

VII Regional Issues in Macroeconomic Statistics

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Central America has made significant efforts in recent years to improve data quality and provision, with a view to ensuring sound economic policymaking and to fostering investors' confidence (see Box 7.1).¹ The countries that are already issuers of sovereign bonds in international capital markets are well aware of the need to provide timely and adequate statistical information to market participants (see Table 7.A1).² Thus, Panama and Costa Rica, followed by El Salvador, are at the forefront of data compilation and use of cutting-edge methodologies.

El Salvador subscribed to the Special Data Dissemination Standard (SDDS)³ in 1998 and Costa Rica subscribed in 2001; Panama began participating in the General Data Dissemination System (GDSS) in 2000,⁴ and Guatemala began in 2004. Honduras and Nicaragua are adapting their statistical frameworks to international standards, including by preparing to participate in the GDSS and regional initiatives to facilitate cross-country comparisons and data exchange. Nicaragua and Honduras have also made some progress in improving the quality of statistics, especially with respect to the national accounts and the monetary statistics. The drive for more harmonized statistics is motivated in particular by the trend toward increased economic integration and policy coordination in the region.

¹Although geographically the Dominican Republic is not part of Central America, it has joined a number of regional initiatives, including the Central American Free Trade Agreement (CAFTA-DR). Statistical issues for the Dominican Republic are summarized in Box 7.2 and noted as memorandum items in tables.

²Costa Rica, the Dominican Republic, El Salvador, Guatemala, and Panama have issued sovereign bonds in international capital markets. Although Honduras and Nicaragua have not issued sovereign bonds, a number of private residents of these countries have issued securities internationally.

³The SDDS was established in 1996 to guide countries that have, or that might seek, access to international capital markets in the dissemination of data to the public. Subscribers must fully meet the requirements of the SDDS at the time of subscription.

⁴The GDSS was established in 1997 to guide countries in providing the public with comprehensive, timely, accessible, and reliable data. The GDSS, which provides recommendations on good practices in compilation and dissemination, is less demanding than the SDDS because it requires progress in statistical improvement over the medium term.

Despite the progress so far, statistical deficiencies remain, with uneven data quality across sectors and countries. Outdated methodologies, poor source data, and inconsistency across sectors affect countries to different degrees, hampering policy formulation and monitoring. A key advantage throughout the region is that the fiscal statistics generally cover the entire nonfinancial public sector, although precise identification of the overall balance by level of government is problematic in some countries.

The quality of legal frameworks for compiling and disseminating statistics varies. In Honduras, a new law that came into effect in 2000 contains comprehensive provisions that strongly support the compilation of statistics, whereas in El Salvador the national statistical law is outdated and suffers from significant gaps. The legal framework in Costa Rica does not grant compilers legal power to collect data from the nonfinancial private sector and to impose sanctions for noncompliance. Such limits hamper, for example, the collection and analysis of balance of payments data, especially on capital flows. Penalties for noncompliance are adequate in only a few countries, such as Honduras, where the real value of penalties is protected by indexation to the minimum wage. However, compilers seldom invoke laws and resort to penalties when requesting data, preferring to rely on persuasion, with different degrees of success. Therefore, an improvement in macroeconomic statistics requires both a more rigorous application of existing laws and—in most countries—changes in legal frameworks.

In most countries in the region there is scope to improve coordination among statistical agencies and for a targeted increase in resources to improve statistical output. In particular, greater coordination among the central bank, the finance ministry, and the national statistical agency would help governments better assign responsibilities for data sets, strengthen the collection of basic data, and improve the timeliness of certain data, including on the general government. There are significant disparities in resources available to support statistical production: central banks are generally better endowed than national statistical agencies and finance ministries.

Box 7.1. Main Data Issues in Central America

National Accounts

Outdated methodologies and an obsolete base year affect the quality of the national accounts in El Salvador, Guatemala, and Honduras. Concepts and definitions in El Salvador follow the 1968 System of National Accounts (SNA) with 1990 as base year. In Honduras compilation is conducted under the 1953 SNA with 1978 as the base year. Guatemala is currently implementing the 1993 SNA and is changing the base year of the national accounts to 2001. All countries still face problems with limited source data, although efforts are under way to broaden coverage. For instance, Panama is completing a revision of its national accounts, adopting the 1993 SNA and changing the base year from 1982 to 1996. Coverage has been extended to activities that did not exist in 1982, and the accounts now include resident banks and enterprises operating in the Colón Free Zone (ZLC). In the same vein, Nicaragua recently conducted a census of enterprises in urban areas plus surveys of small enterprises and the informal sector, in the context of the implementation of the 1993 SNA (see Table 7.A1).

Prices

In general, the consumer price index (CPI) is based on internationally accepted practices and standards. Moreover, most countries have updated weights according to recent household expenditure surveys. In addition, Costa Rica, El Salvador, Honduras, and Panama publish a producer price index (PPI), and also publish related date (except for Honduras). However, coverage of the PPI is limited in most cases to the manufacturing sector and excludes key sectors such as maquila, mining, and electricity.

Government Finance Statistics (GFS)

To facilitate financial programming, countries compile fiscal data on a cash basis following the *Manual on Government Finance Statistics 1986 (GFSM 1986)*. Some countries in the region report GFS (on a cash basis) in the format of the *Government Finance Statistics Manual 2001 (GFSM 2001)* for publication in the *Government Finance Statistics Yearbook (GFSY)*. Costa Rica, El Salvador and Panama are planning to review their accounting systems to incorporate the analytical framework of the *GFSM 2001*, which includes recording transactions on an accrual basis. Main shortcomings in most countries relate to coverage (exclusion of certain extrabudgetary operations and social security funds), classification, basis of recording (a mixed basis of cash and accrual), and discrepancies between the overall balance and financing data.

Monetary Statistics

Monetary statistics are reliable, but uneven coverage is an issue. Costa Rica, El Salvador, and Panama follow, to a large extent, the *Monetary and Financial Statistics Manual (MFSM)*, though its adoption lags behind in Guatemala, Honduras, and Nicaragua. However, the latter countries are working with the IMF to improve their databases. In general, the main shortcomings are lack of information on offshore operations of bank conglomerates and investment funds (particularly important in Costa Rica), and difficulties in obtaining detailed sectorized deposit and credit data from banks. The latter hampers the reliability of the estimates of the public sector financing by levels of government. Costa Rica publishes a monetary survey comprising the monetary authorities and other depository corporations, as well as data on other financial corporations (such as cooperative development bank and mortgage banks). Monetary statistics in El Salvador also include data on nonmonetary financial corporations, whereas an expansion of coverage is needed in Panama to ensure inclusion of data on other nonbank institutions such as cooperatives.

Balance of Payments

Lack of sufficient source data hinders the reliability of the balance of payments in some countries. Costa Rica, El Salvador, and Panama compile the balance of payments in conformity with the methodology recommended in the fifth edition of the *Balance of Payments Manual (BPM5)*, which is more demanding regarding the need for reliable source data. In contrast, compilation in Honduras and Guatemala is still based on the *BPM4*, although a move toward adoption of *BPM5* is under way. Guatemala is in the transition between *BPM4* and *BPM5*, and has adopted significant *BPM5* recommendations, in particular for the current account. Costa Rica and Panama compile and disseminate quarterly balance of payments and annual International Investment Position (IIP) statistics, whereas El Salvador disseminates annual and quarterly balance of payments and IIP data. In spite of substantial progress in coverage and timeliness of balance of payments data by these countries, certain deficiencies remain as a result of the lack of reliable source data on services and financial account transactions. Sizable data revisions may suggest that there is room for improvement in quality control, even though this may also reflect improvements in coverage such as in Panama.

Data Suitability for Analytical Purposes

Despite these shortcomings, the quality of statistical data is broadly adequate for analytical purposes,

particularly in the case of Panama and Costa Rica. Data are somewhat less suitable in Guatemala and Honduras, while they have improved considerably in Nicaragua. Until recently, El Salvador enjoyed a reputation for having a good statistical system in relation

Box 7.2. Dominican Republic: Data Issues

Main Data Issues and Their Suitability for Analytical Purposes

The Dominican Republic has made some progress in improving the quality of its macroeconomic statistical framework and, along with Honduras and Nicaragua, is in the process of participating in the GDDS initiative. Nonetheless, several shortcomings remain that hamper the use of the GDDS for analytical purposes.

A revision of the *national accounts* is being undertaken in line with *1993 SNA* and an updated base year (1991). The quarterly series have, however, outdated conceptual and methodological frameworks that make them unreliable for analysis. *Price statistics* have new consumer price indices based on updated and more accurate consumption baskets, with weights based on the 1997–98 national household survey.

Government finance statistics are collected from various institutions but the lack of interinstitutional coordination creates serious problems for matching above-the-line data on expenditures and revenues to below-the-line financing from foreign and domestic sources. This gap is represented in some years as about 5 percent of GDP. Moreover, data on the operations of public enterprises are often partial and available with excessive delays.

Along with price statistics, the *monetary statistics* data set is one of the most reliable. It broadly follows the *MFSM*, although deficiencies in the data collection system, being addressed through the setup of a new

database with automated data processing, will not be solved until the end of 2004.

Balance of payments statistics, despite being compiled in conformity with methodological standards of *BPM5*, have serious data sources constraints related mainly to coverage of imports, capital transfers, and income and financial accounts that generate large errors and omissions.

The debt data set has coverage and classification problems that have led to sizable underestimations of stocks (see Tables 7.A1 and 7.A2).

Statistics Technical Assistance

Since the inception of the data initiatives (1996), the Dominican Republic has received 16 STA technical assistance missions, which, compared with the Central American countries, place it as one (along with Costa Rica) of the major beneficiaries of STA technical assistance missions (vis-à-vis an average of 10 missions per Central American country during the same period). The bulk of the missions were on balance of payments and national accounts statistics. As a result, the compilation of balance of payments follows *BPM5* and national account statistics have been revised. No mission has been fielded so far for government finance statistics. One multisector mission took place in 2002, and a data ROSC mission was requested by the authorities after a recent monetary and financial statistics mission, which also included a follow-up in other statistical areas (see Table 7.A3).

to regional practices. However, since dollarization in 2001, the ensuing streamlining of the functions of the central bank—the main provider of economic statistics—and an erosion of financial and human resources deployed to statistics have had some adverse effects, including the discontinuation of several key surveys. This has affected, in particular, the national accounts and the balance of payments (see Table 7.A2).

Monetary statistics are the most reliable and suitable for analysis and financial programming, although coverage and sectorization gaps continue to be a matter of concern. Closing these gaps would require substantial effort, as covering offshore operations and the needed modifications to the chart of accounts for financial institutions in some countries would entail resource costs and require further technical assistance (see also Section VI, on offshore financial transactions).

Shortcomings in the national accounts (the *SNA*) and the balance of payments complicate the analysis of sources of economic growth, national savings, output gap, and external sustainability. The national accounts are considered more reliable in Panama and Costa Rica. In Nicaragua, recent implementa-

tion of the *1993 SNA* has updated the base year and introduced numerous surveys to broaden coverage, thus increasing data reliability. Although the balance of payments is considered more reliable than the national accounts, large and volatile errors and omissions introduce uncertainty to estimates and projections, particularly in Guatemala and Nicaragua.

Fiscal statistics are considered acceptable for analysis in most countries. However, the coverage of public enterprises is incomplete, and data are untimely in some countries, particularly in Nicaragua. Discrepancies between the overall balance and financing data, particularly in El Salvador and Nicaragua, have resulted at times in a gap of about 2 percent of GDP.

Cross-sectoral consistency is a major issue in the region. This affects especially the national accounts, balance of payments, and government finance statistics. For example, in Costa Rica, data on the operations of large nonfinancial enterprises have been affected by unreliable estimates of changes in inventories and imports. In Guatemala, operations of the *maquila* enterprises are included in the balance of payments, although reflected on a net basis, but

excluded from the national accounts. In Nicaragua, the new series of national accounts include better estimates of capital and current expenditures than in the government finance statistics, for which overestimation of capital expenditures is a concern. Good progress to improve intersectoral consistency is being made in Panama, where reconciliation of data on capital flows between banking sector and balance of payments statistics is being conducted following a compilation method introduced by the Superintendency of Banks in 2002.

Analysts strongly support the implementation of up-to-date methodologies, but are concerned about possible breaks in the series. They consider that the implementation of more advanced methodologies improves data classification and sectorization, thereby facilitating the use of data for analytical purposes. They caution, however, that breaks in the series could complicate intertemporal analysis.

Moving Toward a Harmonized Statistical Framework

Deepening economic integration of the region should be supported by compilation of consolidated macroeconomic statistics for the region. Coordination of macroeconomic policies would, at the outset, require the exchange of statistical information among members so as to compare data sources and methodologies for classification and sectorization. Given the lack of an integrated statistical database for the Central American countries, there is a need to develop a coordinated, consolidated, and harmonized statistical system.

Some efforts in this direction have been undertaken by the Central American Monetary Council (CAMC), which has created working groups to deal with statistical issues. These groups are preparing working papers on estimating the co-circulation of domestic and foreign currency and analyzing operations of offshore banks. A working group on the national accounts is tasked with researching the determinants of economic growth in the region, and another group is working on a common definition of money in Central America.⁵ Also, the CAMC is working on a project to disseminate debt data of the central governments and central banks.

Some progress in harmonizing monetary statistics has been fostered by the policy needs of regional central banks. Monetary and financial policy issues common to the countries in the region are being discussed in the context of the CACM, with a focus on

avoiding unexpected capital movements across the region. Accordingly, data sources, level of coverage, and data classification and sectorization have been assessed across countries to determine the degree of comparability. This project has been implemented with support from the IMF's Statistics Department (STA) in the framework of the GDDS initiative.

The Partnership in Statistics for Development in the 21st Century (Paris 21) has also been promoting regional integration of Central American statistics.⁶ Workshops to strengthen the statistical capacity of Central American countries, organized by the Secretariat of Paris 21, took place in El Salvador (May 2003) and Panama (April 2004). The principal recommendations arising from these meetings include creation of a regional authority for statistical coordination and standardization of regional definitions and methodologies.

Methodological convergence is needed for a consolidated and a harmonized statistical system across the region. Regionwide implementation of the 1993 SNA would help in the preparation of consolidated accounts for Central America. This and further improvements to the national accounts would require better source data through a strengthening of the statistical institutions, the establishment and maintenance of statistical registers, and the regular conduct of economic surveys and censuses. Similarly, in the area of fiscal statistics, countries would be well advised to update the *Government Finance Statistics Manual*, budget, and accounting systems based on the *GFSM 2001*. Some countries should also improve fiscal data coverage, in particular by including extrabudgetary units, social security funds, and local governments. Guatemala, Honduras, and Nicaragua need to make further progress in the adoption of the *MFSM* and in compiling the balance of payments in conformity with the methodology recommended in *BPM5*.

Technical Assistance to the Region

Since the inception of the data standards initiatives (SDDS, GDDS, and data ROSCs), the IMF has fielded 88 missions to Central America and the Dominican Republic to assist in the improvement of the

⁵For information on research papers and working groups, see www.secmca.org/documentos.asp?mnu=11.

⁶Paris 21 was launched at a meeting of statisticians and policymakers, which was held in Paris in November 1999. The meeting was an initiative of the United Nations, the Organization for Economic Coordination and Development (OECD), the IMF, the World Bank, and the European Commission in response to a UN Economic and Social Council resolution. This global consortium aims to help promote a culture of evidence-based policymaking and monitoring, especially in poor countries. The initial focus is on helping countries to prepare national Poverty Reduction Strategy Papers (PRSPs).

macroeconomic statistics. Costa Rica and the Dominican Republic received the most (15 missions each), followed Guatemala and Honduras (12 each), Panama (11), El Salvador (10), and Nicaragua (9) (Table 7.A3). Most missions were related to monetary statistics, followed by balance of payments and national accounts.

Data ROSC missions have visited Costa Rica, El Salvador, Honduras, Guatemala, and Nicaragua and have prepared detailed assessments of statistical practices based on international standards.⁷ In addition, several missions and seminars are taking place in 2004 to assist the Dominican Republic, Guatemala, Honduras, and Nicaragua in preparing to participate in the GDDS. These missions and seminars explain the modalities and benefits of using the GDDS as a framework to improve their national statistical systems and have assisted in (1) documenting compilation methods and sources (metadata), (2) identifying deficiencies in the compilation and dissemination process, (3) documenting the plans for improvement over the short and medium term, and (4) identifying technical assistance needs in the short and medium term. Metadata for the external and monetary sectors have already been finalized, whereas those for the real and fiscal sectors are being drafted.

Technical assistance has helped strengthen statistical systems in the region. A good example is Nicaragua, which has made considerable progress in updating the statistical methodologies. Nicaragua has significantly improved its monetary statistics (in particular central bank aggregates), publishes national accounts data that are compatible with the 1993 SNA, and presents fiscal data to the IMF in the format of the *GFSM 2001*.

Technical assistance could play a role in the support of regional integration. To this end, technical as-

sistance will need to attach priority to strengthening methodological convergence and to making statistics comparable across countries. The IMF could provide technical assistance to regional institutions for creating coordinated and harmonized statistical systems. Given the high level of trade integration in the region, future technical assistances should also focus on harmonizing balance of payment statistics.

Conclusions

Deepening economic integration and increased macroeconomic policy coordination should be mirrored in a strengthening and methodological convergence of statistical systems in Central America. In the medium term, this could be supplemented through the development of an integrated statistical database for the region. Convergence of statistics should take place at the most advanced level, guided by those countries that already have access to international capital markets and that subscribe to the SDDS.

Overall, Central America has a good record of providing data to the IMF and has made progress in improving statistical frameworks. Among the Central American countries, Costa Rica and Panama are at the forefront of data compilation and use of cutting-edge methodologies. Costa Rica and El Salvador subscribe to the SDDS, whereas Panama and Guatemala subscribe to the GDDS. The other countries are preparing to participate in the GDDS. Statistical deficiencies remain, however, with uneven data quality across sectors and countries, including the use of outdated methodologies.

Appendix. Statistical Issues, Suitability of Data for Analytical Purposes, and Technical Assistance Missions

The following tables provide detailed information on statistical issues for each country.

⁷Starting in 2001, the data module of Reports on the Observance of Standards and Codes (data ROSCs) includes an assessment of data quality based on the IMF's Data Quality Assessment Framework (DQAF).

Table 7.A1. Statistical Issues

	SDDS/GDDS	National Accounts	Price Index	Government Finance Statistics	Monetary Statistics	Balance of Payments
Costa Rica	Subscribed to SDDS in November 2001	New series of accounts compiled in accordance with 1993 SNA with 1991 as base year. Weaknesses remain in the source data (informal sector not explicitly estimated; input-output ratios from 1991 used for estimating 80 percent of value added; limitations in coverage and quality of data for compiling the expenditure approach of GDP), which affects the quarterly estimates.	Overall structure of consumer price index (CPI) based on internationally accepted practices and standards. Product classification according to household consumption expenditure classification of 1968 SNA. Producer price index (PPI) coverage limited to manufacturing sector output for the domestic market (excludes businesses operating under special customs regimes— <i>maquila</i>).	Methodology for compiling GFS for policy analysis follows the guidelines of the GFSM 1986. A committee in the Ministry of Finance (MoF) has been created to prepare a migration plan and implement the GFSM 2001 guidelines. The MoF reported cash data in GFSM 2001 format for publication in the GFSY. The MoF does not consolidate data for the central government. Local government and university financing data are not included. Problems in reconciling above-the-line with below-the-line (financing flows) figures. Financing and debt classifications not fully in line with GFSM 1986. Breakdown of financing is not disseminated regularly.	Analytical framework broadly follows the MFSM, after several TA improvements made to the classification, coverage, and timeliness of money and banking statistics, in particular of the central bank. Enhanced monetary data for publication in IFS include balance sheets of cooperatives, savings and loans institutions, and private financing corporations. Main shortcomings: sectorized source data from other depository corporations need significant improvements, and offshore operations of resident banks need coverage.	Compiled in conformity with methodology recommended in <i>Balance of Payments Manual (BPM5)</i> . Substantial progress in the application of appropriate methodologies in the compilation of balance of payment (BOP) statistics, including the preparation of quarterly BOP and annual International Investment Position (IIP) data. Shortcomings: (1) incomplete coverage of long-term liabilities of private banks and equity holdings abroad; (2) limited coverage of services, especially in the quarterly series; and (3) statistical techniques needed to eliminate effects of valuation changes for banking flows.
Dominican Republic	In the process of participating in GDDS	A revision is being undertaken in line with 1993 SNA and an updated base year (1991).	New indices for consumer prices based on updated and more accurate consumption baskets, and weights based on the 1997–98 national survey on household income and expenditure. There are no available series for producer prices, industrial production, or wages (except minimum wages).	Fiscal data are collected from various institutions, but with limited coordination and consistency in classification. Information on public enterprises is often incomplete and available only with long delays. Data are collected on a cash basis. Data on fiscal revenues and expenditures lack consistency with data on financing, resulting in statistical discrepancies. The implementation of the Integrated System of Financial Management project is expected to improve both coverage and classification of the public accounts and introduce the accrual concept.	Analytical framework reflects concepts and definitions that broadly follow the MFSM. Coverage includes banking institutions as well as other depository institutions. A new database, to be operational by the end of 2004, will substantially improve timeliness and the methodological soundness of monetary statistics. A major shortcoming is the lack of data on offshore banks and financial cooperatives.	Compiled in conformity with methodological standards of BPM5. IIP statistics should become available in 2005. Main shortcomings: problems in coverage remain in imports, capital transfers, income, and the financial account, giving rise to large errors and omissions.

Table 7.A1 (continued)

	SDDS/GDDS	National Accounts	Price Index	Government Finance Statistics	Monetary Statistics	Balance of Payments
El Salvador	Subscribed to SDDS in June 1998	Concepts and definitions follow the 1968 SNA with 1990 as base year. The authorities intend to migrate to 1993 SNA. Source data are scarce. Last agricultural census conducted in 1971 and annual economic surveys interrupted in 1999. Coverage curtailed significantly when compilation of institutional sector accounts partially suspended in 1995.	Monthly price data for CPI and industrial price index (IPRI) are adequate and collected in a timely and efficient manner. CPI with sound methodological basis and coverage representing 85 percent of urban population. CPI weight based on the 1990/91 NHIE survey. PPI weight based on the 1993 economic census, which also included goods produced under special customs regimes (<i>maquila</i>) (13 percent of manufacturing sector). However, this production is not covered by the PPI or by goods produced for export.	Concepts and definitions based on <i>GFSM 1986</i> for internal use and for reporting to Western Hemisphere Department (WHD) in the IMF. Accounting system under review for incorporating <i>GFSM 2001</i> analytical framework. All units of the nonfinancial public sector are covered, except some decentralized institutions such as the Salvadoran Institute of Municipal Development. Mutual funds are wrongly included. Classification broadly in accordance with the recommendations of the <i>GFSM 1986</i> with some exceptions, such as inconsistent treatment of inflows from privatization and recording of guaranteed debt in the consolidated central government. The MoF reported GFS cash and accrual data in <i>GFSM 2001</i> format for publication in the <i>GFSY</i> .	Analytical framework reflects concepts and definitions that broadly follow the <i>MFSM</i> . Good periodicity and quality of data, though several financial institutions do not distinguish transactions by residents and nonresidents. Main shortcomings: depository corporations' survey does not include credit and savings cooperatives; loans and other accounts are not fully sectorized; offshore operations of resident banks are not covered; and estimates of money need to be improved by incorporating a measure of dollars circulating in the economy.	Compiled in conformity with methodological standards of <i>BPM5</i> . Annual and quarterly dissemination, including the IP. Data sources broadly sufficient to compile major items of BOP. Significant improvements in coverage and timeliness of BOP data in recent years. Significant progress in compiling trade and insurance data and data on services, workers' remittances, foreign direct investment, private external debt, and goods for processing, as well as data for IIP statistics. Interest dividends, and external debt transactions are still recorded on a cash basis.
Guatemala	Participating in the GDDS since December 2004	Compilation based on 1953 SNA with 1958 as base year. Coverage is limited, especially for services. 1958 input-output ratios used for estimating more than 80 percent of value added. Central bank in the process of implementing the 1993 SNA with a recent base year.	New CPI since Feb. 2001 based on weights from a household expenditure survey of 1998/99. No compilation of PPI.	Methodology follows the guidelines of the <i>GFSM 1986</i> . No migration plan for moving to <i>GFSM 2001</i> . Problems in reconciling the government public sector balance (above-the-line) with that from financing flows (below-the-line). Little progress in improving statistics of the social security fund and public corporations. Overall non-financial public sector data not compiled on a regular basis. The MoF reported GFS cash data in <i>GFSM 2001</i> format for publication in the <i>GFSY</i> .	Significant shortcomings in the implementation of the <i>MFSM</i> . Main shortcomings: deposit and credit cooperatives; depository corporations still unable to provide fully sectorized data; offshore operations of resident banks not covered. Steps toward developing an integrated database have been reinitiated in the context of the GDDS.	Classification and presentation according to <i>BPM4</i> . Some progress has been made in the transition to the methodology of <i>BPM5</i> . Main source of data—for compiling services, transfers, and private capital transactions (despite major deficiencies of this data source)—is International Transactions Reporting System (ITRS) reported by banks. Guatemala does not compile IIP statistics. A recent TA mission recommended overall to improve the quality of ITRS and to implement enterprise surveys.

Honduras	In the process of participating in GDDS	Compilation based on 1953 SNA with 1978 as base year. Central Bank of Honduras implementing a four-year program for adopting 1993 SNA and changing the base year to 2000. Lack of coverage and deficient quality of data sources (informal sector not explicitly estimated; the reliance on input-output ratios from 1978 in some industries is excessive; deficient statistical techniques for compiling the expenditure approach of GDP).	CPI compiled following internationally accepted concepts, practices, and standards. New indices published since April 2000 with revised basket and updated weights in basis of a household income and expenditure survey conducted on 1998/99. CPI covers eight principal cities, and its basket includes 282 goods and services. Although unpublished, the PPI broadly follows international guidelines with respect to concepts and definitions. Coverage, however, limited to the manufacturing sector; excluding key sectors such as <i>maquila</i> , mining, and electricity.	GFS classification not completely in line with the GFSM 1986 recommendations. No migration plan for moving to GFSM 2001. Discrepancies between central bank and MoF data. Statistical discrepancy between above-the-line and financing estimates of the fiscal deficit. Integrated system of finance administration in process. This integrated system does not have a payroll module. There is no common sectorization of GFS within the MoF. Contrary to recommendations in the GFS manuals, statistics on the consolidated central and general government are not prepared. Only central administration data are disseminated, which exclude operations of social security funds and some extrabudgetary units.	MFSM not fully adopted. Intention is to revise compilation methodology and procedures in line with MFSM. Monetary survey consolidates balance sheet of the central bank, commercial banks, development banks, saving and loan institutions, and finance companies but does not include credit cooperatives. Main shortcomings: lack of coverage of deposits and credit cooperatives and offshore operations of resident banks; and lack of fully sectorized balance sheet for depository corporations.	Compiled in broad conformity with BPM4. In transition to BPM5. Principal shortcomings: several deviations from the classification recommended by BPM5, such as (1) the treatment of goods for processing, (2) lack of breakdown of transportation service, and (3) transfers not disaggregated into current and capital transfers. There is a need for improvement of statistical techniques for estimating workers' remittances, profits of <i>maquila</i> firms, freight and insurance on goods imports, and undercoverage of goods. Improvements in BOP surveys are also required.
Nicaragua	In the process of participating in GDDS	New national accounts series for 1994–2000 compatible with 1993 SNA was adopted in March 2003 with 1994 as base year. New figures entail an expansion of data sources and broader coverage of industries and the informal sector. Supply and use tables are also provided.	CPI, with new weights referencing 1999 since 2001, covers Managua and eight other cities. The current IPRI is a good proxy of the PPI, although it only covers agriculture, fishing, and manufacturing sectors.	Methodology follows the guidelines of the GFSM 1986. The MoF reported GFS cash data in GFSM 2001 format for publication in the GFSY. Some shortcomings: discrepancies between deficit/surplus balances and financing items (from domestic and external sources) and misclassification of current and capital expenditure. Institutional coverage is incomplete, owing to the exclusion of some extrabudgetary funds. Coverage of the consolidated central and general governments is incomplete because it does not include decentralized and autonomous entities, as well as para-statal enterprises.	Significant improvements in timeliness of analytical accounts for the central bank. Main shortcomings: difficulties in properly sectorizing the public sector accounts of the deposit money banks (in central government, non-financial public enterprises, and local governments); lack of coverage of credit and saving cooperatives and offshore operations of resident banks.	In transition between BPM4 and BPM5. Significant BPM5 recommendations, in particular for the current account, have been implemented. Data are reported to the Statistics IMF's Department for publication in the <i>Balance of Payments Statistics Yearbook</i> , following the standard BPM5 format. No compilation of IIP. Coverage somewhat incomplete. Financial account incomplete especially owing to insufficient enterprise surveys. In current account, details for some services and income items not available. Data of central government debt are good. Improvement needed for external debt of public enterprises, banks, and private sector.

Table 7.A1 (concluded)

	SDDS/GDDS	National Accounts	Price Index	Government Finance Statistics	Monetary Statistics	Balance of Payments
Panama	Participating in GDDS since December 2000. Metadata posted on the DSBB.	National accounts published according to 1968 SNA with 1982 as base year. Authorities completing a revision of national accounts with a change in the base year from 1982 to 1996, based on the 1993 SNA. The project entails an update on the measurement of certain activities and the implementation of a new sectoral classification system. Coverage extended to activities that did not exist in 1982, such as resident banks and enterprises operating in the Colón Free Zone (ZLC) by strictly applying the residency criterion of the BOP and the national accounts.	Weights underlying the CPI were derived from a household budget survey conducted in 1983/84. Authorities plan to introduce a new CPI in the first half of 2004 based on weights of the 1997/98 household survey. Consumer price data are available through October 2003.	Methodology used for compiling GFS by the MoF and the General Comptroller Office (GCO) follows the guidelines of the GFSM 1986. Plans are under way to implement the GFSM 2001 guidelines. The integrated financial administration system (SIAFPA) coverage of the central government accounts was completed in 2003. Work is under way to incorporate decentralized agencies such as the Social Security Agency in the SIAFPA. Data on non-financial public sector are compiled on a cash basis by the MoF and on a mix of cash and accrual bases by the GCO. In 2003, after the handover of the Panama Canal, the authorities decided to include its operational balance in the nonfinancial public sector statistics. There is a need to broaden SIAFPA's scope of coverage; to address the issue of unrecorded expenditures, some of them likely due to accumulation of arrears; and to improve the quality of the data sources and economic and functional classifications.	Analytical framework broadly follows the MFSM. In the past two years, a joint effort of the banking system and the superintendency of banks improved the timeliness of monetary statistics production and minimized errors through better information technology. A wider coverage of financial soundness indicators improved the transparency of the banking system statistics. Main shortcomings: lack of consistent data prepared on the financial position of the National Mortgage Bank and of the Agricultural Development Bank.	Compiled in conformity with methodology recommended in <i>BPM5</i> . Substantial progress in the application of appropriate methodologies in the compilation of BOP statistics, including improved compilation procedures and systems, reduced lags in data collection, reconciliation of external debt statistics discrepancies with multi-lateral lenders, and systematized procedures for quality control. IIP data for 1995–2003 have been compiled. Despite substantial progress, a main shortcoming is the sizable revision of data, particularly of merchandise imports and foreign direct investment. Revisions may reflect improvements in coverage, but they also suggest that there is room for improvement in quality control procedures.

Key: BOP = Balance of payments; CPI = Consumer price index; GDDS = General Data Dissemination System; GFSM = Manual on Government Finance Statistics Yearbook; IFS = International Financial Statistics; IIP = International Investment Position; IPRI = Industrial price index; MoF = Ministry of Finance; PPI = Producer price index; SDDS = Special Data Dissemination System; SNA = System of National Accounts; TA = technical assistance; CAMC = Central American Monetary Council; * = forthcoming missions.

Table 7.A2. Suitability of Data for Analytical Purposes

Countries	General Comments	National Accounts	Government Finance	Monetary Statistics	Balance of Payments and External Debt
Costa Rica	<p>Statistics overall of good quality and publicly available in a timely fashion, though sometimes some adjustments are needed for WHD purposes. Economic statistics are mostly produced by Central Bank. Consistency of time series over time is considered more important than the adoption of cutting edge methodologies. New manuals should include an executive summary of most important recommendations and changes that should be implemented with urgency to increase quality and transparency.</p>	<p>In general, good quality with satisfactory coverage by means of periodic surveys. Nonetheless, some shortcomings remain, such as constant and sizable revisions throughout the year and consistency with fiscal and BOP data (though reconciled in final version). Main issue is the treatment of the operations of INTEL, particularly adequate registration of change in inventories and imports that affects the real sector as well as the BOP statistics.</p>	<p>Information of central government is pretty reliable. No big problems in reconciling above-the-line with below-the-line (financing flows). Differences are minor and identifiable. Main shortcoming is the lack of complete and timely data of state-owned enterprises.</p>	<p>Quality is good and reliable except for the lack of consistent information on offshore operations (very important for Costa Rica). Data of offshore operations are deficient, owing to variability of coverage and timeliness.</p>	<p>The quality of BOP is quite good but has similar problems to real sector statistics. A need exists to strengthen efforts for adequately registering INTEL operations. Other shortcomings: insufficient coverage of net private capital flows, mainly portfolio investments, which are underestimated. Public debt database is good for availability of consolidated external and domestic debt. Nonetheless, a breakdown by holder (resident and nonresident) is needed. Lack of information on private sector debt; staff should therefore develop own database.</p>
El Salvador	<p>In general, the statistical system is well rated. Since dollarization in 2001, though, insufficient human resources at the Central Reserve Bank (CRB) have led to discontinuance of several surveys. This affects the quality of statistics, mainly national accounts and balance of payments. Use of manual is specifically relevant in the case of monetary statistics; improves transparency.</p>	<p>National accounts statistics follow out-of-date standards. Time series at current prices are disseminated in dollars; however, series at constant 1990 prices are published in colones dollars. The basket of goods to measure poverty is no longer representative.</p>	<p>Large statistical discrepancies between above-the-line and financing estimates of the fiscal deficit (in 2003, approximately 2 percentage points of GDP).</p>	<p>Detailed accounts of the CRB are not published; only available upon request. Lack of information on offshore banking operations.</p>	<p>No major comments.</p>
Guatemala	<p>In general, the quality of statistics has serious deficiencies. In particular, real sector statistics are not reliable, since the base year is obsolete. Rather than use cutting-edge methodologies, the problems of coverage should be prioritized.</p>	<p>The use of an obsolete manual (SNA 1953) and an out-of-date base year (1958) make national accounts highly unreliable. Estimates of GDP growth have constant and large changes until publication of the final version, which may imply acute quality constraints. Data on trade exclude <i>maquila</i> sector, which reduces coverage of national accounts.</p>	<p>Data generally of good quality, but only cover the budgetary central government.</p>	<p>In general, good. An important unresolved issue is the treatment of offshore banking operations, which are not consolidated with on-shore operations.</p>	<p>Main shortcomings: large unexplained amounts of private capital flows.</p>

Table 7.A2 (concluded)

Countries	General Comments	National Accounts	Government Finance	Monetary Statistics	Balance of Payments and External Debt
Honduras	Quality of statistics with serious deficiencies. Major problems observed in real sector and government finance statistics. Serious cross-sectoral consistency difficult analysis and generally must be fixed during WHD missions.	Despite efforts to change the base year, the use of an out-of-date base year (1978) is considered a major hurdle to use national account for analytical purposes. This is reflected in constant and considerable revisions (e.g., in some years up to 1 percentage point of GDP)	Serious problems of accountability and institutional coordination. Efforts have been made to overcome these shortcomings. With the expansion of the integrated financial administration system, coverage and reliability of the central government have improved substantially. Still serious difficulties in obtaining good quality and timely data from public enterprises and municipalities, which are reflected in large and unexplained above-the-line discrepancies and financing estimates.	By far the most reliable data set. Presentation is user-friendly. Major problem: revisions that go back one year have changed levels of aggregates. Commercial banks do not have the recommended sectorized balance sheet and only differentiate between central administration and rest of the public sector. This makes it difficult to carry out consistency analyses.	Efforts to improve periodicity have been made, though quarterly data still not available. Major problems with workers' remittances that given its weight generates large variability of the current account (up to 1 percentage point of GDP). Large and constant revisions (that may take up to two years) make BOP statistics unsuitable for analytical purposes.
Nicaragua	Considerable improvement in national accounts statistics, as well as monetary and banking statistics. The fiscal sector is the area with more shortcomings, followed by balance of payments. Statistical presentations are not always very useful for analytical purposes. Efforts that are under way in the monetary division of STA are reducing the gap between statistical and analytical purposes. Need for technical assistance in integrated databases.	Considerable improvements in national accounts with the implementation of SNA 1993 with new base year, expanded coverage, and input-output tables. Better estimation of capital and current expenditures than government finance statistics. Need to finish quarterly presentation.	Large statistical discrepancies between above-the-line and below-the-line flows. Poor breakdown. Institutional coverage is incomplete: only a few nonfinancial public corporations (2 out of more than 30) included, and only 1 municipality (Managua, representing 30 percent of the country) included. Budget not on accrual basis. Overestimation of capital expenditures. Bad and insufficient information on domestic public debt.	Areas with main shortcomings: imports overestimated, perhaps owing to nonregistered transports (reexports); migrants' transfers underestimated, owing to insufficient source data; FDI only of large enterprises. As a result, considerable errors and omissions. Very good external debt data. Lack of external and domestic consolidated public debt.	

Panama	<p>In general, statistics are adequate for analysis. The Panamanian statistical system is highly rated among Central American countries. There is a calendar of revisions, but significant publication delays persist. Follow-up of STA TA is important for continuity of improvements.</p>	<p>Considerable improvement with the implementation of SNA /1993 with 1996 as base year. In general, national accounts are reliable. Main shortcomings are the lack of statistics from the demand side and constant and considerable revisions (in some years representing about 2 percentage points of GDP).</p>	<p>Although considered generally good for analytical purposes, many problems in data sources and classifications still persist.</p>	<p>They are considered of good quality and suitable for analysis. A shortcoming, though minor, is the lack of information on other non-bank institutions, such as cooperatives.</p>	<p>BOP statistics have improved considerably, though significant revisions may represent a constraint for analysis.</p>
<p><i>Memorandum item:</i> Dominican Republic</p>	<p>In general, the quality of statistics for analytical purposes has serious deficiencies. Serious problems with cross sectoral consistency, Public external debt flows differ between fiscal and balance of payments. Public investment figures differ between the real and the fiscal sector. Exports and imports are inconsistent between the real and the BOP sector.</p>	<p>It is expected that the revision process under way will improve the quality of national accounts. A major constraint is the quarterly series, which are considered unreliable owing to measurement deficiencies.</p>	<p>Serious deficiencies hamper analysis. Large discrepancies between above and below-the-line (in 2003 represented about 5 percentage points of GDP). Significant problems of coverage and consistency owed mainly to institutional hurdles. The budget office works relatively well but it does not receive information of the entire public sector. Particularly, capital expenditures are decentralized and they are not included in the budget.</p>	<p>Follows the MFSM. Thanks to STA TA considerable progress have been done in monetary sectorization, but follow-up is necessary. Reporting problems to follow the program exist owing mainly to lack of full computerized reporting systems.</p>	<p>Despite the use of BPM 5 considerable shortcomings persist that hampers the analysis. Problems are mainly related with the tourism sector and debt registration. As a result errors and omissions are considerably high (2004 Q1: approximately US\$500 million). Serious problems with the debt data base.</p>

Table 7.A3. Statistics Technical Assistance Missions, 1995–end-January 2005¹

	Costa Rica	Dominican Republic	El Salvador	Guatemala	Honduras	Nicaragua	Panama	CAMC Members	Total
SDDS	1999, 2001		1998						3
GDDS		2004		2004	2004	2004	1999	2004	6
National accounts	1999, 2004	Jan. 2002, Oct. 2002, Jan. 2004, Apr. 2004	2004	1997, 1998, 1999, 2000	1999, 2005	2000, 2001	1997, 2001		17
Price statistics				2000					1
Government finance statistics	1999, 2004	2005*			2004		2004, 2005		5 + 1*
Money and banking statistics	Apr. 1998, Dec. 1998, 2001, 2003	1997, 2003, 2004	2001	1998, 2001, 2004	1998, 2000, 2001, 2004	1997, 1999, 2001, 2003		1998, 2001	21
Balance of payments	1999, 2000, 2005	Jan. 1996, Jun. 1996, 1998, 2002, 2003, 2004	1998, 1999	2004	1995, 2004	1998	1996, Jun. 1997, Oct. 1997, 1998, 1999, 2002		21
Multisector missions	1996	2002	1998	1997					4
Integrated databases	2002								1
Legal and institutional framework			1999, 2000						2
ROSC missions	2002		2003	2004	2003	2005			5
ROSC—follow-up			2004		2005				2
Total	16	15 + 1*	10	12	12	9	11	3	88

¹An asterisk represents "forthcoming missions."