- Government final consumption expenditure at constant prices is derived by deflating cost components of output. Regarding the wages element, the inflation correction paid by government is considered the price effect. Wage rises as a result of promotion are presumed to be a volume effect, which may introduce an upward bias in the estimates.

- There is no single method in place for deflating changes in inventories.

On the specific techniques to compile quarterly national account the following is noted:

- An appropriate benchmarking technique is used (proportional Denton D4) to ensure consistency between quarterly and annual estimates.

- The compilation system derives the estimates from seasonally unadjusted source data, which is the preferable method.

- No seasonally adjusted national accounts are being compiled, even though such would be most useful for economic analysis.

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

- Adjustment to data sources takes place to a limited extent. For instance, the data on transfers in the balance of payments is adapted to assure consistency with the data received from the MOF.

- Informal activities are considered to be quite small, if one takes into account that the establishment census counts all establishments in Egypt. Only about the productive activities that are carried out with no fixed premises are absent from any recording. Estimates for this group are made on the basis of a (small) special survey conducted by CAPMAS.

- No adjustments are made for possible underreporting by enterprises.
- Downright illegal activities are not included in the Egyptian national accounts. The same is true for most other countries.

### *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 basic data received are routinely assessed by the National Accounts Department. This is true for both the results of sample surveys and administrative data. The usual checking is on changes over time and outliers. If unlikely values are found, contact is made, by telephone or fax, with the data provider. No review of sampling and nonsampling errors, imputation methods for nonresponse, grossing-up methods, and similar takes place, as these are considered issues for the responsible data provider.

Source data are also checked on their consistency with related data sources. A consistency check is made on whether the data answer the definitions, valuation, reference period, etc., of the national accounts when a new source is considered for its appropriateness. Later on, such checks are usually not made. The National Accounts Department reviews draft questionnaires on whether they will generate the information needed by the department.

### *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 data compiled from the main sources used to compile national accounts statistics are checked with other sources.

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

Statistical discrepancies in intermediate data are investigated and adjustments are made when necessary.

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

The supply and use framework is not normally utilized to investigate discrepancies. The last such set of tables was constructed for 1995–1996 and a new set is being prepared for the year 2000–2001. Statistical discrepancies may occur between the estimates from the production approach and the expenditure approach. If these cannot be explained, the discrepancy is shown in the accounts. Reportedly, the difference between the independent estimates from

the production and expenditure sides for the years a household budget survey is available is only around 2 percent, which would be very small.

There are no other bodies (such as universities or nongovernmental organizations) that compile independent GDP estimates. Accordingly, there are no alternative estimates to compare the official data with. The department is aware that other organizations use the official data as a point of departure for further development. An example is the Social Accounting Matrix of the Cairo University.

### *3.5 Revision studies*

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

Revision does not occur in the sense that data for the same year are routinely revised over a number or years until they are considered "final." In Egypt, the data are deemed final when first published. Nevertheless, if a mistake is found in an earlier published year, the data will be corrected.

The five-yearly change of the base year reportedly leads to a study into the causes of the differences. The results of these studies are laid down in documents.

## 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 established process of consultation with policy departments or a user advisory group. Users tend to make their wishes known by addressing a request to the department.

For the first time, a user questionnaire was distributed on occasion of the presentation of the trial implementation of the *1993 SNA* in an April 2003 conference. One of the objectives of this conference was to seek feedback on the purposed changes.

The National Accounts Department regularly participates in international statistical meetings where exchange of ideas takes place on the broad utility of national accounts data.

### *4.2 Timeliness and periodicity*

#### *4.2.1 Timeliness follows dissemination standards*

Quarterly national accounts are available within three months after the end of the reference quarter, which is in accordance with SDDS requirements.

*4.2.2 Periodicity follows dissemination standards*

The periodicity of the national accounts is quarterly, as required by the SDDS.

### *4.3 Consistency*

*4.3.1 Statistics are consistent within the dataset*

The national accounts are internally consistent. For some years, an unexplained statistical discrepancy is shown, but this tends to be small in value. The estimates are consistent within the "value is equal to price multiplied by volume" framework. Quarterly estimates are consistent with the annual estimates.

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

Immediately after the change of the base year, the two last years may be seen as a short series of consistent estimates. Every following year adds to the length of the consistent series, until a maximum of five years is reached and a new base year is introduced. The disadvantage of the consistent series being usually shorter than five years is mitigated by the overlap publication of the data for the base years. This allows users to link the series themselves. The National Accounts Department does not construct historical series on occasion of changes in source data, methodology, or statistical techniques.

The methodological notes accompanying the data tend to rather short (one or two pages).

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

The national accounts are fully consistent with the balance of payments and the final accounts of government, with perhaps some easy to explain differences such as the earlier mentioned different split between current and capital transfers received from abroad.

### *4.4 Revision policy and practice*

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

A change of the base year takes place every five years, which is well-known by regular users of the statistics. Documentation in summary form accompanies the publication of data according to a new base year.

New source data may be introduced immediately without warning to users. Appropriate changes are made in accounts of earlier years till the most recent base year.

### *4.4.2 Preliminary data are clearly identified*

Officially, there are no preliminary data as they are deemed final on first publication. In practice they are still subject to changes, which is not made clear to users. The quarterly accounts do not carry notes that the data are subject to revision.

### *4.4.3 Studies and analyses of revisions are made public*

A short explanation of the causes of changes introduced with change of base year accompanies the data.

## 5. Accessibility

The dissemination of national accounts data by the MOP is rather complicated. In fact, the data are not published but rather provided to ministries, People's Assembly, the CBE, and international organizations, as well as selected scientific institutions and embassies. The dissemination to a broad public is left to these primary recipients. So, national accounts data can be found in, for instance, publications and websites of the CBE, the Ministry of Foreign Trade, and CAPMAS.[20] The following types of documents leave the MOP:

- A document that includes institutional sector accounts and GDP at current prices and constant by economic activity according to the old methodology is sent to People's Assembly in May. This document forms part of the adoption of the Plan for the next year. The estimates for the current year are made on the basis of partial information.

- Series with quarterly value added at current prices only are included in the document entitled *Real Sector Indicators (Manufacturing and Production Indices)*. However, the quarterlization is only partial. From 1998/1999 through 2001/2002 the data for seven activities were given; since 2003 manufacturing has been added to bring the total at eight activities.

- The "Follow-up reports about the ... quarter for the Plan" contain the same information as mentioned under the fist bullet with fuller information on the current year. The series start in 1960 and go through 2001/2002, with a five-yearly cycle of change of base year. A 40-page methodological description is available. Included in the follow-up reports are quarterly GDP at current and constant 2001/2002 prices by economic activity (available in Arabic only). In comparison with the second bullet, this document specifies the public sector within each activity and adds data for the activity public administration. The remaining activities are quarterlized making use of simple assumptions. This document also includes quarterly goods and services

[20] The MOP is in the process of improving its own website.

accounts for the total economy, in which all expenditure categories are determined by fixed percentages of GDP estimated from the production side. There also is a table with quarterly output, calculated using the same tracking indicators as those utilized for value added. The data are sent off about one quarter after the reference quarter.

- During a conference held in April 2003, the Ministry presented a trial application of the *1993 SNA* with data from 1995/1996 through 2000/2001. These are all current price data; the Ministry hopes to have the data at constant prices by end-2003. Estimates for 2001/2002 have been made, but not yet disseminated.

### *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)*

Despite lack of a clear dissemination policy, the statistics available to a wider public are usually well laid out. The publications by the Ministry of Foreign Trade also include charts that facilitate the interpretation of the figures. Often it is not clear where supplementary information can be obtained. For instance, the Ministry of Foreign Trade does not publish data at constant prices; such information is included in publications of the CBE. On the other hand, the CBE does not give data for quarters, for which the MOP has a table. Neither of these "secondary" publishing agencies provides explanations with the figures. The original documents issued by the MOP include such explanations.

The range of tables and the level of detail are minimal for the moment. Usually, it is possible for users to get hold of time series. Seasonally adjusted data are not (yet) available.

#### *5.1.2 Dissemination media and formats are adequate*

In the light of the introduction to dimension 5, it is obvious that the data are not first released via an information release (to be followed by a more comprehensive publication). Released data and longer time series cannot be accessed through an electronic database maintained by the MOP. For such data, the users are guided to the Ministry's library where they can review hard copy documents. Fortunately, the "secondary" publishing agencies are better equipped in this respect.

#### *5.1.3 Statistics are released on a pre-announced schedule*

There is no advance release calendar. The MOP sends the national accounts data to the Cabinet around mid-April and by the first of May to People's Assembly in accordance with the law. However, this timetable may not be known to outsiders, and anyhow the data are not publicly available but when People's Assembly has approved the Plan, which may be any time until the first of July.

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

The statistical series are not made available to all interested users at the same time.

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

Nonpublished but nonconfidential subaggregates can be made available on request after approval of the Minister of Planning. However, this opportunity is not publicized.

### *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 MOP has prepared a methodological document on the annual national accounts. The Ministry's series *Real Sector Indicators* contain methodological descriptions of the quarterly national accounts. At the April 2003 seminar on the implementation of the *1993 SNA*, a document was distributed that contained both a brief presentation of the *SNA* and a description of the methodology used for its implementation in Egypt. Both types of documents have recently been posted on the MOP website.

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

No short brochures have been prepared that are specifically focused on a nonexpert public. The methodology of the annual national accounts is updated from time to time.

### *5.3 Assistance to users*

*5.3.1 Contact person for each subject field is publicized*

Although the National Accounts Department is ready to provide support to users of the national accounts statistics, the publications only mention as origin the MOP. No specific individuals or departments are identified who may be contacted by mail, telephone, facsimile, or by e-mail. The assistance to users is not monitored through periodic surveys of users.

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

The MOP does not sell its national accounts documents and has not prepared a catalog of its documents and services. The data are expected to be made available on the MOP's website.

Table 1. Egypt: Data Quality Assessment Framework—Summary of Results for National Accounts Price Statistics

*(Compiling Agency: Ministry of Planning )*

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

| Element | NA | Assessment | | | | Comments |
|---|---|---|---|---|---|---|
| | | O | LO | LNO | NO | |
| **0. Prerequisites of quality** | | | | | | |
| 0.1 Legal and institutional environment | | | X | | | Responsibility for dissemination is not specified by law. |
| 0.2 Resources | | | X | | | Few procedures are in place directed at efficiency. |
| 0.3 Quality awareness | | | X | | | Few formal procedures focus on quality. |
| **1. Integrity** | | | | | | |
| 1.1 Professionalism | | | | X | | No provisions are in place directed at assuring the public that political interference is excluded. |
| 1.2 Transparency | | | | X | | Internal government access is not publicized. Advance notice is seldom given of major changes in methodology. |
| 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 | | | Consumption of fixed capital not included value non-market output. Most government and external transactions are on a cash basis. |
| **3. Accuracy and reliability** | | | | | | |
| 3.1 Source data | | | X | | | A unique and up-to-date business register does not yet exist. No current statistics tracks household final consumption. Insufficient coverage for some of the service activities. |
| 3.2 Statistical techniques | | | X | | | Sources on inventories and consumption of fixed capital are not adjusted. |
| 3.3 Assessment and validation of source data | | | X | | | There are no extensive investigations in the accuracy of the sources. |
| 3.4 Assessment and validation of intermediate data and statistical outputs | | X | | | | |
| 3.5 Revision studies | | | X | | | Data are considered final when first published. |

Table 1. Egypt: Data Quality Assessment Framework—Summary of Results for National Accounts Price Statistics

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| Element | NA | Assessment | | | | Comments |
|---|---|---|---|---|---|---|
| | | O | LO | LNO | NO | |
| **4. Serviceability** | | | | | | |
| 4.1 Relevance | | | X | | | Very little feedback is actively sought to monitor users' needs. |
| 4.2 Timeliness and periodicity | | X | | | | |
| 4.3 Consistency | | | X | | | Time series are 5 years at the most, but lap-years are provided. |
| 4.4 Revision policy and practice | | | X | | | Data are subject to changes, but are not identified as such. |
| **5. Accessibility** | | | | | | |
| 5.1 Data accessibility | | | | X | | No clear dissemination policy. No release schedule. Not all users receive the data at the same time. Opportunity to receive additional data not publicized. |
| 5.2 Metadata accessibility | | | X | | | Availability documentation not publicized. No metadata at different levels of detail. |
| 5.3 Assistance to users | | | | X | | No contact persons are publicized. No catalogs of publications and services are available. |

## 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*

Authority to compile and publish statistics and censuses was given to the Public Mobilization and Statistics Administration (PMSA), by the terms and conditions of the Law No 35 of 1960 on Statistics and Censuses. Later on, the PMSA's name was changed to Central Agency for Public Mobilization and Statistics (CAPMAS) by Decree No. 2915 of 1964, which transferred to CAPMAS the responsibility to collect, produce and disseminate Egypt's price statistics through its program of censuses and surveys. This Decree expands the authority of CAPMAS to achieve centralized control of statistics, censuses, indices, and statistical publications by establishing a subordinate Central Statistics Department in each ministry, governorate, and public authority that provides CAPMAS with all data and statistics needed to perform its tasks.

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

Price data are collected by regional agencies, which are subordinate to CAPMAS. Household expenditure surveys (HES), business surveys, and imports data used in constructing weights are also produced within CAPMAS. Coordination with the other data providing agencies is broadly satisfactory.

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

Confidentiality of reported data is guaranteed under the Law No. 35 of 1960 on Statistics and Censuses, which also stipulates punitive measures in case of violation of the law. No case of breech of confidentiality of consumer price index (CPI) data is known.

Mandatory reporting stems from the above legislation. The respondents are informed in writing[21] of their rights and obligations about data provision, and are assured the information they provide will be solely used for statistical purposes.

Access to data is restricted to staff who need the information to perform their duties. Unauthorized access to data is precluded by computer passwords and restricted access to offices. The indices are published at a sufficient level of aggregation to prevent disclosure of individual data.

[21] On all survey questionnaires.

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

According to Article 2 of Law No. 35, individuals and entities must provide the entity performing the statistics and censuses with all required data, accurately and in the format and time frame specified by CAPMAS. Penalties for infringing on the secrecy of the statistical data are also specified by law. In practice however, CAPMAS prefers to use persuasion rather then penalties for nonrespondences to statistical surveys.

***0.2 Resources***

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

Staff resources are somewhat commensurate with the work program. The Division of Prices and Indices is composed of two units responsible for price data treatment (12 staff) and two other units responsible for indices compilation (4 staff for CPI and 6 for WPI). Of these, 10 have a university degree and the other have post-secondary school degrees complemented by internal training. The recruitment of qualified new staff is an issue of concern given the low rates of pay in the civil service and government's recruitment policies.

Most of the staff involved in indices compilation have attended international courses or seminars. CAPMAS also facilitates staff participation in special courses of the Institute for Research and Statistical Study at the Cairo University. The price division has benefited in several occasions from technical assistance provided by the IMF and other international organizations.

Computer equipment available to the price statistics division is inadequate. Only one computer was allocated to the entire Division, which was outdated and had insufficient capacity. Only recently it was replaced by a more powerful one, which, however, is not permanently allocated to the division. Software is also outdated (dBase III program), and an electronic price data base is not available. In order to speed up index processing and for better data validation, the computer equipment and software for processing need urgent upgrading.[22] The staff involved in price indices compilation would also need training to use the new equipment and software effectively.

*0.2.2 Measures to ensure efficient use of resources are implemented*

The operational budget is prepared at CAPMAS and is further distributed by operation, which allows a close monitoring of costs. Management tries to promote rational use of the limited budgetary allowance. Efficiency is, however, limited due to the unavailability of

[22] A minimum of two powerful computers are needed.

computer resources as mentioned above. Another issue limiting efficiency is the insufficient supervision of staff work, particularly in the regional centers. Inadequate data procedures and checking for errors adversely affect the quality of the index. When necessary, CAPMAS seeks outside expert assistance to assess and assist in their statistics development.

### *0.3 Quality awareness*

#### *0.3.1 Processes are in place to focus on quality*

Quality of price statistics is a matter of concern for CAPMAS management and this concern has been shared with the technical staff. It is also reflected in the content and presentation of dedicated monthly publications. However, specific quality processes are not implemented.

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

An Advisory Committee was created by Decree No 2915 of 1964 with the main responsibility for conducting technical studies and providing guidance to management. Periodic meetings are held to discuss technical issues and to seek suitable strategies for data quality improvement, but with little follow-up for price statistics. There are no systematic reviews undertaken to identify problems at the various stages of collecting, processing, and disseminating data and insufficient measures have been taken to make full use of available resources. No meetings have been held with users to obtain their feedback on the quality of price statistics.

#### *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*

In the Division of Prices and Indices, accuracy and reliability carries little importance among the various quality dimensions. The update of the CPI and replacement of the wholesale price index (WPI) with a producer price index are among the most important plans for data quality improvement of price statistics at the CAPMAS. However, various reasons, in particular limited resources, have contributed to postponing methodological improvements in price statistics. The overdue update of the CPI with new weights and improved techniques is now underway.

Users' feedback received through data queries is not always followed up on.

## 1. Integrity

### *1.1 Professionalism*

*1.1.1 Statistics are compiled on an impartial basis*

The Law on Statistics and Censuses and the Decree creating the CAPMAS ensure the professional independence of CAPMAS to determine the coverage, content, methodology and periodicity of data collection for price indices compilation, and to publish the results. These documents are available publicly for consultation. Staff indicated that there is no external interference in the production and dissemination of official statistics by CAPMAS.

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

The choice of source data and statistical techniques is based solely on statistical considerations made by staff. However, lack of openness impedes smooth communication of problems.

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

CAPMAS is entitled to comment on erroneous interpretations or misuse of official statistics. Several cases have been recorded when comments were provided to newspapers or by direct contact.

### *1.2 Transparency*

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

The terms and conditions under which price data are produced and disseminated are contained in the Law on Statistics and Censuses, which is available to the public.

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

Access of other government agencies to data before release (while the bulletin is in print) is not made public.

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

CAPMAS publications are clearly identified by name and logo. Price data are also published by other agencies, such as the Ministry of Foreign Trade, the Central Bank of Egypt (CBE), and the Prime Minister bulletin. Each publication quotes CAPMAS as the source.

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

The public is informed about major changes in methodology, sources, or techniques only at the time the changes are introduced. No advance notice is given.

### *1.3 Ethical standards*

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

Law No 47 of 1978 states the ethical standards of behavior for government employees. New staff are made aware of these guidelines when they join the organization. Even though it is not reminded regularly, staff are aware of their responsibilities and no breaches are known to have occurred.

## 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 concepts and definitions for household consumption expenditures as in the last two HES (1995–1996 and 1999–2000) are based on the *1968 SNA*. Price collection concepts are generally consistent with international standards. The CPI measures changes in the prices of goods and services purchased by households for consumption purposes. Expenditure weights for the current CPI are based on the HES of 1995-96. The target population for HES is all households in both urban and rural areas. Work is underway to update the CPI by introducing new weights from the 1999–2000 HES and changing the base-year prices to 1999–2000.

### *2.2 Scope*

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

CAPMAS currently produces an urban CPI and a rural CPI, as well as separate indices for main cities and regions. In addition, the index in preparation with the 1999–2000 base will include a national aggregate. The weights for the CPI items are derived from the 1995–1996 HES whose coverage is representative of the whole population. The HES covers all consumption expenditures of households (including donations, transfers in kind for education, health, and housing) and capital formation in dwellings. Second-hand products and illegal goods or services are not included, nor are adjustments for the nonobserved or the illegal economy made. The expenditure aggregate of the CPI includes all consumption expenditures of households plus own-account production of market goods (agricultural and

foodstuffs products). The consumption of owner-occupied housing is included by imputation based on rental equivalents.

### *2.3 Classification/sectorization*

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

The *1968 SNA* Classification of Household Goods and Services (CHGS) is used to classify households' expenditures for HES as well as for CPI weights. Eight major groups built up from 31 subgroups adapted to country specifics are identified in the CPI. Conversion to a Classification of Household Goods and Services (COICOP) with a few deviations is being done for the new index in preparation. These deviations reflect country specifics and refer mainly to excluding certain items, considered nonrepresentative of household consumption (for example, alcoholic beverages, narcotics), and the aggregation of others at the 2-digit level. It should be noted that while the new CPI uses the COICOP, the 1999–2000 HES provides weights based on the CHGS of *1968 SNA*. This needs additional work for conversion and further refinement.

### *2.4 Basis for recording*

#### *2.4.1 Market prices are used to value flows and stocks*

The goods and services in the consumer basket are valued at purchasers' prices, all taxes included. Own account production for own consumption is valued at equivalent market purchasers' prices, and rental equivalence is used for owner occupied housing.

Prices collected are actual transaction prices, including subsidized products and controlled prices for certain goods and services (food, housing, education, and health) that are representative for what most of consumers are paying. Collectors are instructed to look for product specifications, as previously established, which include price determining characteristics. Also they are instructed to collect the actual transaction prices, particularly in the street markets.

#### *2.4.2 Recording is done on an accrual basis*

Most prices are collected monthly in urban areas and every other month in rural areas. Collection is spread over three days of each month (15–17), and reflects the actual prices that consumers are paying on the day of the survey. Prices for certain products or services that change less frequently or are controlled are collected yearly or when new price regulations are enforced by the government. For a number of products prices are collected quarterly from business companies by using a common form[23] for both CPI and WPI.

[23] Three types of prices are collected: producer, wholesale and consumer prices.

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

Current CPI weights, derived from the 1995–1996 HES, do not provide for secondary market sales, such as used cars, or sales and rebates because these were considered relatively unimportant at the time. Due to increased importance in the economy, the expenditure on used cars was captured in the 1999–2000 HES. However, practical difficulties impeded staff to account for it in the CPI in preparation.

## 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 sampling frame used to select the households to be included in the HES is taken from the population census[24] updated for population growth during the year preceding the survey. As for price collection, the selection of the outlet sample is based on information from the business register kept by the Administration for Internal and Foreign Trade, updated with information from the retail companies.

CPI expenditure weights are derived from the HES, which is normally conducted every five years depending on available funding (externally financed). The current CPI uses the results of the 1995–1996 HES. A new index using the weights of the 1999–2000 HES is in preparation; the first results are expected to be published in early 2004.

Probability sampling techniques are used for selecting households from the census master sample. The comprehensive master sample was first distributed among the urban and rural areas, based on urban and rural areas maps, and using variance measures. Then, the urban sample was distributed according to population and number of shiakhas (base urban units), or villages within governorates for the rural sample. For the smallest governorates a minimum of four shiakhas were selected. Approximately 48,000 households participated in the last survey throughout one year period (July 1999–June 2000) and only 15,000 in the 1995–1996 HES. The non-response rate was small (5–6 percent) as staff tried to persuade the respondents in repetitive visits. The HES samples were designed to ensure representativeness by governorate and of all income groups.

[24] The 1995–96 HES used the sampling form of 1986 census, while the 1999–2000 HES was based on the 1994 census.

The HES collected data on expenditures on goods and services for consumption, together with purchases for production purposes (unincorporated enterprises). The value of goods produced for own-final consumption is estimated at equivalent market purchasers' prices. Rental value of owner-occupied housing is determined by imputation on the basis of fixed rents set by government since 1942.

Prices are collected through a stratified sample of outlets for urban and rural areas throughout the 26 governorates. The regional branch offices located in the capital center of each governorate are responsible for price collection. The outlet sample includes one district for each urban center within governorates and two districts for Cairo and Alexandria. In each district, prices are collected from three types of outlets for each variety of food items (street markets, supermarkets or grocery stores, and government-owned stores). For clothing and households goods, in each district prices are collected from three outlets (two private stores and one government-owned store). As for the rural areas,[25] each governorate is divided into three subregions, and from each subregion three villages are selected for outlets. The selection of the retail outlets was designed to represent those most frequented by consumers for purchases of goods and services. However, the increasing privatization of the economy in the last years has caused significant changes in retail trade activity, with a massive replacement of government-owned stores by private ones. Presently, private stores represent the great majority. However, the update of the outlet sample has not been done in a systematic way, for instance by organizing surveys on the point of purchase of households, adversely affecting the outlet representativeness.

Each month approximately 100,000 price observations are reported for compiling the overall urban CPI from the 26 urban centers. These cover about 204 items and around 655 commodities. The number of priced items has increased in the new CPI from 204 items to around 274, and that of commodities from 655 to about 800.

The selection of items is done according to their importance in the household expenditure, representativeness of price movement of the expenditure class, and availability for a reasonable length of time. Most of the price collection is done by personal visits of local staff who are given detailed specifications of product characteristics. The revision of the list of product specifications is sought on an ongoing basis by making use of available information from retail businesses.

Prices are subsidized and controlled for a number of food items (sugar, bread, and oil) and services (health, education, rent, etc.). The subsidies are allocated to producers for domestic production (e.g., wheat, flour) or to trade companies for imports of food items (e.g., sugar, edible oil). Each person in the low income section of the population is entitled to a fixed quantity of food items at subsidized prices; purchase beyond that allowance can only be made at free-market prices. Separate weights are provided in the 1995–1996 HES for

[25] Spread across 17 of the 26 governorates.

subsidized sugar and oil but not for bread[26]. Both varieties of bread (subsidized and free) are included in the CPI with equal shares, causing an improper accounting of these commodities in the elementary aggregate (bread). Furthermore, decreasing quality (e.g., reduction in size for bread for the same price, use of a lower quality of flour), although noted by staff, is not accounted for in the CPI.

The weight for rent resulting from the 1995–1996 HES is relatively low (around 3 percent if imputed rent for owner-occupied housing is included) due to controlled prices (since 1942). A special survey was conducted in April 2003 to take stock of changes in the rent composition following the lifting of rent controls on apartments[27] in 1996. Although the ratio of new apartment rents to old ones is currently over 60, their relative share is still small (5–6 percent). For this reason, the staff decided to postpone the selection of a number of units to be surveyed for the next year when the price is expected to be more stable. Such study is intended to be carried out annually as an addendum to the labor force survey. It is obvious that the movement of rent for the two categories is very different, and overlooking it distorts the index. The inclusion of new outlets to collect the rents for the new apartments is considered in the new CPI only.

Generally, CPI staff seeks information on emerging outlets or new goods with retail businesses, regional collection centers, the Administration for Internal and Foreign Trade, and other sources. However, major updates of the CPI basket are only done at the time of weights change.

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

The HES broadly approximate the definitions, scope, and classifications of the CPI. The source data are generally consistent with time of recording, reference period and valuation of CPI estimates. However, the expenditure consumption in the 1999–2000 HES follows the *1968 SNA*, while the new CPI weights are converted to COICOP (see also 2.3.1.).

### *3.1.3 Source data are timely*

The price survey supports calculation of the CPI within one month of the end of the reference month. The processing of the1999–2000 HES and the resulting weights have been delayed due to lack of performance computers and adequate software. As mentioned, this delay has adversely impacted the accuracy of the index.

[26] The new CPI provides separate weights for all subsidized items, including the referred variety of bread.

[27] Applicable to both new and existing apartments.

## *3.2 Statistical techniques*

### *3.2.1 Data compilation employs sound statistical techniques*

The expenditure estimates provided by the HES are sufficiently detailed to be of effective use as CPI weights. The current CPI basket includes about 655 commodities. The HES provides weights by governorate for 204 items (elementary indices). The new CPI basket has increased to include about 274 items and 800 commodities.

The HES distinguishes the own-account production of goods for own consumption (mainly agricultural goods), which is valued at equivalent market purchasers' prices. The weights for owner-occupied dwellings are estimated as rentals that tenants would pay for similar accommodations. Goods and services purchased are valued at actual purchaser prices at the survey day regardless of the method of payment.

Currently, the CPI staff have only one computer, on which only higher-level indices are computed. The elementary indices compilation is done manually, by region,[28] up to the commodity (variety) level, based on price lists transmitted by regional offices of governorates. For each variety, a regional average price is produced from data collected from the composing governorates. Given the huge workload to handle all data manually, only a part of the prices is used in the average price compilation, after most outliers are eliminated. This practice seriously affects the accuracy of the index. The average price by region is next compared to the base year price to obtain a price relative per variety. The elementary indices are compiled as unweighted geometric means of price relatives. The lack of weights within the elementary aggregates can be considered a source of bias, particularly for those categories of products which show different price movement of various components (e.g., bread, rent, education).

Higher-level indices are compiled by using the Laspeyres formula and the weights provided by the HES. Within the urban CPI each of the six regional indexes has a discrete set of item weights.[29] Similarly, the rural CPI distinguishes between Upper Egypt and Lower Egypt. The urban CPI is constructed as a weighted average of the six regional indices using population as weights. Conceptually, the expenditure shares of cities in total urban expenditures derived from the HES should be used as weights to better account for expenditure cost movement.

The expenditure weights have the same reference period as prices (July 1995–June 1996). Similarly, the new CPI under work uses the weights of the last HES (July 1999–June 2000).

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[28] Six urban regions (Cairo, Alexandria, Canal cities, Border lands, Upper Egypt, and Lower Egypt) and two rual areas (Upper Egypt and Lower Egypt) are distinguished.

[29] The HES can provide, however, weights at the governorate level.

A link period of six months (July–December 2003) is being considered to analyze price developments as recorded by the two indices.

Temporarily missing prices in an outlet are first checked against other outlets and imputed with the price of the same product in other outlets. In case they are missing in all outlets, the price for the respective product is either carried forward from the previous month or is omitted from the current month (mainly applied to varieties aggregated without weights, such as seasonal products). The preferred method in such case would be to impute the price based on the movement of similar products. The missing products are tracked, and in case they become permanently unavailable (after three months), suitable replacements will be sought. No quality adjustment is usually made. New products are generally introduced with weights update. Only occasionally new items, such as the subway tickets, are introduced into the CPI after they have gained significant market share. However, this was done only by adjusting the weights within the group.

The composition of the new CPI is undergoing important changes and is expected to better reflect consumer price movement. Thus, new products have been added to the consumer basket, weights have been updated using the results of the 1999–2000 HES with some varieties shifted to item level, and COICOP has been implemented. Furthermore, a national index will be produced by aggregating the urban and rural indices. Most important new products that are being introduced in the CPI in preparation are: computers, telecommunication services (cell phones), air tickets, gas, travel expenses of regular visits to holly places, etc. Unfortunately, in the absence of computer equipment and adequate software, several other improvements in the compilation techniques for the new index had to be postponed.

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

The scope of the current CPI sufficiently approximates that of the household consumption expenditure in national accounts. The proportion of households final consumption expenditure not covered by CPI is minimal (see also 2.2.1). The results of the 1999-2000 HES showed increasing expenditures on used cars. In this case, the recommended practice is to determine net weights for used cars (purchases less sales of vehicles) in the CPI. However, the new CPI does not include separate weights for this item, because of difficulties in defining the product specifications.

### *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*

Sampling errors for the HES are available and are published (less than 1 percent for the 1999–2000 HES). The results of the HES are adjusted for nonresponse and efforts are made to minimize errors. Repetitive visits to sampled households by collectors have contributed to a small nonresponse rate (5-6 percent). For the 1995–1996 HES the sample of households was changed quarterly, while in the last survey they were changed monthly, thus reducing the response burden.

Regarding price collection, verifying and data correction are done mostly manually by the CAPMAS' price statistics staff. The software used for the compilation of the current CPI (dBase III) does not allow for a proper automatic validation of data. The detection of outliers, misclassification, and possibly other errors is thus confined to the manual checking against the original spreadsheets from the regional centers. In some cases, regional centers are contacted in writing to verify and correct the values as needed. In the absence of adequate computing technology at CAPMAS and regional centers, combined with insufficient supervision and auditing, the accuracy of source data cannot be guaranteed.

Contacts are maintained with different government agencies, retail companies, and internal departments for updating and cross-checking data.

### *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 CPI subindices are regularly checked against comparable indices of the wholesale price index. However, no comparison with other comparable price indices, such as the import price index, has been made.

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

Unusual movements in prices for certain products or coming from particular centers are investigated at times, and notes for verification are sent to the respective centers. Useful information to explain changes can be provided by retail companies or by other secondary sources. However, such investigations are not done regularly.

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

At the level of aggregated indices, there are no aggregation inconsistencies as the tabulation process produces consistent results. Comparisons between regional indices are made and explanations are sought. At the low level, discrepancies in intermediate data may occur, however, due to manual compilation.

### *3.5 Revision studies*

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

The monthly CPI is not revised but weights are revised every five years in principle (when the results of the latest HES become available). When weights or methods are revised, the index is not usually revised backwards. The new series is linked to the old one with a variable overlapping period, which was 12 months for the previous update. For the new CPI an overlapping period of 6 months is being considered. The ongoing update of the CPI, which introduces a series of improvements, is a proper occasion to undertake a revision study, but revision studies have not been undertaken in the past.

## 4. Serviceability

### *4.1 Relevance*

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

There is well established formal contact with users, and no user survey has been conducted to enquire of users' satisfaction with price indices quality. User queries are answered individually. Recently, as a result of concerns raised by the Cabinet about CPI trends, the Advisory Committee on Statistics discussed the statistical methods and plans for improvement.

### *4.2 Timeliness and periodicity*

*4.2.1 Timeliness follows dissemination standards*

The CPI data are disseminated by the end of the month after the reference period.

*4.2.2 Periodicity follows dissemination standards*

Periodicity of the CPI is monthly.

### *4.3 Consistency*

#### *4.3.1 Statistics are consistent within the dataset*

The CPI's urban and rural aggregates and their regional components are consistent.

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

A consistent time series is available for the period 1998–2003. However, data have not been revised back when methodological changes and data source updates took place. There are plans to do so after the new index is produced. Brief methodological notes on weights and base-year updates are included in the monthly publication.

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

Consistency of CPI data is checked against the WPI only, but without follow up. Important differences in growth between the two indices have been noted in the recent period, with the CPI showing lower increases than the WPI.

### *4.4 Revision policy and practice*

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

Revision of CPI weights and base-year change is intended to be done every five years but this schedule is not always followed.

#### *4.4.2 Preliminary data are clearly identified*

There are no preliminary CPI data. Data are deemed final when first published.

#### *4.4.3 Studies and analyses of revisions are made public*

The revision policy regarding the five-year index update is not known to the public. Monthly price indices are not revised because they are used in contracts.

## 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)*

CPI data are published with a reasonable amount of detail, including time series for eight major groups and their corresponding charts. The weights by region are also published. However, the presentation is limited to showing trends by main categories without further analysis.

*5.1.2 Dissemination media and formats are adequate*

CPI data are disseminated through a dedicated monthly publication by CAPMAS. In addition, data can be found in the Ministry of Foreign Trade monthly bulletin, the CBE publication, the bulletin of the Information Center for Ministries Decision Board, and via the government website.

*5.1.3 Statistics are released on a preannounced schedule*

No advance release schedule is provided. There is no fixed date for release. However, it does not exceed the end of the month following the reference month, a fact considered known by users.

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

In principle, all users have access simultaneously. In practice, nevertheless, selected government agencies receive data before other users, while the publication is in print. No press release is provided.

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

Nonpublished but nonconfidential data are made available upon request at the Information Center of CAPMAS. However, the availability of such service, terms, and conditions are not brought to users' attention.

### *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*

Brief methodological notes are included in the publication, but without any information about shortcomings in the data, explanations on results, or any other information users may need to assess the data.

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

A comprehensive methodology on sources and methods used in the index compilation, updated at times with methodological improvements, is not available for users or for internal use. Staff acknowledge the necessity of preparing detailed descriptions of sources and methods for the index compilation, particularly in the context of improvements underway.

### *5.3 Assistance to users*

*5.3.1 Contact person for each subject field is publicized*

Contact person information (telephone or fax number) is not specified in the publications. The Information Center where the users may address their queries or purchase publications is considered known.

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

A catalog of publications and other services to users is available and updated annually. A list of prices can be found at the Information Center.

Table 2. Egypt: Data Quality Assessment Framework—Summary of Results for Price Statistics (Consumer Price Index)

*(Compiling Agency: CAPMAS )*

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

| Element | NA | Assessment | | | | Comments |
|---|---|---|---|---|---|---|
| | | O | LO | LNO | NO | |
| **0. Prerequisites of quality** | | | | | | |
| 0.1 Legal and institutional environment | | X | | | | |
| 0.2 Resources | | | | X | | Outdated software. Insufficient computer resources. No specific quality focused processes. |
| 0.3 Quality awareness | | | | X | | Little importance given to data accuracy. |
| **1. Integrity** | | | | | | |
| 1.1 Professionalism | | X | | | | |
| 1.2 Transparency | | | X | | | No advance notice of major changes. Governmental access not publicized. |
| 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 | | Weights, product basket, and outlet sample are outdated. Subsidized and controlled prices overrepresented. |
| 3.2 Statistical techniques | | | | X | | Intermediate data are manually processed and exclude a part of basic data. |
| 3.3 Assessment and validation of source data | | | | X | | Correction and validation of data limited to simple techniques. Inadequate supervision of regional centers collection. |
| 3.4 Assessment and validation of intermediate data and statistical outputs | | | X | | | Data cross-checking is not done on a consistent basis. Unusual movements in intermediate data are not regularly investigated. |
| 3.5 Revision studies | | | X | | | No revision studies are conducted. |
| **4. Serviceability** | | | | | | |
| 4.1 Relevance | | | X | | | Feedback from users is not actively sought. |
| 4.2 Timeliness and periodicity | | X | | | | |
| 4.3 Consistency | | | X | | | Sizable inconsistencies between the CPI and WPI are not analyzed. |
| 4.4 Revision policy and practice | | | X | | | Revision cycle is not always respected. |
| **5. Accessibility** | | | | | | |
| 5.1 Data accessibility | | | X | | | No advanced release schedule is practiced. |
| 5.2 Metadata accessibility | | | X | | | No metadata at different levels of detail. |
| 5.3 Assistance to users | | | X | | | No name and contact person information are published. |

# III. PRICE STATISTICS (WHOLESALE 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*

Authority to compile and publish statistics and censuses was given to the Public Mobilization and Statistics Administration (PMSA), by the terms and conditions of the Law No 35 of 1960 on Statistics and Censuses. Later on, the PMSA's name was changed to Central Agency for Public Mobilization and Statistics (CAPMAS) by the Decree No 2915 of 1964, which transferred to CAPMAS the responsibility to collect, produce and disseminate Egypt's price statistics through its program of censuses and surveys. This Decree expands the authority of CAPMAS to achieve centralized control of statistics, censuses, indices and statistical publications by establishing a subordinate Central Statistics Department in each ministry, governorate, and public authority, that provides CAPMAS with all data and statistics needed to accomplish its tasks.

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

Price data are collected by regional agencies, which are subordinate to CAPMAS. Household expenditure surveys (HES), business surveys and imports data used in constructing weights are also produced within CAPMAS. Coordination with the other data providing agencies is broadly satisfactory.

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

Confidentiality of reported data is guaranteed under the Law No 35 of 1960 on Statistics and Censuses, which also stipulates punitive measures in case of violation of the law. No case of breech of confidentiality of wholesale price index (WPI) data is known.

Mandatory reporting derives from the above legislation. The respondents are informed in writing[30] of their rights and obligations with regard to data provision, and are assured that the information they provide will be solely used for statistical purposes.

Access to data is restricted to staff who need the information to perform their duties. Unauthorized access to data is precluded by computer passwords and restricted access to offices. The indices are published at a sufficient level of aggregation to prevent disclosure of individual data.

[30] On all survey questionnaires.

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

According to Article 2 of the Law No 35, individuals and entities must provide the entity performing the statistics and censuses with all required data, accurately and in the format and time frame specified by CAPMAS. Penalties for infringing on the secrecy of the statistical data are also specified by law. In practice, however, the CAPMAS prefers to use persuasion rather than penalties for no responses to statistical surveys.

***0.2 Resources***

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

Staff resources are somewhat commensurate with the work program. The Division of Prices and Indices is composed of two units responsible for price data treatment (12 staff) and two other units responsible for indices compilation (4 staff for CPI and 6 for WPI). Of these, 10 have a university degree and the other have post secondary school degrees complemented by internal training. The recruitment of qualified new staff is an issue of concern given the low rates of pay in the civil service and government's recruitment policies.

Most of the staff involved in indices compilation have attended international courses or seminars. The CAPMAS also facilitates staff participation in special courses of the Institute for Research and Statistical Study at the Cairo University. The price division has benefited on several occasions from technical assistance provided by the IMF and other international organizations.

Computer equipment available to the price statistics division is inadequate. Only one computer was allocated to the entire division, which was outdated and had insufficient capacity. Only recently it was replaced by a more powerful one, which, however, is not permanently allocated to the division. Software is also outdated (dBase III program), and an electronic price database is not available. In order to speed up index processing and for better data validation, the computer equipment and software for processing need urgent upgrading.[31] The staff involved in price indices compilation would also need training to use the new equipment and software effectively.

*0.2.2 Measures to ensure efficient use of resources are implemented*

The operational budget is prepared at CAPMAS and is further distributed by operation, which allows a close monitoring of costs. Management tries to promote rational use of the limited budgetary allowance. Efficiency is, however, limited due to the unavailability of computer resources as mentioned above. Another issue limiting efficiency is the insufficient

[31] A minimum of two powerful computers are needed.

supervision of staff work, particularly in the regional centers. Insufficient data procedures and checking for errors adversely affect the quality of the index. When necessary, the CAPMAS seeks outside expert assistance to assess and assist in their statistics development.

### *0.3 Quality awareness*

#### *0.3.1 Processes are in place to focus on quality*

Quality of price statistics is a matter of concern for the CAPMAS management and this concern has been shared with the technical staff. It is also reflected in the content and presentation of dedicated monthly publications. However, specific quality processes are not implemented.

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

An Advisory Committee was created by Decree No. 2915 of 1964, with the main responsibility for conducting technical studies and providing guidance to management. Periodic meetings are held to discuss technical issues and to seek appropriate strategies for data quality improvement, but with little follow up for price statistics. There are no systematic reviews undertaken to identify problems at the various stages of collecting, processing, and disseminating data and insufficient measures have been taken to make full use of available resources. No meetings have been held with users to obtain their feedback on the quality of price statistics.

#### *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*

In the Division of Prices and Indices, accuracy and reliability carries little importance among the various quality dimensions. The update of the CPI and replacement of the WPI with a producer price index are among the most important plans for data quality improvement of price statistics at CAPMAS. However, various reasons, in particular limited resources, have contributed to postponing methodological improvements in price statistics.

Users' feedback received through data queries is not always followed up on.

## 1. Integrity

### *1.1 Professionalism*

#### *1.1.1 Statistics are compiled on an impartial basis*

The Law on Statistics and Censuses and the Decree creating the CAPMAS ensure the professional independence of CAPMAS to determine the coverage, content, methodology, and periodicity of data collection for price indices compilation, and to publish the results.

There is no external interference in the production and dissemination of official statistics by CAPMAS.

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

The choice of source data and statistical techniques is based solely on statistical considerations made by staff. However, lack of openness impedes smooth communication of problems.

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

The CAPMAS is entitled to comment on erroneous interpretations or misuse of official statistics. Several cases have been recorded when comments were provided to newspapers or by direct contact.

***1.2 Transparency***

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

The terms and conditions under which price data are produced and disseminated are contained in the Law on Statistics and Censuses, which is available to the public.

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

Access of other government agencies to data before release (while the bulletin is in print) is not made public.

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

CAPMAS publications are clearly identified by name and logo. Price data are also published by other agencies, such as the Ministry of Foreign Trade, and the Central Bank of Egypt (CBE). Each publication quotes CAPMAS as the source.

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

The public is informed about major changes in methodology, sources, or techniques only at the time the changes are introduced. No advance notice is given.

### *1.3 Ethical standards*

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

Law No 47 of 1978 states the ethical standards of behavior for the government employees. New staff are made aware of these guidelines when they join the organization. Even though it is not reminded regularly, staff are aware of their responsibilities, and no breaches are known to have occurred.

## 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 concepts and definition of the WPI generally follow the *1968 SNA.* The index is intended to measure price changes for goods sold in primary markets, other than retail ones. Various prices are collected from either wholesalers[32] or from producers.[33] For the index compilation the wholesale prices as defined by producers are retained. The index coverage is not restricted to domestically produced goods but covers also imported farm products and foodstuffs sold by wholesalers. The concepts and definition for both weights and prices are, however, not consistent with those of a producer price index (PPI), which is considered more analytically meaningful.

### *2.2 Scope*

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

The WPI covers agricultural, mining, and manufacturing products, which account for 45 percent[34] of the total output of the economy. Imported goods for the agricultural products and foodstuffs are also included.

Given the developments in the Egyptian economy in the last decades, and taking into account the weaknesses of a WPI as instrument for inflation measurement, immediate measures should be taken to launch constructing a PPI that would replace the outdated WPI. A PPI

[32] Including prices for imported goods.

[33] Three types of prices are collected through the questionnaires sent to producers: producer, wholesale and consumer price.

[34] In 2000/2001.

measures changes in the prices of goods and services produced by domestic businesses without the influence of imports, being thus an analytical useful tool for decision making. It also measures price changes at basic prices and thus excludes the effects of taxes and transport margins. Basic prices are those typically used by business in setting pricing policies.

### *2.3 Classification/sectorization*

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

Classification of establishments and products by main groups was done according to the Regional Classification of Economic Activities for Arab Countries, which is derived from the *International Standard Industrial Classification* (*ISIC*). In addition, the subgroups of the farm products and manufacturing industries were classified by stage of processing and final use according to the Brussels Tariffs Nomenclature. However, this system of classifications focuses on classifying products by economic activities, which is not the purpose of the WPI. Implementation of the Central Product Classification should be considered in the future when developing a PPI.

### *2.4 Basis for recording*

#### *2.4.1 Market prices are used to value flows and stocks*

The valuation rules for recording flows and stocks are generally consistent with the *1968 SNA.* Weights are compiled based on domestic production of agricultural and manufacturing products to which imports are added for the covered categories. Prices collected are mostly wholesale prices with taxes, transportation, and wholesale margins included.

#### *2.4.2 Recording is done on an accrual basis*

Prices are collected monthly on the 15th for farm and foodstuff products. They reflect actual prices at the time of transaction. For the industrial products, collection is organized quarterly, and prices provided are those of the first month[35] of the quarter for the associated transactions. Eventual changes, which are considered rare, are captured only in the first month of the next quarter.

[35] Prices refer to the day of collection, which is variable.

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

Not applicable. No indices are produced that require net weights.

## 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 weights for the WPI are average values of production and imports of the years 1986–1987 and 1987–88, which were provided by the Ministry of Agriculture (for the agricultural production), the Department of Industry of CAPMAS (for the manufacturing production), and the External Trade Department of CAPMAS (for imports). These weights are outdated and represent a major source of bias. A good amount of current information from surveys exists in CAPMAS and other government agencies, but this information has not been used to update the weights. Consideration was given by CAPMAS to update the weights to the same base year (1999–2000) as the CPI. However, it was agreed that efforts would be better used if concentrated on developing a PPI that would replace the outdated WPI.

CAPMAS keeps a business list that includes all enterprises belonging to the public and private sector. Unincorporated (unorganized) enterprises are only included if they have 10 employees or more. This list, which is updated regularly, forms the sampling frame for manufacturing activities, and will also be used to draw new weights for a PPI. The list of importing companies is updated with information from the Control of Foreign Trade, based on permits issued for imports.

A purposive selection of enterprises[36] and products is used for the price survey. Most important enterprises by class of activity were selected first, followed by selection of the most representative products within the class. The enterprises included in the survey fall into two categories: wholesalers and manufacturing companies. In the capital of each governorate three outlets are selected for each commodity, except for Cairo and Alexandria for which two districts with three outlets each are included. Different forms are used for the survey according to the activity. For some commodities (e.g., apparel), the same form is used to collect prices for both the CPI and the WPI. About 2,444 outlets are selected for collecting prices for 540 commodities. Most price collection is done by visit, mail, or telephone.[37]

[36] The survey enlists enterprises instead of establishments.

[37] Generally applicable to manufacturing products.

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

Except for the outdated base and the time of price recording, the source data for the covered activities and products closely approximate the needs of the index in terms of definition, scope, and classification.

*3.1.3 Source data are timely*

Although the price survey generally supports calculation of the WPI within one month of the end of the month of reference, the index is disseminated every other month. The index is produced monthly by using the monthly collected prices for farm and foodstuff products and the last quarterly reported prices for the other products.

### *3.2 Statistical techniques*

*3.2.1 Data compilation employs sound statistical techniques*

The production values are available from the business survey at the 4-digit level. Commodity detail is considered sufficient for the current index coverage. Prices are collected for 540 commodities, from which 330 elementary aggregates are derived. About 15 percent of the items in the foodstuffs group are subsidized, tracking prices at a lower level than a real PPI would do (through eliminating the influence of subsidies).

Elementary aggregates are compiled manually in the price units using similar aggregation techniques as for the CPI, with the only difference that the WPI is compiled directly at the national level. The elementary indices are combined as unweighted geometric means of price relatives. Higher-level indices are compiled by using the Laspeyres formula and the weights derived as described above. These higher-level indices include 3, 2 and 1 digit commodity indices as well as indices by end use (fuel, raw materials, intermediate goods, non-durable consumer goods, durable consumer goods, and capital goods). For the WPI, the same weaknesses exist as for the CPI regarding the accuracy of the index compilation due to the extensive manual processing of data. In addition, due to the organization of price collection (see also 2.4.2), the monthly indices produced for the items other than farm and foodstuff products remain unchanged throughout the quarter.

The expenditure weights have the same reference period as prices (average values or prices of the years 1986–1987 and 1987–1988). The reference year for the index is 1986–1987=100.

Temporarily missing prices are handled either by carrying forward the last reported price or by omitting the price in the current month compilation. Seasonal products are usually omitted from calculation when they are not available, and where they have weights, these are redistributed within the group. However, the preferred method to deal with temporary missing prices is imputing the price based on movement of similar products. If a product

becomes permanently unavailable, it is replaced by a similar one. The new product specifications are discussed with specialists who also give an estimate of the quality change to measure the real price increase. Examples of cases of replacement done by CAPMAS refer mostly to car industry and equipment for households. New products are only incorporated when the weights are changed, which is too infrequent.[38]

Concerning the accuracy of the index compilation, the WPI has the same weaknesses as the CPI.

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

No adjustment has been made to source data to improve coverage, definitions, or classifications. Other available indices for the sector of the economy not covered by the WPI are limited to the GDP implicit deflator, CPI, and Foreign Trade indices, the latter being considered less reliable due to breaks in the series.

### *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 enterprise and product samples are generally updated when the weights are changed. Only product specifications are changed in the case of replacements.

Regarding price collection, verifying and data correction are done mostly manually by the CAPMAS' price statistics staff. The software used for compiling the current WPI (dBase III) does not allow for a proper automatic validation of data. Detection of outliers, misclassification and possibly other errors is thus confined to the manual checking against the original spreadsheets from the regional centers. Occasionally, regional centers are contacted in writing to verify and correct the values as needed. Without adequate computing technology at CAPMAS, combined with insufficient supervision and lack of regular audit in the regions, the accuracy of source data cannot be guaranteed.

[38] Once in 10–15 years.

### *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 WPI subindices are regularly checked against comparable indices of the CPI. However, no comparison between the movements in the WPI and those of the GDP implicit deflator or with trade price indices has been made.

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

Unusual movements in prices for certain products or coming from particular centers are investigated at times, and notes for verification are sent to the respective centers. No explanations are given in publications.

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

At the level of aggregated indices there are no aggregation inconsistencies as the tabulation process produces consistent results. At the low level, discrepancies in intermediate data may occur however due to manual compilation.

### *3.5 Revision studies*

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

The WPI is not revised but weights are revised with a low frequency (between 15–20 years). When the new weights are introduced, no study is made of the impact of the revision. This aspect should be given more consideration in the near future.

## 4. Serviceability

### *4.1 Relevance*

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

There is well established formal contact with users, and no user survey has been conducted to enquire about users' satisfaction with the price indices quality. User queries are answered individually.

### *4.2 Timeliness and periodicity*

#### *4.2.1 Timeliness follows dissemination standards*

The WPI is disseminated every two months within 30 days of the end of the period, although the index is produced monthly (see 3.2.1). There are plans to disseminate the index monthly by using the government website.

#### *4.2.2 Periodicity follows dissemination standards*

WPI data are produced monthly.

### *4.3 Consistency*

#### *4.3.1 Statistics are consistent within the dataset*

The WPI national aggregate and its regional components are consistent.

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

A consistent time series is available for the period 1986–2003. However, data have not been revised back when methodological changes and data source updates took place. Brief methodological notes on weights and base year update are included in the bi-monthly publication.

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

Consistency of WPI data is checked against the CPI, but without follow up. Important differences in growth between the two indices have been noted in the recent period, with the CPI showing lower increases than the WPI. Besides the outdated weights, particularly for the WPI, the different scopes of the two indices reflected in their basket composition partially explain the discrepancy. No analysis of consistency with the national accounts deflators is made.

### *4.4 Revision policy and practice*

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

The update of weights is planned in the next few months with consideration to begin producing a PPI.

*4.4.2 Preliminary data are clearly identified*

There are no preliminary WPI data. Data are deemed final when first published.

*4.4.3 Studies and analyses of revisions are made public*

The revision policy regarding the index update is not known to the 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)*

The WPI data are published with a reasonable amount of detail, including time series for 16 main groups and their corresponding charts, as well as the indices by end use. However, the presentation is limited to showing trends by main categories without further analysis.

*5.1.2 Dissemination media and formats are adequate*

The WPI data are disseminated through a dedicated bi-monthly publication by CAPMAS. In addition, data can be found in the Ministry of Foreign Trade Bulletin, and the CBE publication. There are plans to disseminate the WPI monthly via the government's Internet.

*5.1.3 Statistics are released on a preannounced schedule*

No advance release schedule is provided. The bulletin is released to all users at the same time. There is no fixed date for release, but it does not exceed the end of the month following the reference month, a fact considered known by users.

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

In principle, all users have access simultaneously. In practice, nevertheless, selected government agencies receive data before other users, while the publication is in print. No press release is provided.

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

Nonpublished but nonconfidential data are made available upon request at the Information Center of CAPMAS. However, the availability of such service, terms, and conditions are not brought to users' attention.

### *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*

Brief methodological notes are included in the publication, but without any information about shortcomings in the data, explanations on results, or any other information users may need to assess the data.

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

A comprehensive methodology on sources and methods used in the index compilation, updated at times with methodological improvements, is not available for external users or for internal use.

### *5.3 Assistance to users*

*5.3.1 Contact person for each subject field is publicized*

Contact person information (telephone or fax number) is not specified in publications. The Information Center, where the users may address their queries or purchase publications, is considered known.

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

A catalog of publications and other services to users is available and updated annually. A list of prices can be found at the Information Center.

Table 3. Egypt: Data Quality Assessment Framework—Summary of Results for Price Statistics (Wholesale Price Index)

*(Compiling Agency: CAPMAS )*

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

| Element | NA | Assessment | | | | Comments |
|---|---|---|---|---|---|---|
| | | O | LO | LNO | NO | |
| **0. Prerequisites of quality** | | | | | | |
| 0.1 Legal and institutional environment | | X | | | | |
| 0.2 Resources | | | | X | | Outdated software. Insufficient computer resources. No specific quality focused processes. |
| 0.3 Quality awareness | | | | X | | Little importance given to data accuracy. |
| **1. Integrity** | | | | | | |
| 1.1 Professionalism | | X | | | | |
| 1.2 Transparency | | | X | | | No advance notice of major changes. Governmental access not publicized. |
| 1.3 Ethical standards | | X | | | | |
| **2. Methodological soundness** | | | | | | |
| 2.1 Concepts and definitions | | X | | | | |
| 2.2 Scope | | X | | | | |
| 2.3 Classification/sectorization | | | X | | | Classification is focused on activity rather than product. |
| 2.4 Basis for recording | | | X | | | Some prices are collected only for the first month of each quarter. |
| **3. Accuracy and reliability** | | | | | | |
| 3.1 Source data | | | | X | | Product composition and weights are overdue for update. Small enterprises are not covered. |
| 3.2 Statistical techniques | | | | X | | Treatment of missing products, quality change, and new products are deficient. |
| 3.3 Assessment and validation of source data | | | | X | | Correction and validation of data limited to simple techniques. Inadequate supervision of regional centers collection. |
| 3.4 Assessment and validation of intermediate data and statistical outputs | | | X | | | No comparison to national accounts deflators. Unusual movements in intermediate data are not regularly investigated. |
| 3.5 Revision studies | | | X | | | No revision studies are conducted. |
| **4. Serviceability** | | | | | | |
| 4.1 Relevance | | | X | | | Feedback from users is not actively sought. |
| 4.2 Timeliness and periodicity | | | X | | | Bi-monthly dissemination although the index is produced monthly. |

Table 3. Egypt: Data Quality Assessment Framework—Summary of Results for Price Statistics (Wholesale Price Index)

*(Compiling Agency: CAPMAS )*

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

| Element | NA | Assessment | | | | Comments |
|---|---|---|---|---|---|---|
| | | O | LO | LNO | NO | |
| 4.3 Consistency | | | X | | | Sizable inconsistencies between the CPI and WPI. |
| 4.4 Revision policy and practice | | | X | | | Revision cycle is not always respected. |
| **5. Accessibility** | | | | | | |
| 5.1 Data accessibility | | | X | | | No advanced release schedule is practiced. |
| 5.2 Metadata accessibility | | | X | | | No metadata at different levels of detail. |
| 5.3 Assistance to users | | | X | | | No name and contact person information are published. |

# 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 Ministry of Finance (MOF) has overall responsibility for collecting, processing, and disseminating fiscal data (budget and final accounts) and government finance statistics for Egypt. From the fiscal data an integrated set of government finance statistics is prepared and disseminated in accordance with the recommendations of the IMF technical assistance mission of November 2000. Accounting data, not government finance statistics, are used by the authorities for fiscal policy formulation and monitoring.

Legislation assigns primary responsibility to the MOF and provides the necessary authority to collect information from all general government units and public corporations (economic authorities, public companies, and public enterprises (see *2.2.1*)), legislation also assigns MOF the responsibility to compile and publish fiscal data; and sets out the reporting requirements. The MOF has responsibility for the recurrent budget and the capital budget, which includes the investment budget and capital transfers. The MOF and the Ministry of Planning (MOP) coordinate in the preparation of the investment budget. In 2001 a Presidential Decree transferred the responsibility for the investment budget to the Minister of Finance.

- Article 15 of the Constitution of the Arab Republic of Egypt gives brief but clear guidelines on the legal basis for appropriating and spending public funds.

- *The State's General Budget Law* (No. 53) of 1973 sets out the code and executive regulations for the budget and the final accounts. Article 13 states that every year the MOF "shall issue a circular letter which shall include the rules to be followed and applied by the Entities, when preparing the draft of their budget, in light of the planned objectives required to be achieved, in accordance with the general policy of the State." Article 15 states that the MOF "shall undertake the preparation of the draft of the State's general budget ... All Entities shall undertake to provide all details, information and clarifications required by the Ministry of Finance." Articles 29–32 set out the rules for the final accounts and requiring the MOF to prepare the final accounts and the Central Audit Organization (CAO) to audit the final accounts and balances sheets of the budget units, economic authorities, and public enterprises.

  The circular letter referred to above covers budget units, extrabudgetary units, social insurance funds, economic authorities, and public companies.

- The social insurance funds (SIFs) are part of the National Authority for Social Insurance, which is an economic authority. Law No. 53/1973 provides the MOF with the authority to collect data from these funds. These funds are regulated by Law No. 79/1975, and additional pension schemes by Law No. 112/1980 and Law No. 108/1981

- *Government Accounting Law* (No. 127) of 1981 sets out, for the budget sector and the economic authorities, the standards to be followed by the financial controllers in each agency. An annex to Law No.127/1981, *Ministerial Decree* (No. 181) of 1982, provides specific instructions, for example, on how to record transactions and procedures for disbursements.

- For tenders and procurements in general, *The Law on Organizing Tenders and Bids* (No. 89) of 1998 is applicable.

- For the National Investment Bank,[39] it was integrated as part of the MOF until 1980 when Law No. 119/1980 (*Establishing the National Investment Bank*) moved supervision to the MOP. *Presidential Decree* (No. 418) of 2001 moved supervision to the Minister of Finance.

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

Since 2001, the MOF and Central Bank of Egypt (CBE) have been liaising and reconciling monetary and financing data on a monthly basis and debt and financing on a quarterly basis. Although no formal arrangements, such as a standing committee, are in place, the parties regard their arrangements as formal.

The MOF provides data for the general government sector to the MOP for the purpose of compiling the national accounts. The MOP does not amend the data provided but may request additional detail on occasion. Data also are provided to various government agencies for publication in their releases. The data are sourced to the MOF.

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

The MOF collects data for general government units, economic authorities, and public companies. Employees of MOF are bound by Law No. 47/1978, for official employees, to maintain the confidentiality of data.

[39] In December 2003, a new primary dealer system is to be launched with 12 banks to be the primary dealers. Through the new system the government will be able to issue T-bills and Treasury bonds tradable in the stock market. This will avail the MOF of the opportunity to obtain financing at lower costs.

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

Legislation (as detailed in *0.1.1*), ensures that the budgetary and extrabudgetary units, social insurance funds, economic authorities, and public companies provide the relevant data in a reasonable time frame to the MOF.

***0.2 Resources***

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

The Treasury Department of the MOF is responsible for collecting, processing, and disseminating fiscal data. Staff resources at the Treasury Department are limited. It is difficult under current hiring laws to recruit additional staff with accounting qualifications. However, the staff are well qualified in accounting, macroeconomics, and government finance statistics and are highly motivated. Retention of experienced staff is high. Reporting units would benefit from having more qualified accountants on staff and more training for all staff. Improvements are occurring but further work is required.

Staff receive on the job training and training in macroeconomics from external organizations such as the IMF. The MOF recruits staff with accounting qualifications.

The MOF has a manual accounting system. Government agencies preparing source data generally have manual systems. The MOF staff have access to computers, but these computers are used only for stand-alone word processing and spreadsheet preparation. Plans are underway to create a website and to automate workflows, for example, networking the various areas of the MOF (Treasury Department, Final Accounts Sector, Budget Sector, and taxation areas) and, later, establishing links between the accounting units at the line ministries and the MOF.

*0.2.2 Measures to ensure efficient use of resources are implemented*

The costs associated with compiling fiscal statistics are not measured.

***0.3 Quality awareness***

*0.3.1 Processes are in place to focus on quality*

The legal and administrative framework for the budget and final accounts establishes sound basic principles of fiscal management. The MOF has recognized the importance of quality and has placed a financial controller (from the MOF Sector of Government Accounts and Financial Directorates) in each of the budget units and economic authorities to ensure the preparation of high quality data. Focus is on the application of accounting rules and

instructions which are detailed in the budget and accounting laws described in *0.1.1*. All budget and extrabudgetary units use a standard classification (i.e., one chart of accounts).

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

The financial controllers are responsible for rigorous checking of the data, responding to queries from the MOF, and the internal audit of the data in accordance with the budget and accounting laws. The data are further scrutinized by MOF staff. The individual budget entities are required to reconcile their accounts with the MOF and with bank account records. The final accounting data of the budget entities, and public nonfinancial and financial corporations are subject to external audit by the CAO, which forwards a report on aggregate data to People's Assembly. This report includes observations of the CAO, which have been coordinated with the MOF, and all adjustments introduced. A joint committee, comprising the MOF and the CAO, reviews the detailed data. Then, a report is presented to the relevant People's Assembly committees for ultimate approval.

The final accounts include information on accounting policies. The general accounting principles are documented in the budget and accounting laws, for instance, Law No. 53/1973 and Law No. 127/1981.

No systematic arrangements are in place to obtain feedback from users of fiscal data.

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

Trade offs among quality considerations occur, particularly for the monthly data where timeliness takes precedence over quality. Each reporting entity decides on the timeliness versus quality trade off for data. The monthly data are not publicly disseminated—they are preliminary and used as a trend indicator. However, the quarterly data are released and are regarded to be of high quality: the data are reconciled with actual disbursements.

The work program can accommodate new data requirements. For example, the MOF prepared data using the new *Government Finance Statistics Manual 2001* (*GFSM 2001*) classifications for reporting for the *Government Finance Statistics Yearbook 2003*.

## 1. Integrity

### *1.1 Professionalism*

*1.1.1 Statistics are compiled on an impartial basis*

As required by the constitution, the State budget draft should be presented to the People's Assembly at least two months before the beginning of the new year and the new budget becomes validated after the approval by the People's Assembly. Law No. 53/1973 regulates

the fundamentals of preparing and executing the budget. In general, the law provides a sound legal and administrative framework for the appropriation, monitoring, and control of public funds. The focus is on financial compliance, including the requirement for final accounts to be audited.

The professionalism of the MOF staff is supported by recruitment procedures that evaluate the merit, qualifications, potential, and ethical character of candidates. Staff participate in external training courses and conferences.

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

Staff at the MOF appear to be free from political and other influence in choosing the most appropriate sources and methods for compiling fiscal data.

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

The MOF staff provide expert advice on technical aspects of fiscal data as required and respond publicly to rumors or incorrect reports.

No explanatory material is provided by the MOF with the release of data but staff are available to provide information to users. The CBE provides analysis of the government finance statistics in its quarterly *Economic Review* and *Annual Report*.

***1.2 Transparency***

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

The laws and regulations governing the compilation and dissemination of budget and final accounts are publicly available though not widely disseminated. There are restrictions on public access to fiscal data. These restrictions are not identified or explained. There is a narrow group of professional users of fiscal data and they are aware of the release practices of the MOF.

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

The budget and final accounts, once approved by People's Assembly, are notified, and aggregates provided, in the official gazette. They are not placed in a public place for purchase. The aggregates are also available on request. The details of the budget and final accounts are made available only to members of People's Assembly and budget committee members. These arrangements are not identified and made public but the authorities advise they are well known.

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

The MOF does not directly disseminate government finance statistics.[40] Data are provided to other government agencies for release in their publications. The data are sourced to the MOF. For example, a footnote is included with the government finance statistics tables released in the CBE's *Monthly Statistical Bulletin* and quarterly *Economic Review*.

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

At present, no advance notice is provided for major changes in methodology and source data. Such changes or breaks in series are advised by way of a footnote to government finance statistics tables. With the introduction of a website, the MOF will post advance notices there.

### *1.3 Ethical standards*

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

Public servants are subject to a general code of behavior, *Government Employee's Law* (No. 47) of 1978, which prescribes, in Article 77, standards of behavior. As this law details the standards of behavior, no separate code of ethics has been promulgated. The MOF, when recruiting staff, evaluates applicants for ethical behavior.

## 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*

Government finance statistics compilation and dissemination are based on the recommendations of *A Manual on Government Finance Statistics 1986* (*GFSM 1986*). In 2000, a joint FAD/STA technical assistance mission developed a methodology for compilation of fiscal reports on general government fiscal activity[41]. The methodology involved preparation of a bridge table applying the classifications of *GFSM 1986* to all elements of the national classification. The approach also it called for a source data table showing all relevant subaggregate data (and the overall balance) from the authorities' accounts for the year in question. Further, it included an agreed government finance statistics

[40] The MOF has plans for a website and the mission was shown a draft comprehensive presentation for fiscal data. The reporting framework will be the same as that used for release by the CBE and for reporting to the IMF.

[41] The underlying accounting concepts and definitions are consistent with *GFSM 1986*.

presentation of the government accounts data. The mission recommended that the government finance statistics presentation be reconciled with the official accounts and with debt data from the CBE. The MOF agreed with the above approach and has since been reporting government finance statistics for 1998–1999 onwards in that framework.[42]

There are no plans to introduce accrual accounting and migrate to the framework of the *GFSM 2001*. However, budgetary accounts investment expenditure and data of the SIFs and economic authorities are already on an accrual basis. The authorities mapped their *GFSM 1986* based data to the *GFSM 2001* classification codes for reporting to the IMF for the *Government Finance Statistics Yearbook 2003* but will continue for the time being to compile and disseminate the *GFSM 1986* presentation to meet the surveillance reporting requirements of the IMF.

### *2.2 Scope*

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

Government finance statistics cover general government activities. There are no state or local governments[43] in Egypt so central government and general government are one and the same. Central/general government comprises:

- Budget sector:
  - 114 central administrative units
  - 27 local administrative units
    - 26 governorates
    - City of Luxor
  - 90 public service authorities
- Extrabudgetary sector:
  - General Authority for Supply of Commodities (GASC)
  - National Investment Bank (NIB)
- SIFs:
  - Government Fund
  - Public and Private Sector Fund

[42] This uniform framework is used irrespective of the status of the data, i.e., planned "budget" data, actual data, within year data, or annual data are all presented in the same format.

[33] The 26 governorates and the City of Luxor, which are legally local governments, are considered dependent agencies of central government when compiling government finance statistics because they do not have sufficient financial independence to be considered as a separate level of general government.

The Social Development Fund (SDF) is an extrabudgetary unit. Before 1998–99, the MOF included the SDF in central government. However, it was agreed with the IMF's Middle Eastern Department to exclude the SDF from central government from 1998–99.

In addition to the central/general government, Egypt has nonfinancial and financial public corporations. There are three categories of public corporations: economic authorities, public companies, and public enterprises. The economic authorities are 100 percent owned by government, operate on a commercial basis, and have their own budget and law. Market prices are charged but the economic authorities cannot adjust prices without government permission. In practice, this means that government subsidizes prices. Profits are transferred back to government and funds (subsidies, loans, or capitalization) are provided by government to assist with operational expenditure. Public companies are affiliated to government and are regulated by Law No. 97/1983. Public enterprises are not 100 percent owned by government and are more profitable than public companies. They are regulated by Law No. 203/1991. The MOF collects data regularly from the economic authorities and public companies, under Law No. 53/1973. Public enterprises are not required under Law No. 203/1991 to report to the MOF. However, as the government is a shareholder, the MOF can ask for data and does so on a needs basis. Some quasi fiscal activity undertaken by the 60 economic authorities is not included in the central/general government data. Government finance statistics for public corporations are not compiled.

The accounts used by central government to conduct its operations can be divided into four main categories: (i) the Treasury Fund, (ii) the NIB accounts of each central government spending agency, (iii) the accounts of the local administrations, and (iv) the accounts of the public service authorities.

The Treasury Fund is the main central government account. All state revenues and grants (excluding own revenue sources of local administrations and public service authorities) are deposited in the Treasury Fund. These deposits are used to finance obligations of the central government. These obligations include current and capital expenditure (except investment projects) of the central administrations, government debt servicing, deficits of the local administrations and public service authorities, and subsidies to the social insurance funds (SIFs) and economic authorities. The SDF's main revenue source is foreign grants channeled through the Treasury Fund.

The NIB provides loans for investment projects to all central government spending agencies, the economic authorities and other public sector corporations. The main revenue sources for the NIB are the surpluses of the SIFs, savings certificates, and postal savings. The investment project loans from the NIB are deposited into each spending agency's NIB account at the CBE and repayment of these loans are made from the Treasury Fund to the NIB.

Local administrations collect local tax revenues and nontax revenue and deposit these into their own accounts. These revenues, along with grants (transfers) from the Treasury Fund to cover any shortfalls in their budgets, are used to finance their current and capital expenditures (excluding investment projects).

Public service authorities collect nontax revenue (e.g., service charges) and deposit these into their own accounts. These revenues, along with grants (transfers) from the Treasury Fund to cover any shortfalls in their budgets, are used to finance their current and capital expenditures (excluding investment projects).

Capital revenues (e.g., sales of fixed assets) of the local administrations and public service authorities are collected in the entities' NIB accounts. These revenues are used to finance part of their investment projects.

Data are available for revenue; grants; current and capital expenditure and lending minus repayments by economic classification; financing (domestic and foreign) by instrument; and debt (domestic and external). Detached data are available for transactions between general government units to enable consolidated statistics to be produced. Data (transactions, including outlays by function, and debt liabilities) were provided in the *GFSM 2001* framework for the *Government Finance Statistics Yearbook 2003*.

### *2.3 Classification/sectorization*

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

Article 4 of Law No. 53/1973 states that the budget is to be prepared on the basis of the administrative division of the entities as well as on the basis of a functional classification of the State's fields of activities. These classifications are broadly consistent with the classifications of *GFSM 1986*. The FAD/STA technical assistance mission in 2000 developed a bridge table from the budget sector's chart of accounts to the codes of the *GFSM 1986*. The authorities have been using this bridge table to compile government finance statistics.

Data are available for each of the subsectors of central government (budgetary, extrabudgetary, and social insurance funds) and for the consolidations of subsectors recommended by the mission. These subsectors are the budget sector; budget sector, NIB, and GASC; and the budget sector, NIB, GASC, and the SIFs.

### *2.4 Basis for recording*

#### *2.4.1 Market prices are used to value flows and stocks*

Stocks and flows are recorded at current market prices.

Gross debt is valued at face value.

Amounts denominated in foreign currency are converted to the national currency using the official daily exchange rate. This is the average after 4:00 p.m. of sales and purchases.

*2.4.2 Recording is done on an accrual basis*

For budgetary and extrabudgetary entities, revenue and expenditure data, apart from investment expenditure, are on a cash basis. Expenditure includes cash payments, checks issued, and arrears. Payment of arrears in subsequent periods are recorded as expenditure of previous periods—transfers.[44] Investment expenditure is on an accrual basis. For the SIFs and economic authorities, stocks and flows are recorded on an accrual basis. The SIFs also provide data on a cash basis. No adjustment is made to bring transactions to a cash basis for those entities that report on an accrual basis.

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

All transactions are reported on a gross basis, except for financing transactions, which are shown net.

## 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 accordance with the budget law, Law No. 53/1973, data covering almost the full range of economic stocks and flows, as required under *GFSM 1986*, are provided from administrative systems for central/general government. Full details are provided to the MOF by GASC, NIB, and the SIFs as they are required for the consolidation of central/general government. The economic authorities are required under Law No. 97/1983 to provide all required data. Data for public enterprises are requested directly by the MOF from the enterprises.

Data for the special funds or special accounts of the public service authorities are not provided to the MOF. Amounts disbursed by these units are included in the budget monitoring and final accounts to get a true picture of expenditure. The revenue side is grossed up to achieve a net zero result. Article 19 of Law No. 53/1973 requires "the surplus devolving to the Public Treasury which, shall also bear the deficit." The surpluses and deficit grants (transfers) to the public service authorities do not take into account the own account revenues in these special funds or accounts. These accounts are not included in financing.

Data are consolidated for the central/general government sector and for groupings specified in the 2000 joint FAD/STA technical assistance mission (see *2.3.1* for details). Data are

[44] These details are not separately identified in the final accounts.

available for the authorities to make the necessary eliminations to allow consolidation of the data for the different subsectors or consolidations of subsectors.

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

The underlying accounting concepts and definitions are consistent with the concepts and definitions of *GFSM 1986*. The classifications are, however, different. There is one chart of accounts for the budget and extrabudgetary sectors for reporting data to the MOF. A bridge table is used to map the accounting codes in this chart of accounts to the *GFSM 1986* codes. The SIFs and economic authorities have their own charts of accounts (as they are on an accrual basis) but the data can be brought into the MOF's chart of accounts.

The valuation and time of recording are generally consistent with the requirements of *GFSM 1986* but no adjustments are made to convert accrual data to a cash basis.

Staff in the MOF have a very good understanding of the concepts of *GFSM 1986.*

*3.1.3 Source data are timely*

The budget and accounting laws stipulate the time frame for reporting data to the MOF. Data are reported monthly, quarterly and annually. Monthly data must be reported to the MOF within 20 days after the reference month. Quarterly and annual data are required within four weeks of the end of the respective reference periods.

The MOF compiles two sets of data: accounting reports and government finance statistics. Quarterly government finance statistics are currently released 45 days after the end of the reference quarter. The quarterly data are reported on a cumulative basis. Preliminary annual data are available three months after the reference year.

***3.2 Statistical techniques***

*3.2.1 Data compilation employs sound statistical techniques*

No estimation is made for missing monthly data. Full coverage is available for the quarterly and annual data.

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

Statistical techniques are sound.

### *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 MOF has a financial controller in each budget entity and economic authority. The data are reviewed many times by the staff in each entity and by the financial controller. The data are subject to internal and external audit.

Apart from monthly data, where accuracy gives way to timeliness, the data have an appropriate balance between accuracy and timeliness.

CBE releases the latest data made available to them. Quarterly government finance statistics data are published each month and quarter and are also placed on the CBE's website.

The status of the data is notified in the tables provided to the IMF and released in the CBE publications and on the CBE's website.

All preliminary actual data are amended when final audited actual data are 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*

The MOF and the CBE undertake reconciliations of financing with monetary data and debt data. The data are fully reconciled.

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

Some use of intermediate data is made until accounting units are able to provide information. The main sources are CAPMAS, the Petroleum Authority, and the Suez-Canal Authority.

The preliminary estimates prepared on the basis of intermediate data are cross-checked with related series. The relationship to the actual data is also assessed.

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

There are differences between the standard classifications of the two agencies. However, with the reclassification to the government finance statistics codes, the differences in the data have been identified and resolved.

Differences between the overall deficit and financing are included as an adjustment to financing. These are due to some data being on a cash basis and some on an accrual basis and due to timing differences.

### *3.5 Revision studies*

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

There are few revisions outside the routine replacement of preliminary actual data with final audited actual data. Due to the thorough checking of the initial data, both in the individual agencies and at the MOF, material errors are usually caught before cut-off dates. During the current financial year, as the data are cumulative, any revisions identified are included in the latest period. Release tables carry a footnote advising of the revision.

Analyses of revisions are undertaken to inform future compilation processes.

## 4. Serviceability

### *4.1 Relevance*

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

Cumulative year-to-date monthly and quarterly accounting data are currently used for tracking the execution of the budget and monitoring fiscal policy. Quarterly government finance statistics, on a cumulative year-to-date basis, are compiled and released within 45 of the reference quarter, 15 days after the receipt of the budget monitoring data.

Very preliminary annual data are provided by the units of central government 3 months after the end of the reference year. Audited actual data are available after 9 months. Approval is then required from the People's Assembly and this takes an average of 18 months. The latest year approved is 2000–2001.

There is a narrow group of professional users of fiscal data which are known to the MOF and contact the MOF whenever clarification or additional data are required. No formal procedures are followed to seek feedback from users.

### *4.2 Timeliness and periodicity*

*4.2.1 Timeliness follows dissemination standards*

As no sound monthly central government operations data are available (the monthly data are only preliminary), the Egyptian authorities will take a flexibility option and release quarterly central government operations data 45 days after the reference quarter.

Timeliness of quarterly central government debt data and annual general government operations data follows the dissemination standards. This means that quarterly central government debt data are disseminated within one month after the reference quarter and general government operations annual data within two quarters after the reference year.

*4.2.2 Periodicity follows dissemination standards*

As no sound monthly central government operations data are available (the monthly data are only preliminary), the Egyptian authorities will take a flexibility option and release quarterly central government operations data.

Periodicity for the other fiscal data categories follows the dissemination standards: general government operations data are published annually and central government debt is published quarterly and annually.

### *4.3 Consistency*

*4.3.1 Statistics are consistent within the dataset*

The government finance statistics are consistent within the dataset. The major aggregates are equal to the sum of the components. As the overall deficit does not equal financing due to differences in the recording basis for some transactions and due to timing differences, an adjustment line is included in financing to ensure that the overall deficit equals financing. The changes in debt, domestic and foreign, are consistent with the respective financing.

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

Explanations, by way of footnotes to tables, are provided for significant departures from past trends.

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

National accounts data are sourced from the MOF data and are fully reconcilable.

The MOF and the CBE reconcile the monetary data and financing and interest flows as well as debt and financing.

### *4.4 Revision policy and practice*

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

The publication of central/general government fiscal data follows well-understood accounting and statistical practices whereby initial data are preliminary actual data and are

subsequently replaced by People's Assembly approved final audited actual data. There are seldom any other revisions to the data.

*4.4.2 Preliminary data are clearly identified*

Data are identified as preliminary or actual in the published data. All releases are in the same format, i.e., with the same level of detail. Revisions to the data are advised in footnotes to the tables.

*4.4.3 Studies and analyses of revisions are made public*

Analyses of revisions are not published.

## 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 government finance statistics are presented in a format developed by the 2000 joint FAD/STA technical assistance mission. This format is consistent with the recommendations of the *GFSM 1986*. Annual and quarterly time series are presented in the agreed format and released by a number of government agencies.

*5.1.2 Dissemination media and formats are adequate*

There is no dedicated annual government finance statistics publication. Quarterly and annual government finance statistics are released in various other government agency publications. The main releases are in the CBE's *Monthly Statistical Bulletin*, quarterly *Economic Review*, and web site. Fiscal data also are included in the *Statistical Yearbook* released by CAPMAS and in the Ministry of Foreign Trade's publication, *Economic Digest*, and on its website.

*5.1.3 Statistics are released on a preannounced schedule*

The government finance statistics are not released on a preannounced schedule.

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

The government finance statistics are made available to all users at the same time.

All budget and final accounts data are made available to the Ministers and People's Assembly members. The public only can have access to aggregate data after approval by the People's Assembly. This preferential access is not formally made public but there appears to be a general understanding of these arrangements.

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

Nonpublished detailed data are made available for free to approved users on request. The MOF does not publicize that information may be available on request.

### *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 code and executive regulations for the budget and final accounts are set out in Law No. 53/1973. Also, a circular letter, issued each year, includes the rules for preparing estimates for the draft budget. Further, the accounting law, Law No. 127/1981, sets out the standards to be followed by the financial controllers in each agency. In addition, the Minister's *Financial Statement*, the statement issued with the budget, provides details on how the accounting data are compiled. All of these documents provide the background to the MOF's work on compiling fiscal data.

No metadata are currently compiled for government finance statistics. Draft metadata are being prepared for Egypt's subscription to the SDDS. The bridge table between the accounting classification and the *GFSM 1986* classifications is not available to the public.

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

See *5.2.1*.

### *5.3 Assistance to users*

*5.3.1 Contact person for each subject field is publicized*

No contact person for government finance statistics is publicized. However, the staff of the MOF are known to regular users and prompt and knowledgeable service and support are provided as required.

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

No catalog of releases is available.

Table 4. Egypt: Data Quality Assessment Framework—Summary of Results for Government Finance Statistics

*(Compiling Agency: Ministry of Finance )*

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

| Element | NA | Assessment | | | | Comments |
|---|---|---|---|---|---|---|
| | | O | LO | LNO | NO | |
| **0. Prerequisites of quality** | | | | | | |
| 0.1 Legal and institutional environment | | X | | | | |
| 0.2 Resources | | | | X | | Accounting system not computerized. Staff resources limited. No measures to ensure efficient use of resources. |
| 0.3 Quality awareness | | X | | | | |
| **1. Integrity** | | | | | | |
| 1.1 Professionalism | | X | | | | |
| 1.2 Transparency | | | X | | | Restrictions on public access to detailed data not identified. Internal government access prior to release of data not identified. No advance notice of major changes to methodology, source data, and statistical techniques. |
| 1.3 Ethical standards | | X | | | | |
| **2. Methodological soundness** | | | | | | |
| 2.1 Concepts and definitions | | | X | | | No migration plan. |
| 2.2 Scope | | | X | | | Quasi-fiscal activity and Social Development Fund not included. |
| 2.3 Classification/sectorization | | X | | | | |
| 2.4 Basis for recording | | X | | | | |
| **3. Accuracy and reliability** | | | | | | |
| 3.1 Source data | | | X | | | Special funds not included. |
| 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 | | Significant delays in the release of final audited People's Assembly approved data. No feedback sought from users. Government finance statistics not used for fiscal policy formulation and evaluation. |
| 4.2 Timeliness and periodicity | | | X | | | A flexibility option to be used for central government operations data. |
| 4.3 Consistency | | X | | | | |
| 4.4 Revision policy and practice | | | X | | | Revisions studies are not published. |
| **5. Accessibility** | | | | | | |
| 5.1 Data accessibility | | | | X | | No annual government finance statistics publication. No preannounced schedule of releases. Preferential access to some users. |
| 5.2 Metadata accessibility | | | X | | | No government finance statistics metadata. Bridge table not made publicly available. |
| 5.3 Assistance to users | | | X | | | No contact person publicized. No catalog of releases. |

# 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 Central Bank of Egypt (CBE) is the sole official agency responsible for collecting, compiling, and disseminating monetary statistics. The authority of the CBE to request data and information from banks is granted by Articles 75–77 of the Law No. 88 on the Central Bank, the Banking Sector and Money (the CBE Law). The CBE Law was established in 1957 (Law No. 163) and amended several times with the latest amendment in June 2003.

The Bank Control Department (BCD) had been responsible for compiling monetary statistics until September 2003. In September 2003, a reorganization in CBE resulted in the establishment of a Monetary Policy Unit (MPU). The responsibility for compiling monetary statistics was transferred to MPU as specified in the Governor's Decree issued in September 2003. The transfer reflects the increased importance attached by CBE to monetary policy issues and monetary statistics work as the MPU reports directly to the Governor of CBE.

The Research Department is responsible for disseminating monetary statistics as well as balance of payments.

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

There are well-established arrangements within CBE for ensuring the efficient and timely flow of source data to MPU for use in compiling monetary statistics. The monthly preliminary balance sheet data of CBE are produced and provided by the Finance and Accounting Department (FAAD) to MPU five days after the end of the reference month and final data are available ten days after the end of the reference month. The monthly aggregated balance sheet data of banks are compiled and provided by BCD to MPU within two weeks after the end of the reference month. MPU also coordinates with FAAD and BCD to ensure that new data requirements are appropriately incorporated into the existing data collection system to meet emerging needs for the compilation of monetary statistics.

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

Monetary statistics do not disclose data on individual units. Articles 97 and 100 of the CBE Law establish that any information related to individual units or persons obtained by staff or anyone who has access to directly or indirectly in the course of performing their duties must be treated as confidential. It is prohibited to disclose these data on individual units unless disclosure is permitted by respondents in writing. The CBE Law also stipulates in Articles 124 and 125 that penalties can be imposed on anyone violating confidentiality. Such

penalties may range from a fine of up to LE 10,000 thousand to imprisonment of up to two years. All CBE staff are required to abide by the appropriate rules and regulations to prevent disclosure of confidential information.

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

The CBE Law requires in Article 75 that all banks "provide the CBE with monthly data on their financial position and all financial data in the format and by the date as required by the CBE." Currently banks are required to report monthly balance sheet data to the CBE within eight days after the end of the reference month. The CBE Law also specifies in Article 122 that the penalty for failure of meeting such data reporting requirement should be a fine of LE 20,000–50,000.

***0.2 Resources***

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

The number and qualification of the staff working on the compilation of monetary statistics is adequate. Eight of the 29 staff in the MPU are charged with primary responsibility for monetary statistics work. The majority of them have college degrees in the field of economics, accounting, or statistics. In addition to on-the-job training, staff have the opportunity to participate in various courses in relevant areas conducted by international and regional organizations, including the IMF and Arab Monetary Fund (AMF). However, in past several years only one staff involved in monetary statistics attended such a course on monetary statistics. Candidates for such courses are mostly nominated from CBE's Research Department, the data disseminating unit.

Computing resources provided for compiling monetary statistics are adequate to perform required tasks. In addition, plans for equipping every staff with a computer and for equipping the MPU with two lap-top computers are in place. Also, adequate financial resources are allocated to MPU for the work on monetary statistics. There is a well-established process for budgeting for the coming year's work program. Submissions are made by CBE department or unit managers to justify their needs for ongoing programs and for developmental work.

*0.2.2 Measures to ensure efficient use of resources are implemented*

Efficiencies of the existing resources are sought by the MPU by (a) training their staff to perform multi-tasks, and (b) designing and managing data procedures with a view to accomplishing multi-projects. In addition, monthly reviews of working processes are undertaken to identify needs for improvements.

## *0.3 Quality awareness*

### *0.3.1 Processes are in place to focus on quality*

The CBE management attaches importance to its work on statistics and is sensitive to data quality issues and takes initiatives to improve data flows between the CBE and other agencies by emphasizing the issue at various fora and meetings they attend. The current CBE-wide comprehensive automation project highlights the increased importance of statistics at the CBE.

The BCD, in collaboration with the MPU, verifies that data reporting practices followed by banks are consistent with the guidelines and regulations established by the CBE and reviews the reported data for accuracy. Validation procedures for assessing the plausibility or reasonability of reported data are undertaken by checking accounting relationship and development trends. Should unusual movements in data be identified, in-depth investigations are carried out for possible misclassifications or other errors. In addition, the MPU reviews the aggregated balance sheet data of banks and resolves outstanding issues in collaboration with BCD.

The reliability and accuracy of CBE and banks' balance sheet—the primary source data for monetary statistics—are enhanced by external auditing process required by the CBE Law. For CBE, Article 19 of the law stipulates that the CBE accounts shall be audited by two auditors whose appointment and remunerations shall be determined annually by the Central Audit Organization (CAO) in accordance with the nature of the central bank activities and the Egyptian Auditing Standards. For banks, Article 83 stipulates that banks' accounts shall be audited by two auditors to be chosen by the bank from among those recorded in a register provided for that purpose, and upon consultation between the CBE and the CAO.

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

The MPU has internal processes to identify and resolve issues at various stages of the collection, compilation, and dissemination of monetary statistics. The data compilers also monitor new regulations and developments in the area of monetary and financial statistics.

No formal mechanism is in place to obtain feedback from users on data quality issues, but detailed contact information is provided for sending comments or requests to CBE via email, telephone, and mail. The CAO reviews the monetary statistics and the underlying methodology in preparing its annual report for submission to the Economic Committee of the People's Assembly. CAO's comments on the quality of monetary statistics are important feedback that guides planning for improving data quality.

*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 CBE management and staff recognize the tradeoffs among the dimensions of the data quality. Increased attention has been given to timeliness and quality. CBE began in June 2003, for the first time, publishing preliminary monthly data for CBE to achieve improved timeliness of data.

Although there are no user surveys to obtain feedback on data quality issues, new data requests from the CBE Board for monetary policy purposes have guided, to significant extent, the planning for meeting emerging data needs. In addition, comments that CBE has received from other data users have provided useful guidance for improving the data compilation and dissemination. Implementation of some of these comments in recent years has resulted in significant improvements in the comprehensiveness of monetary data published in CBE's *Monthly Statistics Bulletin*.

## 1. Integrity

### *1.1 Professionalism*

*1.1.1 Statistics are compiled on an impartial basis*

Articles 1 and 6 of the CBE Law provides independence of the CBE and gives the CBE powers to carry out the duties granted by this law under its own responsibility. The CBE is a public legal entity subject to the President of Republic and the CBE Governor is appointed by the President for a fixed term. The terms and conditions under which the monetary and balance of payments statistics are produced promote the professional independence of the CBE.

Professional competence plays a key role in recruitment and promotion policies. When major changes in methods occur, the CBE publishes papers on these changes in quarterly and annual publications. CBE Staff participate in regional and international conferences. In addition, lectures and meetings are occasionally organized in collaboration with other agencies.

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

The choice of sources and statistical techniques for the compilation of monetary and balance of payments statistics is based solely on statistical considerations made by the CBE staff. Staff are encouraged to present their reasoning for the choice of methodologies in documents that are made public.

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

If there is erroneous interpretation or misuse of the monetary and balance of payments statistics in the media or other fora, the CBE comments and provides clarification in the media and publishes statements on its website. If needed, CBE contacts the reporters and other interested parties to have the erroneous interpretation corrected.

***1.2 Transparency***

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

The laws and regulations under which statistics are collected, processed, and disseminated by the CBE are available to the public. The CBE Law is available on the CBE's website (now in Arabic only, but the English version will be posted when the draft translation is finalized). The executive regulations of the CBE Law will also be posted on the CBE's website as they will be issued. Several other laws and regulations relating to the CBE and banking sector are available on the CBE website.

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

There is no internal government access to CBE data before their release to the public. Data are confidential until the issuance of the press release, which is made solely by the CBE. The CBE's exclusive responsibility in this matter is indicated on the CBE website, which includes metadata according to the SDDS format.

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

Monetary and balance of payments statistics are clearly identified as CBE product, with its name and logo, and are marked with the name of the department responsible. When data produced by other agencies are published, the source is indicated in the footnotes.

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

No advance notice is given when major changes are introduced. Major changes in methodology, source data, and statistical techniques are noted in the CBE publications at the time the data are published. Preliminary data are clearly identified as such.

### *1.3 Ethical standards*

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

The CBE Law, the Internal Regulations for CBE Staff (July 1, 1977), and the CBE Regulations Governing the System of Investigation: Their Procedures and Penalties (February 18, 1991) provide broad ethical guidelines for the staff of the CBE. The Internal Regulations for CBE Staff regulates recruitment of personnel, their rights, duties, and responsibilities, as well as disciplinary rules and rewards. Also, it establishes the area of work and responsibility of each department of the CBE. These guidelines are available to staff. When new staff join CBE, they participate in an orientation course that covers these guidelines. They are also required to sign an official document to certify that they have read and understood these guidelines.

## 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 analytical framework used by the CBE in compiling monetary statistics reflects concepts and principles from the IMF's *Draft Guide to Money and Banking Statistics in International Financial Statistics* (1984). With implementation of major recommendations of the STA mission in 1999, CBE's monetary statistics are moving towards adopting the guidelines outlined in the *Monetary and Financial Statistics Manual* (*MFSM*). The banking survey published by the CBE is analogous in scope to the depository corporations survey as recommended in the *MFSM*. The banking survey is derived by consolidating the analytical accounts of CBE and all registered domestic and foreign banks in Egypt. The CBE's analytical accounts–*Reserve Money and Counterpart Assets*–is equivalent to the central bank survey as recommended in the *MFSM*. Analytical accounts of banks, which are equivalent to other depository corporations (ODCs) survey, are also compiled broadly in line with *MFSM* guidelines as intermediate data for use in compiling the banking survey.

Key aggregates identified in the banking survey are (a) net foreign assets, (b) net credits to government, (c) credits to public business sector, (d) credits to private business sector, (e) credits to household sector, (f) currency in circulation outside banking system, (g) demand deposits of residents in local currency, (h) time and savings deposits of residents in local currency, (i) foreign currency deposits of residents, and (j) other items (net). The banking survey provides two liquidity-based measures of money: money supply (M1) and domestic liquidity (M2). M1 comprises currency in circulation and demand deposits of residents other than government in local currency. M2 is defined as M1 plus quasi-money comprising time and savings deposits in local currency and foreign currency deposits of residents other than government.

### *2.2 Scope*

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

The banking survey cover the CBE and over 60 ODCs. These ODCs comprise all commercial banks, business and investment banks, and specialized banks operating in Egypt with the exception of Arab International Bank (AIB). The AIB, established under a special Accord agreed by the authorities of three founding countries, engages in financial intermediation and service activities primarily with nonresidents. Under the Accord, AIB is not subject to CBE's reporting requirement for supervision and regulation purposes. Nevertheless, AIB sends its quarterly balance sheet data to two AIB Board members in CBE (CBE deputy governor and sub-governor).

### *2.3 Classification/sectorization*

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

The sectorization adopted for monetary statistics is broadly in line with the *MFSM*. Distinction between nonresident and resident sectors is generally based on the residency criterion as described in *BPM5*. One deviation is that AIB is classified as a nonresident entity. Thus, CBE and banks' financial assets and liabilities vis-à-vis AIB are classified as external assets and liabilities in monetary statistics.

The domestic economy resident sector is divided into four subsectors, namely, banks, government, public and private business, and households. This subdivision does not provide separate identification of other financial corporations (OFCs) subsector. Such financial corporations–insurance companies, private insurance funds, private pension funds, and stock exchanges–are currently included in the subsector of public business and private business, although the source data separately identify OFCs subsector. This practice has been in place due to the insignificant magnitude of the size of the OFCs subsector in Egypt. However, with potential developments in OFCs subsector, the current practice may adversely affect the analytical usefulness of the data. In the government subsector, central government and local government are not separately identified as the local government's authority for revenue collection and expenditure decisions is not sufficient for them to be deemed independent.

The classification of financial instruments used for monetary statistics is in broad conformity with *MFSM* guidelines. The monetary data separately identify monetary gold and Special Drawing Rights (SDRs), currency and deposits, securities other than shares, and loans. Shares and other equities, insurance technical reserves, financial derivatives, and other accounts receivable/payable are not separately shown as recommended in *MFSM,* but included in other items (net). However, these categories can be identified separately in the source data. An exception in this respect are financial derivatives as currently banks in Egypt do not engage in financial derivatives transactions.

Consistent with the *MFSM*, Egypt's monetary statistics treat securities repurchase agreements (repos) as collateralized loans.

### *2.4 Basis for recording*

#### *2.4.1 Market prices are used to value flows and stocks*

The general recommendations of the *MFSM* is that the valuation of financial assets and liabilities be carried out on the basis of market prices or market price equivalents. The only exception to this rule is that loans should be valued at their book value without adjustment for expected losses. These principles are broadly followed in Egypt's monetary statistics. Traded financial instruments are valued monthly using market prices and loans are valued at the book value without adjustment for provisions. For prudential purposes, monetary gold in CBE's balance sheet is valued annually at 75 percent of the average period-end London market prices of the latest three months. Securities not for trading purpose are recorded at book value or fair value whichever is lower in the accounting record, with information on fair values provided as memorandum items. These accounting valuation practices are adopted in monetary statistics without adjustments.

Conversion of foreign-currency-denominated assets and liabilities into local currency is carried out using market exchange rates in effect at the balance sheet date. For this purpose, the CBE and all banks use the end-period mid-point of buying and selling rates quoted by the CBE.

#### *2.4.2 Recording is done on an accrual basis*

In Egypt's monetary statistics, financial transactions are recorded on an accrual basis. Interest on financial assets or liabilities is accrued at the end of each month, but accrued interest is recorded under other assets or other liabilities rather than being incorporated into the underlying financial instruments. This deviates from the *MFSM*, which recommends that accrued interest on deposits, loans, and securities other than shares be incorporated into the outstanding amount of the financial asset or liability, rather than being treated as part of other accounts receivable/payable. The *MFSM* also recommends that interest arrears be included with the underlying instruments. However, the current practice of CBE classifies interest arrears under other assets and other liabilities in monetary statistics.

Financial transactions are recorded simultaneously between transactors in conformity with the guidelines outlined in the *MFSM*.

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

A general principle in macroeconomic statistics is that data should be collected and compiled on a gross basis. For data presented on a net basis, the underlying gross data should also be shown.

In Egypt's monetary statistics, assets and liabilities are presented on a gross or net basis in conformity with the *MFSM* guidelines. In particular, claims on a particular transactor or group of transactors are not netted against liabilities to that transactor or group. Also, provisions against loans are shown on a gross basis on the liability side and loans are included in domestic credit on a gross basis on the asset side. Egypt's banking survey does not show underlying gross data for net foreign assets and net claims on government, but these data are shown in the supplementary tables–*Banking Survey: Domestic Credits* and *Banking Survey: Foreign Assets and Foreign Liabilities*–published along the banking survey.

In the banking survey, appropriate claims and liabilities between all depository corporations are canceled out, while preserving the presentation of data on all claims on or liabilities to other domestic sectors and nonresidents.

## 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 central bank survey are the balance sheet data prepared by CBE's FAAD on a monthly basis. These balance sheet data are generated by an electronic general ledger system based on complete accounting records and presented in a predetermined classification of accounts.

The source data for banks are the individual returns reported to CBE on a monthly basis. The source data, generated from banks' accounting records, are presented in the report form as designed by the BCD and MPU and sent to CBE on electronic diskette. The reporting format, by and large, provides sufficient details to compile monetary statistics in conformity with the *MFSM* guidelines.

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

The source data, reported in accordance with CBE requirements, provide a reasonable approximation to the definitions, scope, classification, valuation, and timing of reporting needed for monetary statistics. One deviation is that securities not for trading purpose are

recorded at book value or fair value whichever is lower, and monetary gold is valued below market prices.

The CBE provides banks with guidance in the form of reporting instructions and ad-hoc consultation in completing the report forms. The CBE's BCD team visits banks bi-annually to review the accuracy of the classification of the underlying accounting data on the reported balance sheet. Such review is also conducted on ad hoc basis upon request by MPU.

*3.1.3 Source data are timely*

The balance sheet data of CBE are required to become available five days after the end of the reference month and the reporting date for balance sheet data of banks is the 8th day of each month after the end of the reference month. These source data are provided sufficiently timely to allow for compilation of monetary statistics that meet the timeliness requirements specified in the SDDS.

### *3.2 Statistical techniques*

*3.2.1 Data compilation employs sound statistical techniques*

The forms for reporting source data are designed to encourage uses of computer programs, which enables prompt data processing. The potential for processing errors is also minimized by the use of electronic reporting and processing procedures.

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

Although delayed reporting of data by banks is very rare, when it occurs, the balance sheet of the last month of the late reporter is carried forward into the current month's statistics.

### *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 quality and usefulness of monetary statistics are monitored by CBE data compilers in the course of addressing questions, queries, and requests from CBE Board, the People's Assembly, various government agencies, and the general public. In the process, CBE data compilers are made aware of changes affecting financial markets and institutions and work toward incorporating these changes in monetary statistics.

The CBE monetary data compilers, in collaboration with other CBE units involved in source data collection, review the reporting system of data for its adequacy for providing reliable

source data. Automated data validation procedures are employed to check the internal consistency of reported data. Other relevant data available, such as flow data on banks' loan and deposit transaction and banks' annual report, are also used for cross-checking the accuracy of balance sheet data.

### *3.4 Assessment of validation of intermediate data and statistics outputs*

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

The accuracy and reliability of banks' balance sheet data reported to CBE are checked against other sources or information, such as the published annual reports of individual banks, and reports on individual banks' financial statements prepared by external audits and submitted to CBE.

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

The CBE monetary data compilers identify statistical discrepancies, e.g., discrepancies in interbank positions and, in collaboration with BCD and FAAD, investigate their sources.

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

Procedures are in place to investigate large and unexplained movements in monetary and credit aggregates to detect possible classification and sectorization errors.

### *3.5 Revision studies*

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

The CBE data compilers cross-check preliminary data with final data, and significant discrepancies are investigated. The results of investigations and adjustments made in the data compiling process are taken into account in subsequent periods. In general, revisions tend to be small in magnitude.

## 4. Serviceability

### *4.1 Relevance*

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

The CBE undertakes several specific actions to ensure that monetary statistics address issues of concern to users. Internally, consultation with CBE Board is in place to regularly address issues of concern related to data usefulness for monetary policy purposes. Externally, an

established process of consultation takes place periodically with the People's Assembly, other government agencies, media, and other data users. Also, CBE staff participate in international and regional statistical meetings and seminars. Although no formal monitoring of assistance to user (such as a survey) has been carried out through comprehensive surveys, the CBE publications of monetary statistics and its internet website (www.cbe.gov.eg) provides detailed contact information to data users for sending comments, queries, requests, which are usually addressed promptly.

### *4.2 Timeliness and periodicity*

#### *4.2.1 Timeliness follows dissemination standards*

The central bank data are disseminated about two weeks after the end of the reference month and the banking sector data are disseminated about four weeks after the end of the reference month. The timeliness of the monetary data disseminated meet the SDDS specifications, which requires that the monthly data on the central bank be disseminated within two weeks after the end of the reference month, and that the monthly data on the banking sector be disseminated within one month after the end of the reference month.

#### *4.2.2 Periodicity follows dissemination standards*

The periodicity for both the central bank and the banking sector is monthly, thus meeting the monthly periodicity requirement of the SDDS.

### *4.3 Consistency*

#### *4.3.1 Statistics are consistent within the dataset*

The CBE's monetary statistics are internally consistent. No significant discrepancy exists between the central bank's and banks' data on interbank positions as recorded in monetary statistics. If discrepancy on banks' reserves deposits at CBE between CBE data and banks' data is identified, investigation on sources of the discrepancy will be undertaken. Pending a full reconciliation of the two sets of data, monetary statistics are based on CBE data. Automated error-checking systems are in place to check the consistency of the reported data. Other internal consistency checks are also used to ensure accuracy of the information used in the compilation of monetary statistics. In particular, an analysis of flows is done to explain changes in stocks over time,

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

Consistent time series data are available for at least five years. This reflects the practice that whenever major changes in source data, methodology, and statistical techniques are introduced, historical data are reconstructed as far back as possible. For minor changes, revisions are made to historical data back to three years. Brief notes to the published data

describe the main breaks in the time series. Unusual changes in economic trends are also explained in the analytical text included in the publication.

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

The monetary data compilers check the consistency of the monetary statistics with flow data from the balance of payments and government finance statistics. The net foreign assets in monetary statistics are generally consistent with the corresponding measure derived from the international investment position as the relevant banking sector data are used as source data. CBE also provides MOF with data on net claims of banking sector on government. In addition, the underlying gross data on government deposits in, and government borrowing from, the banking sector are provided.

### *4.4 Revision policy and practice*

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

The central bank data disseminated with a two-week time lag are provisional. The banking survey is final as it is compiled by consolidating final data on both the central bank and banks. Monthly data for banks are final after release, but preliminary annual data are disseminated before final data are available. This revision policy follows a predictable pattern which data users are informed of. Key revisions are explained in the text or footnotes to the published data.

*4.4.2 Preliminary data are clearly identified*

Preliminary data are identified in all CBE publications. Users are alerted that the initially published data are preliminary and subject to revision. 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*

The CBE staff regularly undertake studies to measure, assess, and explain the source of revisions made to the data. These studies are internally documented, but not made available to the 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)*

The CBE publishes monetary data in a clear manner, and accompanying charts and tables are disseminated to facilitate the analysis. It publishes datasets with various levels of details and includes analysis of current-period developments in each publication. The CBE's internet website (http://www.cbe.gov.eg) also provides access to time series with data beginning in 1997.

#### *5.1.2 Dissemination media and formats are adequate*

The CBE releases monetary data through a variety of publications. These are *Monthly Statistical Bulletin*, (quarterly) *Economic Review*, and CBE *Annual Report*. Data included in these publications are also available on CBE's internet website (http://www.cbe.gov.eg). At present, analytical accounts for banks in the format of an ODCs survey as recommended in *MFSM* is not published, but a wide range of aggregates on loans, deposits, and foreign assets and liabilities of banks are published.

#### *5.1.3 Statistics are released on a preannounced schedule*

An advance release calendar for monetary statistics is published on CBE's internet website (http://www.cbe.gov.eg).

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

The data are released simultaneously to all users through dissemination on CBE's internet website (http://www.cbe.gov.eg) and publication in CBE's *Monthly Statistical Bulletin* and *Economic Review.* The press is not briefed in advance.

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

Sub-aggregates, which are not published, are made available to most users upon request. Such requests are very rare. This can probably, to some extent, be attributed to the amount of details of monetary data published.

### *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*

All CBE publications in which monetary statistics are published contain notes and/or footnotes providing users with adequate information for meaningful interpretation of the data in terms of scope, concept, definitions, classification, and sectorization used in the compilation of the data. Such metadata, presented in the SDDS format, are also posted on CBE's internet website (http://www.cbe.gov.eg) and regularly reviewed and updated.

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

The CBE's publication and website provide datasets for the central bank survey and the banking survey. Although the CBE does not publish a separate ODCs survey, it publishes in its various publications detailed data on ODCs' credit and deposits by currency, by maturity, and by economic sector. Metadata on monetary statistics disseminated through CBE internet website (http://www.cbe.gov.eg) provide various levels of detail for the intended audience. In addition, articles published in CBE publications inform external users about the monetary statistics.

### *5.3 Assistance to users*

*5.3.1 Contact person for each subject field is publicized*

Information on specific contact persons are posted on CBE internet website (www.cbe.gov.eg) for users to send comments, queries, and requests concerning all categories of monetary data published by CBE. Users frequently request assistance in the form of clarification and explanation of data through email, telephone, facsimile, mail and the assistance is in general promptly provided. Although no monitoring of assistance to users has been carried out through comprehensive user surveys, the CBE reviews closely comments, queries, and requests from general data users as well as from CBE Board to obtain users' feedback indirectly.

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

The CBE publishes a list of CBE publications on its internet website (http://www.cbe.gov.eg). Most CBE publications are provided to users upon request free of charge. Prices for those publications for sale are not clearly indicated and users need to contact CBE to find out the relevant information.

Table 5. Egypt: Data Quality Assessment Framework—Summary of Results for Monetary Statistics

*(Compiling Agency: Central Bank of Egypt )*

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

| 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 | | | No advance notice for major changes to data is published. |
| 1.3 Ethical standards | | X | | | | |
| **2. Methodological soundness** | | | | | | |
| 2.1 Concepts and definitions | | X | | | | |
| 2.2 Scope | | X | | | | |
| 2.3 Classification/sectorization | | | X | | | Arab International Bank is classified as a nonresident; other financial corporations subsector is not separately identified; some categories of financial assets are not shown separately. |
| 2.4 Basis for recording | | | X | | | Not all securities are valued at market prices or fair values; monetary gold are valued below market prices; accrued interest is not incorporated into underlying financial assets and liabilities. |
| **3. Accuracy and reliability** | | | | | | |
| 3.1 Source data | | X | | | | |
| 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 | | | | |
| 4.2 Timeliness and periodicity | | X | | | | |
| 4.3 Consistency | | X | | | | |
| 4.4 Revision policy and practice | | | X | | | Revision studies are not make available to the public. |

Table 5. Egypt: Data Quality Assessment Framework—Summary of Results for Monetary Statistics

*(Compiling Agency: Central Bank of Egypt )*

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

| Element | NA | Assessment | | | | Comments |
|---|---|---|---|---|---|---|
| | | O | LO | LNO | NO | |
| **5. Accessibility** | | | | | | |
| 5.1 Data accessibility | | X | | | | |
| 5.2 Metadata accessibility | | X | | | | |
| 5.3 Assistance to users | | | X | | | No formal mechanism is in place to monitor assistance to users. |

# 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 Central Bank of Egypt (CBE) compiles and disseminates balance of payments statistics in Egypt. This responsibility is governed by the terms and conditions of the Ministerial Decree No. 332 of July 7, 1994. Article 6 of this decree authorizes the CBE to request and collect information relating to the financial system and other information that shall be deemed necessary for the preparation of Egypt's balance of payments statistics comprehensively and accurately. This article also gives the CBE the authority to request information from banks, other financial institutions, governmental agencies, and others. The Law No. 88 of the year 2003 issued on June 15, 2003, the Law on the Central Bank, the Banking Sector and Money (the CBE Law), which amends, among other laws, the Foreign Exchange Control Law No. 38 of the year 1994, requires entities licensed to deal in foreign exchanges to submit statements on foreign exchange transactions (Article 117). Specific regulations as contained in the Law No. 38 regarding the reporting of foreign exchange transactions will be detailed in Executive regulations of the CBE Law. The Executive regulations should be issued within six months from the date of the enforcement of the CBE Law.

The data are compiled by the Balance of Payments Division (BOPD) of the Economic Research Department (ERD) at the CBE. The division is also responsible for research on methodology of balance of payments statistics.

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

The working arrangements for data sharing and coordination for the compilation of balance of payments statistics are adequate. In compiling the balance of payments, the CBE draws on its own data collection system, which is mainly based on information of foreign exchange transactions made through the resident banking system. The working arrangements for data sharing within the CBE and with other agencies adequately support the compilation of balance of payments statistics.

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

Articles 97 and 100 of the CBE Law establish that any information related to individuals obtained by staff or anyone who has access to information directly or indirectly in the course of their work must be treated as confidential and is prohibited to be disclosed unless disclosure is permitted by respondents in writing.

Statistical forms provide references of Articles of relevant laws and indicate that information provided in the form will be treated as confidential and will be used to compile balance of payments statistics.

Articles 124 and 125 of the CBE Law provide a combined set of fines and penalties that can be imposed on anyone violating the provisions stipulated in articles 97 and 100 of the CBE. Statistical tables on balance of payments statistics are prepared on an aggregate basis that prevents disclosure of individual data.

The Security Department of the CBE is obliged to secure the premises and access to data. The computer system prevents unauthorized access to individual data through password protection. All personal computers (PCs) and the server that controls the network among the PCs are always turned off after staff leave the CBE premises. For security and confidentiality reasons, PCs at the desks of staff can not be used to upload or download data to and from network, which are to be done through the main computer room.

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

Article 117 of the CBE Law and Articles 5 and 6 of the Ministerial Decree No. 332 provide the legal basis for collecting information for the compilation of balance of payments statistics. No conflict or potential conflicts between the legal authority to collect data required for balance of payments statistics and other laws or provisions have been identified. Article 126 of the CBE Law stipulates fines for the violation of provisions in its Article 117 (ranging from LE 10 thousand to LE 20 thousand).

The BOPD seeks to secure cooperation of banks by creating goodwill, answering questions promptly, simplifying concepts to limit respondents' burden, and raising their awareness of the importance of good quality statistics in the context of economic policy formulation. In addition, the BOPD organizes a series of training courses for resident banks' staff (through the Egyptian Institute of Banking) and meetings with other agencies with the aim to provide assistance in completing and submitting statistical forms.

***0.2 Resources***

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

The BOPD is comprised of 15 professionals who are responsible for compiling the balance of payments and international investment position statistics as well as analyzing and interpreting their statistics. Given the work arrangements and data sources the staffing is adequate to perform existing tasks. The qualifications of staff are also adequate. Most of the staff members are young, as there has been a gradual shift to acquire staff with professional skills. Staff training is a priority. Most BOPD staff have participated in balance of payments statistics courses offered at the IMF Institute in Washington, D.C. and the Arab Monetary Fund in Abu Dhabi.

The BOPD is equipped with personal computers, which are LAN connected. Every staff has a personal computer with own user name and password. Currently, the CBE, in the context of comprehensive automation project at the CBE, is updating the computer system in the Economic Research Department. This development highlights the increased importance of statistics at the CBE.

There is a well-established process for budgeting for the coming year. Submissions are made by managers to justify their needs for ongoing programs and for development work. Financial resources have not been a problem for the work on balance of payments statistics.

*0.2.2 Measures to ensure efficient use of resources are implemented*

Each year, the CBE undertakes an annual review of its resources in the context of budgetary planning for the following year. Computer needs and staffing needs at the CBE are reviewed and handled through the Computer Department and Human Resources Department, respectively.

Because the CBE produces also monetary statistics and external debt statistics, there is cross-over of data input and staff among these areas, fostering an environment of consistency and interest in the data.

When necessary, the CBE requests technical assistance, particularly from the IMF, to evaluate the methodology and compilation system for balance of payments statistics.

***0.3 Quality awareness***

*0.3.1 Processes are in place to focus on quality*

The CBE management gives importance to its work on statistics and is sensitive to data quality issues. The current comprehensive automation project at the CBE highlights the increased importance of statistics at the CBE. The CBE management takes initiatives to improve data flow between the CBE and other agencies by emphasizing the issue at various fora and meetings they attend. Recognizing the need for comprehensive statistics on external positions, the CBE started to publish a quarterly report on External Positions of the Egyptian Economy beginning in June 2003. CBE publications include a wide range of statistics that allow cross-checking of data.

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

The BOPD has internal processes to identify and resolve problems at various stages of collection, compilation, and dissemination of balance of payments statistics.

No periodic surveys of users are undertaken. However, users can contact the ERD via e-mail or mail. The Central Agency for Audit reviews the balance of payments statistics as well as underlying methodology and procedures to prepare an annual report for submission to the Economic Committee of the People's Assembly.

*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 CBE management and staff recognize the tradeoffs among the dimensions of the data quality. Attention is given to timeliness and accuracy of data. Improvement of data quality is taken into account in forward planning. For example, improvements are expected in the short-term for data on petroleum exports and foreign direct investment.

Although there are no users' surveys to obtain feedback on data quality issues, CBE website provides users with contact details, which users often use for asking questions.

## 1. Integrity

### *1.1 Professionalism*

*1.1.1 Statistics are compiled on an impartial basis*

Articles 1 and 6 of the CBE Law provide independence of the CBE and gives the CBE power to carry out the duties granted by this law under its own responsibility. The CBE is a public legal person directly subject to the President of the Republic and the CBE Governor is appointed by the President for a fixed term. The terms and conditions under which the balance of payments statistics are produced promote the professional independence of the CBE.

Professional competence plays a key role in recruitment and promotion policies. In addition, lectures and meetings are occasionally organized with other agencies which supply, compile, or use data. Staff participates in regional and international conferences. When major changes in methods occur, the CBE publishes papers in quarterly and annual publications.

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

The choice of sources and statistical techniques for the compilation of balance of payments statistics is based solely on statistical considerations made by the CBE staff. Staff are encouraged to present their reasoning for the choice of methodologies in documents that are made public.

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

If there is erroneous interpretation or misuse of the balance of payments statistics in the media or other fora, the CBE comments and provides clarification in the media and publishes statements on its website. If needed, the CBE contacts the reporters and other interested parties to have the erroneous interpretation corrected.

### *1.2 Transparency*

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

The laws and regulations under which statistics are collected, processed, and disseminated by the CBE are available to the public. The CBE Law is available on the CBE website (now in Arabic only, but the English version will be posted when the draft translation is finalized). The executive regulations of the CBE Law will also be posted on its website as they will be issued. Several other laws and regulations relating to the CBE and banking sector are also available on its website.

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

There is no outside access to CBE data before their release to the public. Data are confidential until the issuance of the press release, which is made solely by the CBE. The CBE's sole responsibility in this matter is indicated on the CBE website, which includes metadata according to the SDDS format.

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

Balance of payments statistics are clearly identified as the CBE's product, with its name and logo, and are marked with the name of the responsible department. When data produced by other agencies are published, the source is indicated in footnotes.

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

No advance notice is given when major changes are introduced. Major changes in methodology, source data, and statistical techniques are noted in the CBE publications at the time the data are published. Preliminary data are clearly identified as such.

### *1.3 Ethical standards*

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

The CBE Law, the Internal Regulations for CBE Staff (July 1, 1977), and the CBE Regulations Governing the System of Investigation: Their Procedures and Penalties (February 18, 1991) provide broad ethical guidelines for the staff of the CBE. The Internal Regulations for the CBE Staff regulates recruitment of personnel, their rights, duties and responsibilities, as well as disciplinary rules and rewards. Also, it determines the area of work and responsibility of each department and division of the CBE. These guidelines are available to staff. When new staff joins CBE, they participate in an orientation course that covers these guidelines. They are required to sign an official document to certify that they have read and understood these guidelines.

## 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*

Concepts and definitions used to compile the balance of payments statistics are broadly in line with the *Balance of Payments Manual,* fifth edition (*BPM5*). However, the overall presentational structure of the balance of payments in national publications is less detailed than in *BPM5*. No separate capital account exists, thus transfers in the current account include both current and capital transfers.[45] The financial account, although has a different presentation than that in *BPM5*, distinguishes major financial assets and liabilities breakdown.

### *2.2 Scope*

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

Resident economic units are defined in broad conformity with *BPM5*'s concept of center of economic interest. In principle, all resident units engaged in transactions with nonresidents are covered. Enterprises in free trade zones have been treated as residents beginning from 1997. The data cover whole economic territory of Egypt.

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[45] The BOPD consulted with the Ministry of Foreign Affairs (International Cooperation Sector) and found that the transfers are mostly of current nature. When important capital transfers occur (such as debt forgiveness), they are identified and reported as such for publication in the IMF's *Balance of Payments Statistics Yearbook (BOPSY)*.

In principle, all transactions between residents and nonresidents are in scope. However, some transaction categories are not included at present due to lack of data. Transactions that are not included comprise international transactions (other than exports of oil) of joint-venture companies involved in exploring and producing oil in partnership with the Egyptian General Petroleum Corporation (EGPC) and international transactions (other than exports of transportation services) of Suez-Mediterranean Pipeline (SUMED). Reinvested earnings are also not included. Finally, trade credits provided by Egyptian residents are also not included.

### *2.3 Classification/sectorization*

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

While, in principle, the sectors used in the balance of payments statistics are broadly consistent with those in *BPM5*, little information on sectors is provided. The CBE publications include a breakdown (CBE, banks, and other sectors) for some selected financial instruments. The monetary authorities correspond to the CBE. Banks include public and private commercial banks, business and investment banks, and specialized banks.

The main deviations of the current Egyptian balance of payments from the classification of transactions in *BPM5* are described below.

For goods, the balance of payments does not show the breakdown as recommended by *BPM5* (general merchandise, goods for processing, repairs on goods, goods procured in port, and nonmonetary gold), although data reported to the IMF's Statistics Department for publication in the *Balance of Payments Statistics Yearbook* (*BOPSY*) include general merchandise and goods procured in ports.

For services, the classification in national publications is limited to transportation, travel, government services, and others. For incomes, the breakdown by income categories are not included in balance of payments tables in national publications.[46] However, the annual data reported to the IMF's Statistics Department for publication in *BOPSY* include classification of services and incomes according to *BPM5*.[47] Also, no incomes other than dividends are estimated for direct investment. Further, compensation of employees is not identified and may be partly included under remittances.

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[46] *Quarterly Economic Review* of the CBE includes a breakdown of incomes on quarterly cumulative and annual basis under a chapter "International Financing."

[47] Data reported to the IMF for *BOPSY* are compiled on an annual-calendar-year basis. Egyptian publications include data on a fiscal-year basis (July-June). Thus, users needing data on a quarterly basis or on a fiscal-year basis would be deprived of detailed data. The CBE should use their quarterly compilation to derive also data for reporting balance of payments statistics for publication in *BOPSY*. In this case, a separate derivation of annual data on a calendar-year basis would be unnecessary.

As for current and capital transfers, transfers are not disaggregated and classified into current and capital transfers. However, according to the Ministry of Foreign Affairs (international cooperation sector) the majority of transfers received by the government are current.

Concerning financial accounts, direct investment includes only partially borrowing and lending operations between direct investors and direct investment enterprises (intercompany debt transactions). Part of these transactions may have been included indistinguishably under other investments.

The CBE intends to adopt, to the extent feasible, the *BPM5* classifications in the presentation of balance of payments statistics in the next two years.

### *2.4 Basis for recording*

#### *2.4.1 Market prices are used to value flows and stocks*

The balance of payments statistics are mainly based on actual transaction data. They are compiled in both Egyptian pounds (LE) and U.S. dollars. Most publications, however, include data in U.S. dollars only, which is considered more important. Information on Egypt's balance of payments transactions from the foreign exchange records are collected in original currencies. When feasible, transactions in other currencies are converted into U.S. dollars and LE using the mid-point exchange rate prevailing in the market on the transaction date. However, most transactions in other currencies are converted into U.S. dollars and LE using the mid-point rates of monthly average exchanges rates. Stocks in other currencies are converted at the exchange rate of the end of the period. When transaction estimates are derived from stock data, the stock data are revalued into their original currencies and then the change in original currency is converted into U.S. dollars and LE at the average exchange rate for the reference period.

#### *2.4.2 Recording is done on an accrual basis*

Balance of payments transactions, where possible, are recorded on an accrual basis. However, most of the transactions are recorded on a cash basis as main data sources are collected on this basis. Transactions on goods, interests, dividends, and profits are recorded on a cash basis. Services are recorded when paid, not when provided. Most transactions in the financial account are recorded when foreign exchange is paid or received.

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

Grossing/netting procedures are broadly consistent with *BPM5*. Current account items are recorded on a gross basis. Financial account items are recorded on a net basis, separately for individual asset and liability components. Transfers in national publications are published on a net basis.

## 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 Egyptian balance of payments statistics primarily relies on international transactions reporting system (ITRS) by resident banks and authorized dealers in foreign exchange. Data from banking and financial systems as well as from a few other sources are also used for the relevant components of the balance of payments.

The data sources are broadly adequate for services, transfers, and portfolio investment. Comprehensive data are available for external assets and liabilities of monetary authorities, banks, and general government. For other sectors, trade credit liabilities are mostly covered. Data for other sectors' external assets are mostly unavailable. Because the Central Agency for Public Mobilization and Statistics (CAPMAS) data on foreign trade statistics based on Customs declarations have serious problems, the balance of payments have to rely on ITRS data for exports and imports of goods. Apart from the time of recording issue, particularly for merchandise trade statistics, the coverage and classification of foreign exchange transactions may be deteriorating following economic liberalization in Egypt. The BOPD is fully aware of the issue and the CBE is working with other agencies to improve Customs statistics. Another main data problem faced by the balance of payments compilers concerns direct investment flows, stocks, and associated incomes. Because of a lack of a direct investment survey, many direct investment transactions are not covered or misclassified in the present balance of payments statistics. The CBE is working to collect information from some important direct investment enterprises. As well, it has plans to conduct a comprehensive direct investment survey in association with the General Authority for Investment and Free Zones (GAFI).

A short description of the ITRS and other sources is given below.

The Foreign Exchange Department of the CBE is responsible for implementing the ITRS and classifying and aggregating the data obtained through this system. Banks prepare statistical statements of foreign exchange transactions of their customers according to the forms and instructions prepared by the BOPD. For reconciliation and verification purposes, the ITRS forms also include opening and closing balances and other foreign exchange transactions by banks (for example, purchases from and sales to other banks of foreign exchange). The data are supplied on hard copies to the CBE monthly and quarterly. All transactions on foreign exchanges of banks' customers are to be reported. Primary information is recorded in separate forms as follows: (i) amounts received from abroad for commodity exports, (ii) amounts received from abroad for invisible operations (other than commodities), (iii) amounts transferred abroad for commodity imports, (iv) amounts transferred abroad for invisible operations (other than commodities), (v) detailed account of the value of barter exports and imports, (vi) details of foreign currency banknotes purchases from customers,

(vii) details of foreign currency banknotes sales to customers, (viii) details of payment agreement activities, and (ix) details of utilized international facilities, loans, and grants.

The banks identify the residence of the payer and payee through their address or other pertinent information. The banks provide a description of purposes of transactions, which the Foreign Exchange Department uses to classify transactions according to around 80 classification codes each for payments and receipts.

In addition to the ITRS, the BOPD uses other sources of information for a few selected balance of payments transactions or to supplement the data collected through ITRS. The ITRS data for the items below, if available, are used only for cross-checking purposes. These additional data sources are described below.

For goods, information on exports of oil is obtained from the EGPC, and data on imports through grants are gathered from the Ministry of Foreign Affairs, International Cooperation Sector. For services, the receipts by SUMED for transportation services are obtained directly from SUMED. The estimates on travel credits are prepared on the basis of Ministry of Tourism data on number of tourist nights and average expenditures estimated from surveys conducted by Ministry of Tourism and CAPMAS.

In the case of debit entries for income on other investment comprising interests on loans and trade credits as well as rescheduled interests, information is obtained from the Loan and External Debt Department (LEDD) of the CBE. Data on government transfers are obtained from the Ministry of Foreign Affairs.

Concerning financial transactions, foreign investors' shares in privatized enterprises are obtained from Capital Market Authority. If foreign investors' shares are 10 percent or more they are classified under direct investment. Acquisition by nonresidents of Egyptian securities are also collected from the Capital Market Authority. The LEDD provides data on medium- and long-term trade credit liabilities and loan liabilities. External assets and liabilities of banks and CBE (including reserve assets) are obtained from their balance sheets. Information on sovereign bond transactions is obtained from the CBE (purchases by CBE and banks) and the Egyptian Insurance Supervisory Authority (purchases from nonresidents of Egyptian bonds by insurance and reinsurance companies).

The balance of payments staff regularly review financial press and other sources of economic information in order to remain current on developments. The BOPD staff are aware of gaps and shortcomings in the data they use. The BOPD has been working to improve data, particularly by collecting data from important direct investment enterprises (in oil sector and SUMED).

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

The main data sources (such as ITRS, balance sheets of financial institutions, external debt statistics) used to compile balance of payments generally use definitions, scope, classification, and valuations that are consistent with or close to *BPM5* principles. Adjustments to source data are made where appropriate. Several additional sources of information are also used to ensure more complete coverage. However, the main data sources do not reasonably approximate accrual basis for time of recording because they are mainly collected on a cash basis.

Imports on a c.i.f. basis recorded in ITRS are adjusted to a f.o.b. basis using ratios estimated in consultation with Customs officials.

BOPD staff are aware of differences in practices used in compiling source data for balance of payments statistics.

*3.1.3 Source data are timely*

Monthly ITRS data are reported by banks to the Foreign Exchange Department of the CBE within a week after the reference month. Quarterly reports are received by the CBE within six weeks after the end of the reference quarter. The Foreign Exchange Department enters the ITRS data received from banks in hard copy format, classifies, aggregates, and send them to BOPD. According to changes being introduced presently, resident banks will fill their interim monthly and quarterly information on an electronic form, which will further improve timeliness and reduce errors.

***3.2 Statistical techniques***

*3.2.1 Data compilation employs sound statistical techniques*

The CBE uses data management procedures that include computerized edit checks to identify coding and other errors in source data that minimize processing errors of editing and coding. The quarterly data on banks' foreign exchange records are checked by the CBE on original currencies and U.S. dollar equivalents using macros within the Excel file. Discrepancies on those codes that link to other reporting forms are notified to the responsible bank. Once all corrections are made, data are aggregated and included in the quarterly balance of payments statistics.

In general, the reporting forms are clear, well designed, and easy to complete.

The BOPD requests banks to verify large amount items and large fluctuations of data. In extreme cases, either staff from the Foreign Exchange Department or from the ERD visits the respondent bank to ensure that these data are correct according to codes and purposes.

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

In consultation with Customs administration officials, the BOPD adjusts the c.i.f. value of imports to derive f.o.b. values using a ratio of 10 percent for freight and 2.5 percent for insurance. However, these ratios were last estimated in 2000.

Mostly observed data are used. Other assets under other investment of other sectors are mostly estimated. The main two entries in this respect are net purchases and sales of foreign banknotes by banks and foreign exchange dealers from individuals, and the difference between travel receipts reported by banks and travel receipts estimated on the basis of data on number of tourist nights and average spending.

***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*

Administrative records of banks' foreign exchange transactions are periodically assessed to identify and resolve, to the extent possible, problems of coverage and misclassification of transactions, particularly those related to transactions on trade, direct investment, and services.

High-value transactions are checked with the reporting commercial bank. However, there is no reporting threshold for requiring verification that transactions have been correctly classified in reports submitted by banks. Large fluctuations in the values of reported transactions are investigated. Foreign exchange transactions between residents are monitored to avoid misrecording. Opening and closing balances of individual banks by currencies are also routinely checked and, if inconsistencies are found, the relevant banks are contacted to correct the data.

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

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

Banks' foreign exchange data are validated against other independent data sources, where possible. Information from independent data sources is obtained by the CBE for (i) public and private external debt stock from the LEDD, and (ii) stocks of portfolio investment abroad provided by banks and insurance sector. Finally, banks' balance sheets are used to check banks' own records submitted in the ITRS forms.

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

The behavior of some series is cross-checked with related indicators. Interest payments and receipts are periodically assessed in relation to the corresponding stock data. Data on net borrowing are reconciled with changes in corresponding stock data in external debt statistics. Reported data on portfolio investment abroad are annually assessed with corresponding stock data collected for the IMF's *Coordinated Portfolio Investment Survey*. Discrepancies between merchandise trade and the associated financial flows are reviewed.

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

The CBE is alert to the level of the errors and omissions and seeks to understand them by cross-checks between the current and financial accounts of the balance of payments and between the balance of payments statistics and monetary statistics. After 1998/99, net errors and omissions gradually decreased and are now relatively small.

BOPD staff reviews data from the Joint BIS-IMF-OECD-World Bank statistics on external debts. Bilateral comparisons and/or reconciliation are not conducted with trade data of selected major trading partners.

***3.5 Revision studies***

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

No formal revision studies are conducted. Nevertheless, validations are routine as a part of internal quality control exercises. The results of adjustments in the statistical processes are considered in compiling data for subsequent periods.

**4. Serviceability**

***4.1 Relevance***

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

Consultations take place, when necessary, between the BOPD and relevant departments of the CBE to evaluate the relevance, consistency, and practical utility of balance of payments statistics. The balance of payments data are also reviewed by Central Audit Organization for preparing a report for the Economic Committee of the People's Assembly. Although, no users' surveys are conducted to evaluate the relevance of data to users, the CBE considers comments received through various means to improve quality and dissemination of data.

The BOPD staff participate in international courses, meeting, and seminars on balance of payments statistics organized by international and regional institutions (IMF, AMF, Eurostat, BIS, etc.)

### *4.2 Timeliness and periodicity*

#### *4.2.1 Timeliness follows dissemination standards*

The quarterly balance of payments statistics are disseminated within three months after the end of the reference quarter, which meets the requirements of the SDDS for timeliness.

#### *4.2.2 Periodicity follows dissemination standards*

The CBE compiles and disseminates quarterly balance of payments statistics, thus meets the quarterly periodicity prescribed by SDDS.

### *4.3 Consistency*

#### *4.3.1 Statistics are consistent within the dataset*

Concepts, definitions, and classifications for producing quarterly and annual balance of payments statistics are the same. For most of the components, same data sources are used ensuring consistency between quarterly and annual data. Over the long run, the net errors and omissions item has not been large but has been unstable over time.

Due to the revision cycle (see 4.4.1), the sum of quarterly balance of payments data does not equal to the corresponding annual data for the latest year.

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

Detailed annual balance of payments statistics are available from 1980/1981. When *BPM5* was introduced in 1994/1995, historical series were revised beginning from 1990/1991. However, the most consistent series starts from 1997/1998 when free trade zones were included in the balance of payments statistics. Major changes in economic trends are explained in the quarterly and annual reports as well as the external sector developments, which are also posted on the CBE website.

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

Data sources on foreign assets and liabilities of financial institutions are the same as for the monetary statistics. The balance of payments data on medium- and long-term trade credit and loan liabilities are derived from the external debt statistics. National accounts use the export and imports of goods and services from the balance of payments statistics. The BOPD plans

to reconcile regularly balance of payments statistics with international investment position statistics, when the latter are developed.

### *4.4 Revision policy and practice*

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

Revisions follow a regular pattern. First releases of data for first, second, and third quarters are revised with the first release of the data for the same quarter of the following year. When the fourth quarter and annual data are released, all quarterly and annual data of the previous year are finalized. This revision practice results in different annual data and sum of four quarters for the latest year for which annual data are available.

The current revision cycle was introduced recently. Although some indication of revision cycle is given in a footnote to the balance of payments table, when deemed appropriate, there is no formal public document setting out the revision cycle.

#### *4.4.2 Preliminary data are clearly identified*

Preliminary or first estimates are identified in statistical releases. 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*

When major revision to balance of payments statistics are made, the revision is noted in CBE publications and its website. Analysis of preliminary versus revised data is made as an internal process of compilation, but no such analysis is published.

## 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 balance of payments statistics are published in a clear manner; charts and tables are disseminated with the data to facilitate analysis. Publications include aggregated and/or detailed data. Most publications include detailed presentation. Analysis of current-period developments is included in each publication. The *Monthly Statistical Bulletin* publishes quarterly data for the current and previous years and annual data for the prior three years. In addition to balance of payments, it includes geographical distribution of workers' remittances, geographical distribution of direct investment in Egypt, merchandize trade by degree of processing and geographical distribution, and free trade zone's transactions with the rest of the world. The *Quarterly Economic Review* publishes cumulative quarterly data for the current and the previous year. The *Annual Report* publishes annual data for the

current and the previous year. All these publications are available in both Arabic and English. Furthermore, the *External Position of the Egyptian Economy*, which is a new quarterly report in English, focuses on the development of external position of the Egyptian economy including the balance of payments and external debt statistics. The report is mainly intended for financial and economic analysts, rating agencies, banks, and portfolio fund managers.

A quarterly and annual time series from 1990/1991 to date are published on the CBE's website.

*5.1.2 Dissemination media and formats are adequate*

Detailed and summary quarterly data on major components of balance of payments statistics are available in both English and Arabic on the CBE website. Data are first released via an information release which is posted on the CBE website. Various hard copy publications include detailed balance of payments statistics. The *Monthly Statistical Bulletin* is posted on the CBE website and the *Quarterly Economic Review* will soon be posted on the CBE website.

*5.1.3 Statistics are released on a preannounced schedule*

Recently the CBE started to announce on its website the schedule for releasing the balance of payments statistics.

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

Balance of payments statistics data are released simultaneously to all interested users by posting them on the CBE website (www.cbe.org.eg).

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

Nonpublished and nonconfidential subaggregated statistics are made available upon request. The CBE website includes a notice that a request for additional data can be made to the CBE.

***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*

Notes to the tables in the CBE publications provide users with some methodological information. There is no current publication on concepts, sources, and methods used in the balance of payments.

Metadata (mostly in Arabic) describing sources and methods exist and are available upon request from the BOPD. The CBE plans to publish these metadata on its website. This website includes summary metadata according to the SDDS format.

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

The available metadata in Arabic are designed for compilers or specialist users of the balance of payments statistics. There is no document on concepts, sources, and methods prepared for the general user.

***5.3 Assistance to users***

*5.3.1 Contact person for each subject field is publicized*

The CBE website includes information of the contact person for balance of payments statistics according to the SDDS format. The CBE plans to include contact details in its hard copy publications in the immediate future.

No periodic surveys of users are conducted to monitor or improve user assistance.

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

The CBE website contains a list of its publications and documents. The CBE publications do not include a catalogue of its publication. The CBE plans to include a catalogue of its publications in all publications in the immediate future.

Table 6. Egypt: Data Quality Assessment Framework—Summary of Results for Balance of Payments Statistics

*(Compiling Agency: Central Bank of Egypt )*

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

| 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 | | | No advance notice is given when major changes are introduced. |
| 1.3 Ethical standards | | X | | | | |
| **2. Methodological soundness** | | | | | | |
| 2.1 Concepts and definitions | | X | | | | |
| 2.2 Scope | | | X | | | Scope is limited for several direct investment transactions. |
| 2.3 Classification/sectorization | | | X | | | Little sectoral details. Misclassification of some transactions, particularly for direct investment. |
| 2.4 Basis for recording | | | X | | | Mostly on a cash basis. |
| **3. Accuracy and reliability** | | | | | | |
| 3.1 Source data | | | | X | | Major data gaps for direct investment. Merchandise trade is mainly based on foreign exchange records. Gaps in other assets of other sectors. Source data do not reasonably approximate accrual basis. |
| 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 | | | | |
| 4.2 Timeliness and periodicity | | X | | | | |
| 4.3 Consistency | | | X | | | Sum of quarters not equal to annual data for the latest year. |
| 4.4 Revision policy and practice | | | X | | | No public document setting out the revision cycle. Analysis of revisions is not published. |
| **5. Accessibility** | | | | | | |
| 5.1 Data accessibility | | X | | | | |
| 5.2 Metadata accessibility | | | X | | | Documents on concepts, sources and methods are not published. |
| 5.3 Assistance to users | | | X | | | Different levels of metadata details are not available. Periodic surveys for users assistance not conducted. |

## 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 |
|---|---|---|
| **Prerequisites of quality**[1] | **0.1 Legal and institutional environment—***The environment is supportive of statistics.* | 0.1.1 The responsibility for collecting, processing, and disseminating statistics is clearly specified.<br>0.1.2 Data sharing and coordination among data producing agencies are adequate.<br>0.1.3 Respondents' data are to be kept confidential and used for statistical purposes only.<br>0.1.4 Statistical reporting is ensured through legal mandate and/or measures to encourage response. |
| | **0.2 Resources—***Resources are commensurate with needs of statistical programs.* | 0.2.1 Staff, financial, and computing resources are commensurate with statistical programs.<br>0.2.2 Measures to ensure efficient use of resources are implemented. |
| | **0.3 Quality awareness—***Quality is a cornerstone of statistical work.* | 0.3.1 Processes are in place to focus on quality.<br>0.3.2 Processes are in place to monitor the quality of the collection, processing, and dissemination of statistics.<br>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. |
| **1. Integrity**<br><br>*The principle of objectivity in the collection, processing, and dissemination of statistics is firmly adhered to.* | **1.1 Professionalism**—*Statistical policies and practices are guided by professional principles.* | 1.1.1 Statistics are compiled on an impartial basis.<br>1.1.2 Choices of sources and statistical techniques are informed solely by statistical considerations.<br>1.1.3 The appropriate statistical entity is entitled to comment on erroneous interpretation and misuse of statistics. |
| | **1.2 Transparency—***Statistical policies and practices are transparent.* | 1.2.1 The terms and conditions under which statistics are collected, processed, and disseminated are available to the public.<br>1.2.2 Internal governmental access to statistics prior to their release is publicly identified.<br>1.2.3 Products of statistical agencies/units are clearly identified as such.<br>1.2.4 Advance notice is given of major changes in methodology, source data, and statistical techniques. |
| | **1.3 Ethical standards**—*Policies and practices are guided by ethical standards.* | 1.3.1 Guidelines for staff behavior are in place and are well known to the staff. |

**Data Quality Assessment Framework—Generic Framework**
(July 2001 Vintage)

| Quality Dimensions | Elements | Indicators |
|---|---|---|
| **2. Methodological soundness**<br><br>*The methodological basis for the statistics follows internationally accepted standards, guidelines, or good practices.* | **2.1 Concepts and definitions—** *Concepts and definitions used are in accord with internationally accepted statistical frameworks.* | 2.1.1 The overall structure in terms of concepts and definitions follows internationally accepted standards, guidelines, or good practices: see dataset-specific framework |
| | **2.2 Scope**—*The scope is in accord with internationally accepted standards, guidelines, or good practices.* | 2.2.1 The scope is broadly consistent with internationally accepted standards, guidelines, or good practices: see dataset-specific framework. |
| | **2.3 Classification/sectorization—** *Classification and sectorization systems are in accord with internationally accepted standards, guidelines, or good practices.* | 2.3.1 Classification/sectorization systems used are broadly consistent with internationally accepted standards, guidelines, or good practices: see dataset-specific framework. |
| | **2.4 Basis for recording—***Flows and stocks are valued and recorded according to internationally accepted standards, guidelines, or good practices.* | 2.4.1 Market prices are used to value flows and stocks.<br>2.4.2. Recording is done on an accrual basis.<br>2.4.3 Grossing/netting procedures are broadly consistent with internationally accepted standards, guidelines, or good practices. |

**Data Quality Assessment Framework—Generic Framework**
(July 2001 Vintage)

| Quality Dimensions | Elements | Indicators |
|---|---|---|
| **3. Accuracy and reliability**<br><br>*Source data and statistical techniques are sound and statistical outputs sufficiently portray reality.* | **3.1 Source data—***Source data available provide an adequate basis to compile statistics.* | 3.1.1 Source data are collected from comprehensive data collection programs that take into account country-specific conditions.<br>3.1.2 Source data reasonably approximate the definitions, scope, classifications, valuation, and time of recording required.<br>3.1.3 Source data are timely. |
| | **3.2 Statistical techniques—** S*tatistical techniques employed conform to sound statistical procedures.* | 3.2.1 Data compilation employs sound statistical techniques.<br>3.2.2 Other statistical procedures (e.g., data adjustments and transformations, and statistical analysis) employ sound statistical techniques. |
| | **3.3 Assessment and validation of source data—***Source data are regularly assessed and validated.* | 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. |
| | **3.4 Assessment and validation of intermediate data and statistical outputs—***Intermediate results and statistical outputs are regularly assessed and validated.* | 3.4.1 Main intermediate data are validated against other information where applicable.<br>3.4.2 Statistical discrepancies in intermediate data are assessed and investigated.<br>3.4.3 Statistical discrepancies and other potential indicators of problems in statistical outputs are investigated. |
| | **3.5 Revision studies—***Revisions, as a gauge of reliability, are tracked and mined for the information they may provide.* | 3. 5.1 Studies and analyses of revisions are carried out routinely and used to inform statistical processes. |

**Data Quality Assessment Framework—Generic Framework**
(July 2001 Vintage)

| Quality Dimensions | Elements | Indicators |
|---|---|---|
| **4. Serviceability**<br><br>*Statistics are relevant, timely, consistent, and follow a predictable revisions policy.* | **4.1 Relevance—***Statistics cover relevant information on the subject field.* | 4.1.1 The relevance and practical utility of existing statistics in meeting users' needs are monitored. |
| | **4.2 Timeliness and periodicity –** *Timeliness and periodicity follow internationally accepted dissemination standards.* | 4.2.1 Timeliness follows dissemination standards.<br>4.2.2 Periodicity follows dissemination standards. |
| | **4.3 Consistency—***Statistics are consistent within the dataset, over time, and with major datasets.* | 4.3.1 Statistics are consistent within the dataset (e.g., accounting identities observed).<br>4.3.2 Statistics are consistent or reconcilable over a reasonable period of time.<br>4.3.3 Statistics are consistent or reconcilable with those obtained through other data sources and/or statistical frameworks. |
| | **4.4 Revision policy and practice—***Data revisions follow a regular and publicized procedure.* | 4.4.1 Revisions follow a regular, well-established and transparent schedule.<br>4.4.2 Preliminary data are clearly identified.<br>4.4.3 Studies and analyses of revisions are made public. |

**Data Quality Assessment Framework—Generic Framework**
(July 2001 Vintage)

| Quality Dimensions | Elements | Indicators |
|---|---|---|
| **5. Accessibility**<br><br>*Data and metadata are easily available and assistance to users is adequate.* | **5.1 Data accessibility**—*Statistics are presented in a clear and understandable manner, forms of dissemination are adequate, and statistics are made available on an impartial basis.* | 5.1.1 Statistics are presented in a way that facilitates proper interpretation and meaningful comparisons (layout and clarity of text, tables, and charts).<br>5.1.2 Dissemination media and formats are adequate.<br>5.1.3 Statistics are released on the preannounced schedule.<br>5.1.4 Statistics are made available to all users at the same time.<br>5.1.5 Nonpublished (nonconfidential) subaggregates are made available upon request. |
| | **5.2 Metadata accessibility**—*Up-to-date and pertinent metadata are made available.* | 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.<br>5.2.2 Levels of detail are adapted to the needs of the intended audience. |
| | **5.3 Assistance to users**—*Prompt and knowledgeable support service is available.* | 5.3.1 Contact person for each subject field is publicized.<br>5.3.2 Catalogs of publications, documents, and other services, including information on any charges, are widely available. |

Note: The elements and indicators included here bring together the "pointers to quality" that are applicable across the five identified dimensions of data quality.

## Users' Survey

With the assistance of the United States Agency for International Development (USAID) a survey of the principal users of official macroeconomic statistics of Egypt was conducted during September–October 2003. The questionnaire was sent to 112 users among the academic and research community, banks and businesses, government agencies, the international community, media and other entities, but only a small number of responses (below 15 percent) was received. While in Cairo, the mission held discussions with a selection of users.

Users' views on the overall quality of Egypt's macroeconomic statistics were mixed. On a scale of 1 to 5, with 5 being "excellent" and 1 being "poor", the monetary and balance of payments were situated towards the higher end, and real sector and government statistics towards the lower end. In most areas, the users considered the quality of Egypt's statistics to be similar to that of other countries in the region, but better for monetary statistics.

Key points among the users' views on Egypt's statistics emerging from both the survey and discussions held are as follows:

- *Coverage* and *level of detail* could be improved, particularly in government finance (inclusion of the Social Development Fund, adequate coverage of operations of local government entities), national accounts (less aggregated level of indicators), and balance of payment statistics (better coverage of foreign direct investment).

- Improvement of *timeliness* for the dissemination of statistics was viewed as a high priority, particularly in the areas of national accounts and government finance statistics. *Periodicity* was generally considered satisfactory, except for national accounts.

- There is too little information on the *calendar of publication* and *revision policies* for all statistics. Some users felt that the information about revisions is too brief and not clearly explained.

- Views on *data and metadata accessibility* were mixed. Generally, governmental agencies have better access to statistics, while for the other categories of users it is an issue of concern. Some users considered the methodological descriptions as inadequate for analytical purposes, particularly those pertaining to areas of national accounts and government finance statistics. The dissemination means were seen as insufficient. The websites were considered underdeveloped (CAPMAS and CBE) or inadequately built (MOF, MOP). The need for developing an interagency network was also expressed by a number of governmental users.

- *Underlying methodology* and *accuracy* of statistics was viewed as satisfactory for monetary and balance of payments statistics and could be improved for the other. Particular concerns were expressed with regard to methodological soundness and reliability of price statistics.

- Several users indicated the need to improve transparency and build confidentiality in the official statistics. For instance, coordinated efforts are needed to ensure consistency between data published by different agencies on the same topics.