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Revision Policy and Practice: A First Overview of Country Practices

**Prepared by the Statistics Department
International Monetary Fund**

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I. INTRODUCTION

1. In recent years, the BOP Committee has contributed to development of a methodology for assessing the quality of economic statistics, namely the IMF Data Quality Assessment Framework (DQAF), that brings together internationally accepted concepts, methodological standards, and best practices. At the 2001 meeting, the Committee specifically addressed the DQAF dimension of accuracy and reliability. It recognized that the assessment and improvement of accuracy and reliability of the balance of payments statistics are particularly difficult because of the diverse nature of data sources. It also agreed on the importance of reviewing accuracy of the balance of payments statistics and of conducting revisions analysis, and it recognized the need to encourage countries to undertake such studies on a regular basis.

2. In the context of a recent discussion by the IMF's Executive Board on Data Provision to the Fund for Surveillance Purposes,¹ the Board asked the IMF staff to continue to work on elucidating good practice in revision policies. Directors encouraged national authorities to articulate their policies on data revisions. Articulated revisions policies would enhance transparency of the data provided to the Fund and would help assess when the reporting of revised data to the Fund brings to light a breach of obligations under the IMF's Articles of Agreement.

3. This note is designed to be part of the effort to carry forward work on elucidating good practice in revision policies. Its purpose is to describe what can be gleaned about country revision policy and practice from two sources: (i) the data modules of the Reports on the Observance of Standards and Codes (ROSCs) based on the DQAF for 10 countries, as published on the IMF website, provides in depth information on revision policy and practice (see box), and (ii) the SDDS and GDDS metadata provide less detailed information but they cover the 93 countries posted on the Dissemination Standards Bulletin Board (DSBB). The information for both sources is as of September 2002 and was taken from descriptions of revision policy and practice for balance of payments and national accounts statistics.

¹ See especially section III.C "Data Quality and Revision Policies" in "Data Provision to the Fund for Surveillance Purposes" SM/02/126, available on the IMF's website.

The DQAF is the product of widespread consultation with compilers and users. While the process continues, the DQAF may be said to reflect an emerging consensus on the best practices. With respect to revisions, this emerging consensus is that well-designed revision policy and practice should be predictable, publicized, and thoroughly documented. These best practices are embedded in the DQAF's cascading structure. The first (one-digit) level of the structure of the framework defines the prerequisites of quality and five **dimensions** of quality. Features of revision policy and practice are covered under these dimensions: "integrity," "accuracy and reliability," and "serviceability". The second (two digit) level of the structure identifies **elements**, which are pointers, or observable features, that can be used in assessing quality. The elements about revision policy and practice are, respectively, "transparency," "revision studies," and "revision policy and practice." Each element is made more concrete and detailed by **indicators** at the three-digit level of the DQAF. Thus, for example the "revision policy and practice" element of the "serviceability" dimension covers three four-digit indicators: (i) revisions follow a regular, well-established and transparent schedule, (ii) preliminary data are clearly identified, and (iii) studies and analyses of revisions are made public. Each indicator has one or more **focal issues**. For example, the indicator *studies and analyses of revisions are made public* has the focal issue that is *users are informed of the causes of revisions to the balance of payments statistics* (DQAF 4.4.3 (i)).

The level of focal issues was used as the primary information for the purpose of this study; however the next DQAF level, namely the **key points**, was also scrutinized and underlies the analysis. For instance, to identify countries practices covered by the DQAF's focal issue 4.4.3 (i), the following key issues were scrutinized: (i) revisions are measured, assessed, and explained in the balance of payments publication and in the database accessible by users and (ii) analysis of preliminary versus revised data is published for major aggregates to allow an assessment of the reliability of the preliminary data.

4. The information from the ROSCs was categorized under three main headings: "transparency," "revision policy and practice," and "revision studies" (front page of Attachment 1). These headings are taken from the integrity, serviceability, and accuracy and reliability dimensions of the DQAF, respectively. The information from the SDDS and GDDS metadata was categorized under two main headings: "transparency" and "revision policy and practice" (second page of Attachment 1). This information was gleaned from the DSBB section about the element "Provision of Information about Revisions and Advance Notice of Major Changes in Methodology." Because the SDDS and GDDS are concerned with data dissemination, they focus on the provision of information on revisions to users.

II. SUMMARY OF REVISION POLICY AND PRACTICE

5. The DQAF, as it applies to balance of payments and national accounts statistics, was used in Attachment 1 as a basis for categorizing the information from the ROSC and DSBB sources. While it is clear that many countries have been taking steps to meet users' needs and to adopt the best practices described in the DQAF, it is also clear from this information that, at least for countries in the study group, there is still much to be done before the best practices will be seen to be fully observed. This message is carried as well by the users' surveys that are a part of the ROSC process. Users from six of the ten ROSC countries in this

study were concerned about various aspects of data revisions, such as (i) transparency of revision policy, (ii) frequency, timing, and magnitude of revisions to data series, and (iii) access to the revision methodology and to the analysis of the impact of revisions on the component series.

Revision cycle

6. A predictable revision cycle is one in which revisions follow a regular, well-established and transparent schedule. The revision policies of all the SDDS countries clearly define the revision cycles. For most countries, the revision schedule is largely driven by the arrival of major data sources that are incorporated in accordance with a regular timetable. A wide range of practices for defining the revision cycle are identified. For balance of payments statistics, at the extremes are practices under which data are considered to be final when first released and practices under which data are subsequently revised each year and never considered to be final. In between these extremes there are approaches under which quarterly data are considered as final at the time of release of the provisional annual estimates for the current year, or cases under which only annual, and not quarterly, data are revised. About one-third of SDDS countries complete the revision cycle in one year, based on the perception that revisions become less significant as observation periods recede more than twelve months into the past. Twenty percent of SDDS countries revise data for two years, and 15 percent for three-five years. In some countries, only the first round of revisions follows a regular cycle. Subsequent revisions may not follow a regular and transparent procedure. The perception underlying compilers' decisions not to revise data after the first release is that users associate stability of time series with the accuracy of statistics, and therefore the revisions would reflect negatively on the trustworthiness of statistics.

7. Within the ROSC group, some countries deviate in various degrees from features of predictability, ranging from some with no predetermined cycle to some with a predetermined cycle that is not made known to the public. Sometimes users are informed that, in principle, data for the most recent period are subject to revision, but no clear indication is given as to which data have been revised.

Identification of revision status

8. Most countries clearly identify preliminary or initial data in statistical tables, e.g., by means of a footnote. There is a small number of countries with no formal policy on revisions or with a policy of making continuous revisions, which do not identify the status of the data. Although three ROSC countries do not identify the status of the data in the statistical tables, they would consider it sufficient to indicate in the methodological or explanatory notes that the data have been revised.

Documentation

9. The majority of countries inform the public of methodological changes at the time the changes are introduced. They do so by means of footnotes, explanatory notes, or special articles that accompany dissemination of revised estimates.

10. Only a few ROSC countries investigate the direction and magnitude of revisions, incorporate finding from the revision studies into data compilation process, and routinely inform the public of the results. In most countries in the ROSC group, revision studies are not made public in a systematic way. In some of these countries, the revision studies are made public occasionally, in cases of major ad hoc revisions, provided that the confidentiality of the data underlying these studies is preserved. It appears that compilers from three of the ROSC countries believe that there is not yet a demand from users for revision studies for the balance of payments statistics. In some instances, the factors underlying the differences between preliminary estimates and final data, although routinely scrutinized for internal purposes as part of internal quality control exercises, are considered to have the potential to confuse users. In such cases, the analysis of revisions is not widely disseminated, but may be provided to authorities and to other privileged users upon request.

III. ISSUES FOR DISCUSSION

1. The DQAF is expected to be a living document, subject to modifications with experience and changing needs. In this context, Committee members may wish to comment on DQAF contents with respect to revision policy and practice.

2. Would Committee members assist in providing examples of revision policies that have enhanced the users' opinion of the trustworthiness of statistics or that have safeguarded users' reliance on initial estimates? Would they be able to supply examples of disruptive revisions that have, for example, created tension between users and compilers?

3. What formats, for example, case studies, surveys, seminars, could be used to provide internationally accepted guidance on revision policy and practice?

Selected References on Revision Policy and Practice

Australian Bureau of Statistics. *Balance of Payments Statistics: Information Paper on Quality of Australian Balance of Payments Statistics*. ABS Catalogue Number 5342.0 Available on the ABS website at <http://www.abs.gov.au/>.

Bach, Christopher L. “Annual Revision of the U.S. International Accounts, 1993-2001”, *Survey of Current Business*, July 2002, pp. 33–40.

Bloem, Adriaan M., Dippelsman, Robert J., and Maehle, Nils Q. *Quarterly National Accounts Manual: Concepts, Data Sources, and Compilation*. Chapter XI “Revision Policy and the Compilation and Release Schedule”, pp. 186–192.

Carson, Carol S. and Laliberté, Lucie. “Assessing Accuracy and Reliability: A Note Based on Approach Used in National Accounts and Balance of Payments Statistics”, *IMF Working Paper*, WP/02/24. Washington: International Monetary Fund, 2002.

European Central Bank. *Trade-off Between Timeliness and Accuracy: ECB Requirements for General Economic Statistics*, 2001. Available on the ECB website.

Statistics New Zealand. *Balance of Payments Sources and Methods*, 2001 Edition, Chapter 4, “Data Dissemination and Related Issues”, p.36.

I. Source: Published ROSC reports in which the DQAF was applied

| | Transparency (DQAF 1.2) | | Revision Policy and Practice (DQAF 4.4) | | | | | | Revision studies (DQAF 3.5) | | | |
|-------------------------|---|-----|--|-----|--|-----|--|-----|--|-----|---|-----|
| | 1.2.4 (i) Users are made aware in advance of major changes in methodology, source data, and statistical techniques | | 4.4.1 (i) The practice of revisions follows a predictable pattern of which users are informed | | 4.4.2 (i) Preliminary or first estimates are identified in statistical releases | | 4.4.3 (i) Users are informed of the causes of revisions | | 3.5.1 (i) Revisions periodically assessed | | 3.5.1 (ii) Measures are undertaken to incorporate the findings from revision studies in data compilation | |
| Statistical Data Set | BOP | NA | BOP | NA | BOP | NA | BOP | NA | BOP | NA | BOP | NA |
| Botswana | no | yes | no | p | p | yes | o | no | o | o | o | no |
| Chile | no | yes | p | p | yes | yes | o | no | yes | o | o | ... |
| Costa Rica | no | no | p | p | yes | ... | o | o | o | o | ... | no |
| Estonia | no | no | yes | p | p | p | o | no | o | no | o | no |
| Hungary | no | no | yes | yes | yes | yes | no | no | no | no | no | no |
| Mauritius | no | no | no | p | p | p | o | o | no | o | no | ... |
| South Africa | yes | yes | yes | yes | yes | yes | o | yes | yes | yes | yes | ... |
| Sri Lanka | no | no | no | p | yes | yes | o | no | o | o | o | yes |
| Sweden | ... | yes | p | p | no | yes | no | o | yes | o | no | o |
| Turkey | no | no | p | p | yes | yes | o | no | o | no | o | no |
| Total responses, | 9 | 10 | 10 | 10 | 10 | 9 | 10 | 10 | 10 | 10 | 9 | 7 |
| of which: yes | 1 | 4 | 3 | 2 | 6 | 7 | ... | 1 | 3 | 1 | 1 | 1 |
| no | 8 | 6 | 3 | ... | 1 | ... | 2 | 6 | 2 | 3 | 3 | 5 |
| occasionally | ... | ... | ... | ... | ... | ... | 8 | 3 | 5 | 6 | 5 | 1 |
| partly | ... | ... | 4 | 8 | 3 | 2 | ... | ... | ... | ... | ... | ... |

II. Source: DSBB, Special Data Dissemination Standard Subscribers

| Statistical Data Set | Transparency (DQAF 1.2) | | Revision Policy and Practice (DQAF 4.4) | | | |
|-----------------------|---|-----|---|-----|--|--------------|
| | 1.2.4 (i) Advance Notice of Major Changes in Methodology | | 4.4.1 (i) The Revision Cycle is Predetermined | | 4.4.1 (i) Period After Which Data Considered Final | |
| | BOP | NA | BOP | NA | BOP | NA |
| Argentina | no | no | yes | yes | 6 months | 18 months |
| Australia | yes | yes | yes | yes | ... | ... |
| Austria | no | no | yes | yes | 18 months | 3 years |
| Belgium | no | ... | yes | yes | 18 months | 3 years |
| Brazil | no | no | yes | yes | 6 months | /1 |
| Canada | yes | yes | yes | yes | 4 - 10 years | 4 - 10 years |
| Chile | no | yes | yes | yes | 15 months | 27 months |
| Colombia | no | yes | yes | yes | 12 months | 18 months |
| Costa Rica | no | no | yes | yes | 16 months | 2 years |
| Croatia | yes | no | yes | yes | *0 | ... |
| Czech Republic | no | no | yes | yes | 6 months | 2 years |
| Denmark | no | no | yes | yes | 2 years | 3 years |
| Ecuador | no | no | yes | yes | 4 quarters | 3 years |
| El Salvador | no | no | yes | yes | 2 years | /1 |
| Estonia | no | no | yes | yes | 5 years | 18 months |
| Finland | no | no | yes | yes | 20 months | 18 months |
| France | no | yes | yes | yes | /1 | |
| Germany | no | yes | yes | yes | 4 years | 3 years |
| Hong Kong S AR, China | no | o | yes | yes | 2 years | 3 years |
| Hungary | no | no | yes | yes | w after first release | 12 months |
| India | no | no | yes | yes | *0 | 3 years |
| Indonesia | no | no | yes | yes | 6 months | /1 |
| Ireland | yes | yes | yes | yes | ... | /2 |
| Israel | no | yes | yes | yes | /2 | /2 |
| Italy | yes | yes | yes | yes | 13 months | 4 - 5 years |
| Japan | yes | ... | yes | yes | 4 months | 8 months |
| Korea | no | no | yes | yes | 6-7 months | 15 months |
| Latvia | no | no | yes | yes | 1 quarter | /1 |
| Lithuania | no | yes | yes | yes | /1 | 15 months |
| Malaysia | no | no | yes | yes | 1 year | 9 quarters |
| Mexico | no | yes | yes | yes | 5 month | 12 months |
| Netherlands | no | no | yes | yes | 8-12 quarters | /1 |
| Norway | yes | yes | yes | yes | 28 months | /1 |
| Peru | no | no | yes | yes | 6 months | 6 months |
| Philippines | yes | no | yes | yes | ... | 3 years |
| Poland | no | ... | yes | yes | 3 months | /1 |
| Portugal | no | yes | yes | yes | 3 years | 2 years |
| Singapore | yes | yes | yes | yes | 2 years/3 | 2 years |

| Statistical Data Set | Transparency (DQAF 1.2) | | Revision Policy and Practice (DQAF 4.4) | | | |
|-------------------------|---|-----------|---|-----------|--|-----------|
| | 1.2.4 (i) Advance Notice of Major Changes in Methodology | | 4.4.1 (i) The Revision Cycle is Predetermined | | 4.4.1 (i) Period After Which Data Considered Final | |
| | BOP | NA | BOP | NA | BOP | NA |
| Slovak Republic | no | no | yes | yes | 10 months/4 | 2 years |
| Slovenia | yes | yes | yes | yes | 6 months | 3 years |
| South Africa | yes | yes | yes | yes | 4 years | ... |
| Spain | no | yes | yes | yes | 9 quarters | 4 years |
| Sweden | ... | yes | yes | yes | /2 | 3 years |
| Switzerland | yes | yes | yes | yes | /2 | ... |
| Thailand | no | o | yes | yes | /2 | /2 |
| Tunisia | no | yes | yes | yes | /1 | ... |
| Turkey | no | no | yes | yes | /1 | 10 years |
| United Kingdom | yes | yes | yes | yes | 12 months | 12 months |
| United States | yes | yes | yes | yes | 6 years | 5 years |
| Total responses, | 48 | 46 | 49 | 49 | 46 | 43 |
| of which: yes | 14 | 22 | 49 | 49 | | |
| no | 34 | 22 | | | | |
| ocasionally | | 2 | | | | |

*Data are final when first released unless major changes occur, or could occasionally be revised to correct statistical errors or omissions.

1/Data are final at the time of dissemination of annual provisional data

/2data are subsequently updated each year, they never considered to be absolutely "final".

/3 Data may be revised at a latter date when there are methodological changes or new data sources.

/4 Only for the annual balance of payments data. The quarterly data are not revised.

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III. Source: DSBB, General Data Dissemination System Participants

| Statistical Data Set | Transparency (DQAF 1.2) | | Revision Policy and Practice (DQAF 4.4) | |
|----------------------|--|-----|--|-----|
| | 1.2.4 (i) Advance Notice of Major Changes in Methodology | | 4.4.2 (i) Provision of Information about Revisions | |
| | BOP | NA | BOP | NA |
| Albania | no | no | yes | yes |
| Antigua and Barbuda | no | ... | yes | ... |
| Armenia | yes | yes | yes | yes |
| Azerbaijan | no | no | no | yes |
| Bangladesh | no | yes | yes | yes |
| Barbados | no | no | yes | yes |
| Benin | no | no | ... | yes |
| Bolivia | no | ... | yes | yes |
| Botswana | no | p | yes | yes |
| Bulgaria | o | yes | yes | ... |
| Burkina Faso | no | ... | ... | ... |
| Cambodia | no | no | yes | yes |
| Cameroon | no | no | ... | yes |
| China, republic of | no | yes | ... | no |
| CT d' Ivoire | no | no | ... | ... |
| Dominica | no | no | yes | yes |
| Fiji | no | no | yes | yes |
| Gambia, The | no | no | yes | yes |
| Grenada | no | no | yes | yes |
| Guinea-Bissau | no | no | ... | ... |
| Jordan | no | no | yes | yes |
| Kazakhstan | no | no | yes | yes |
| Kuwait | no | no | yes | ... |
| Kyrgyz Republic | no | no | yes | yes |
| Mali | no | no | ... | ... |
| Malta | no | no | ... | ... |
| Mauritius | no | no | p | p |
| Mongolia | no | no | no | no |
| Nepal | no | no | yes | yes |
| Niger | no | no | ... | ... |
| Oman | no | no | yes | yes |
| Panama | no | no | yes | yes |
| Paraguay | no | no | ... | ... |

| | Transparency (DQAF 1.2) | | Revision Policy and Practice (DQAF 4.4) | |
|--------------------------------|--|-----|--|------|
| | 1.2.4 (i) Advance Notice of Major Changes in Methodology | | 4.4.2 (i) Provision of Information about Revisions | |
| Statistical Data Set | BOP | NA | BOP | NA |
| Romania | no | no | yes | yes |
| St. Kitts and Nevis | no | no | yes | yes |
| St. Lucia | no | no | yes | yes |
| St. Vincent and the Grenadines | no | no | no | yes |
| Senegal | no | no | | |
| Sri Lanka | no | no | yes | yes |
| Tanzania | no | yes | ... | ... |
| Togo | no | no | ... | ... |
| Uganda | no | yes | yes | yes |
| Venezuela | no | no | yes | yes |
| Yemen, Republic of | no | no | yes | yes |
| Total responses, | 44 | 41 | 31 | 31 |
| of which: yes | 1 | 6 | 27 | 28 |
| no | 42 | 37 | 3 | 2 |
| occasionally | 1 | ... | ... | |
| partly | | 1 | 1 | 1 |