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Uruguay: Report on Observance of Standards and Codes—Data Module and the Response by the Authorities

This Report on the Observance of Standards and Codes on Data Module for Uruguay 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 **October 1, 2001**. The views expressed in this document are those of the staff team and do not necessary reflect the views of the government of Uruguay or the Executive Board of the IMF.

The Response by the Authorities on this report is also included.

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INTERNATIONAL MONETARY FUND

URUGUAY

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

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October 1, 2001

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FOREWORD

The data module of the Report on the Observance of Standards and Codes (ROSC) has evolved significantly since its inception in early 1999. The first data modules assessed the monitorable elements of a country's data dissemination practices—the coverage, periodicity, and timeliness of data and the use of advance release calendars—against the Fund's Special Data Dissemination Standard (SDDS). Since the SDDS focuses on the disclosure of information upon which a user of statistics could make an assessment of the suitability of the data for a particular use, it does not directly assess the quality of data. Therefore, the early data module ROSCs did not deal with issues of data quality.

Nevertheless, concerns about data quality have prompted the Statistics Department (STA) to develop a set of tools or assessment frameworks, which could be used to assess data quality based on information disclosed by countries. This work has been the focus of a major effort by STA and has culminated in the development of the Data Quality Assessment Framework (DQAF), both a generic framework and a set of dataset specific frameworks (e.g., national accounts) that utilize a common language to present relevant information on data quality in a structured setting. The Executive Board has approved the incorporation of the DQAF into the revised structure of the ROSC. The work on the data module of the ROSC for Uruguay began before the fully articulated DQAF was ready for use. Nevertheless, mindful of the need to respond to users' concerns on data quality, the ROSC was undertaken using an early version of the quality assessment framework and, therefore, the report differs in some respects from the most recent data module ROSCs.

ACRONYMS

1968 SNA	*1968 System of National Accounts*
ARCs	Advance Release Calendars
BCU	Central Bank of Uruguay
BOPSY	*Balance of Payments Yearbook*
BPM5	*Balance of Payments Manual*
BHU	Banco Hipotecario del Uruguay
BROU	Banco de la República Oriental del Uruguay
CGN	General Accounting Office
CPI	Consumer Price Index
DSBB	Dissemination Standards Bulletin Board
GDP	Gross Domestic Product
GFS	Government Finance Statistics
IFS	*International Financial Statistics*
IIP	International Investment Position
IMF	International Monetary Fund
INE	National Institute of Statistics
MEF	Ministry of Economy and Finance
MFSM	*Monetary and Financial Statistics Manual*
NSDP	National Summary Data Page
OPP	Office of Planning and Budget
SDDS	Special Data Dissemination Standard
SEN	National Statistical System
SFII	Superintendence of Financial Intermediation Institutions
SIFF	Financial Information Integrated System
WPI	Wholesale Price Index for domestic products

I. INTRODUCTION

1. This data module of the Report on the Observance of Standards and Codes (ROSC) comprises a summary of Uruguay's practices with respect to the coverage, periodicity, and timeliness of the SDDS data categories, and an assessment of the quality of national accounts, prices, fiscal, monetary and financial, and external sector statistics. This assessment is based on information (data and metadata, i.e., information about data and its dissemination practices) provided during a mission in November 1999 and further refined in mid-2000.

2. Although Uruguay has not subscribed to the Special Data Dissemination Standard (SDDS), the authorities have expressed an interest in subscribing to the SDDS and expect to do so by end-2001. The standard against which data dissemination practices of Uruguay are assessed is the IMF's SDDS[1]. The SDDS was established in March 1996 to guide Fund members that have, or that might seek, access to international capital markets in the provision of their economic and financial data to the public. The objectives of the SDDS are to enhance the availability of reliable, timely, and comprehensive statistics and, therefore, contribute to the pursuit of sound macroeconomic policies and improved functioning of financial markets.

3. The SDDS was initially conceived as a "best practice" standard. While subscription to the SDDS is voluntary, observance of all elements of the Standard by subscribers is mandatory.

4. The SDDS covers four sectors of the economy (real, fiscal, financial, and external) as well as population and identifies the following four dimensions:

- The data: coverage, periodicity, and timeliness;

- Access by the public;

- Integrity of the disseminated data; and

- Quality of the disseminated data.

5. For each of these dimensions, the SDDS prescribes two to four monitorable elements—good practices that can be observed, or monitored, by the users of statistics.

- The data dimension lists 20 data categories that cover the above four sectors of the economy, and prescribes the periodicity (or frequency) and timeliness, with which data for these categories are to be disseminated.

- To support ready and equal access by the public to the data, the SDDS prescribes (a) the dissemination of advance release calendars (ARCs) and (b) the simultaneous release to all interested parties.

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[1] A detailed description of the SDDS can be found on the IMF's Dissemination Standards Bulletin Board (DSBB) on the Internet at dsbb.imf.org .

- To assist users in assessing the integrity of the data, the SDDS prescribes (a) the dissemination of the terms and conditions under which official statistics are produced and disseminated, (b) the identification of internal government access to data before release, (c) the identification of ministerial commentary on the occasion of statistical release, and (d) the provision of information about revision and advance notice of major changes in methodology.

- To assist users in assessing data quality, the SDDS requires (a) the dissemination of documentation on statistical methodology and sources used in preparing the statistics, and (b) the dissemination of component detail and/or additional data series that make possible cross-checks and checks of reasonableness.

6. Countries that subscribe to the SDDS are required:

- to provide descriptions of their data dissemination practices (metadata) for posting on the IMF's Dissemination Standards Bulletin Board (DSBB). Summary methodologies, which describe data compilation practices in some detail and use a standard format, are also disseminated in the DSBB.

- to develop 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.

- to disseminate monthly data on the data template on international reserves and foreign currency liquidity, a prescribed category of the SDDS.

- to disseminate annual data on the International Investment Position (IIP). The first reference period for the publication of IIP data is the year ending on December 31, 2001, the date on which the transition period for this data category expires.

7. At the March 29, 2000 meeting of the 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.

8. Following the end of the transition period in December 1998, all new subscribers are expected to satisfy the SDDS requirements at the time of subscription. Also, as a result of the Third Review of the SDDS in March 2000, IMF staff began monitoring observance of the Standard through NSDPs maintained on the internet. Staff monitoring is limited to the coverage, periodicity, and timeliness of the data and to the dissemination of ARCs.

II. DATA DISSEMINATION PRACTICES

A. Statistical Infrastructure and Institutional Framework

9. Three institutions are responsible for producing official data, namely: the Central Bank of Uruguay (BCU), the National Institute of Statistics (INE), and the Ministry of Economy and Finance (MEF). The MEF prepares public finance statistics, i.e., revenues, expenditures, and

<u>some financing items</u>. The INE is responsible for compiling and disseminating data on consumer prices, labor market statistics, population and other demographic statistics, and for conducting household surveys, housing and population surveys, and economic censuses and surveys of businesses. The BCU is responsible for data on the monetary and financial sectors, external sector, fiscal sector (financing data) as well as for national accounts and wholesale prices for domestic products.

B. Current Dissemination Practices Compared with the SDDS

Data Dimension: Coverage, Periodicity, and Timeliness

10. Table 1 compares Uruguay's data dissemination practices with the data dimension (coverage, periodicity, and timeliness) of the SDDS. The main points are as follows:

- Reflecting the fact that Uruguay is not yet an SDDS subscriber, some of the prescribed SDDS categories are not yet compiled and/or disseminated:

- Quarterly volume measures of GDP are compiled by activity and expenditure components. Quarterly GDP at current prices is not compiled; although preparations are at an advanced stage for its compilation.

- General government data are not yet compiled. The possibility of using data on local governments (Intendencias) compiled by the Office of Planning and Budget (OPP) has been assessed; however, there are some problems with the coverage and timeliness of the data.

- Data on the IIP have a limited coverage and exclude direct investment, private noncommercial debt, and residents' deposits abroad. IIP data are not disseminated but are reported to the Fund for publication in the *Balance of Payment Statistics Yearbook (BOPSY)*. The transition period for disseminating IIP data expires at the end of 2001. <u>Publication of IIP data is to begin with the data corresponding to 2000.</u>

- The industrial production index is not published since, according to the authorities, it is based on an outdated sample frame . A new industrial production index based on an updated industrial survey is expected to be published by the end of this year.

- Data for the template on International Reserves and Foreign Currency Liquidity are not yet compiled.

- The following data categories do not meet the SDDS timeliness requirements:

- Analytical accounts of the banking system

- Central government operations

- Merchandise trade

Access Dimension

11. Uruguay, at present, does not disseminate ARCs in any form. Each institution has its own schedule regarding the approximate dates of publication of its statistical reports. The authorities indicated their intention to commence dissemination of ARCs that meet the SDDS requirements for all data categories on the Internet by September 2001.

Integrity Dimension

12. The SDDS requires the disclosure of information on laws, regulations, decrees, etc., that govern the collection, compilation, and/or dissemination of data as well as the confidentiality of the data collected. The legal framework in Uruguay has been established by Statistical Law No. 16.616 of October 1994. The Law established the National Statistical System (SEN), consisting of the INE and the agencies that produce statistics. The Law grants technical independence to INE as well as the role of coordinating and supervising the SEN and elaborating the National Statistical Plan. In practice, owing to a lack of resources, the INE has not been able to coordinate all areas of data compilation.. For example, the INE has not yet formally assumed its role as coordinator of the SEN. Furthermore, the public entities do not always provide the required information on time, and the penalties prescribed by law are not enforced.

13. The compilation and dissemination of macroeconomic statistics, under the auspices of the BCU is governed by the Central Bank Charter. The Charter assigns the central bank the responsibility for compiling the monetary accounts. The law does not assign responsibility for compiling the national accounts or the balance of payments, but, traditionally, these have been compiled by the central bank.

Quality Dimension

14. The SDDS prescribes disclosure of the methodology used to compile the data and the dissemination of other data series that could provide cross-checks on the reasonableness of the data. The policy of the INE is to disseminate methodologies and data sources at the time of publication of the statistics and to provide timely information on any changes in the methodology. However, the dissemination of documentation on methodologies by other institutions is irregular. The BCU has published the methodology for the compilation of the national accounts, and efforts are underway to improve on the quality and availability of methodological information of other institutions responsible for producing official statistics.

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

SDDS Data Category	Coverage (meets SDDS requirements)	Periodicity		Timeliness		Comments
		SDDS	Uruguay 1/	SDDS	Uruguay 1/	
Real Sector						
National accounts: current prices	No	Q	A	Q	4M	Annual data are currently produced at current and constant (1983) prices by productive sector and by category of expenditure.
volume measures	Yes	Q	Q	Q	2½ M	Index of physical volume of GDP by sector of activity and by expenditure. Associated prices (implicit price deflators or price indices) or a GDP constant price series are required for the SDDS. Quarterly data at current prices are not produced.
Production index/indices	No	M	M	6W (M encouraged)	NA	Prepared in six weeks but not disseminated.
Employment	Yes	Q	M	Q	40 days	Monthly rates are based on moving averages. Data on number of employed are not available. It is recommended that data on the number of labor force be published.
Unemployment	Yes	Q	M	Q	40 days	Monthly rates are based on moving averages. Data on number of unemployed are not available.
Wages/earnings	Yes	Q	M	Q	40 days	Monthly data are based on moving averages.
Consumer prices	Yes	M	M	M	2 days	Published on the second business day after the end of the reference month.
Producer or wholesale prices	Yes	M	M	M	15 days	Referred to as "wholesale price index" but in fact is a producer price index.
Fiscal Sector						
General government operations	No	A	NA	2Q	NA	Data on the public sector, including central government, social security, public enterprises, and quasi-fiscal result of the BCU, are compiled on a monthly basis. Data on general government are not currently compiled.

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

SDDS Data Category	Coverage (meets SDDS requirements)	Periodicity		Timeliness		Comments
		SDDS	Uruguay 1/	SDDS	Uruguay 1/	
Fiscal Sector						
Central government operations	No	M	M	M	2M	Domestic financing is not disaggregated into banking and nonbanking.
Central government debt	No	Q	Q	Q	Q	Disaggregated data with the relevant breakdowns are produced for internal use only. Data disseminated on a quarterly basis are disaggregated only into long-term loans and government securities. SDDS requires a second breakdown to be disseminated.
Financial Sector						
Analytical accounts of the banking sector	Yes	M	M	M	2M	There are lags of up to 60 days in the provision and processing of BROU data. However, the use of preliminary balance sheets for the BROU, beginning with the data for June 2001, will make it possible to comply with the SDDS timeliness requirements for the analytical accounts of the banking sector. The new monetary accounts system that has been implemented includes the breakdowns required by the SDDS.
Analytical accounts of the central bank	Yes	M (W encouraged)	M	2W (W encouraged)	2W	The analytical accounts of the central bank meet the periodicity and timeliness required by the SDDS. Nonetheless, these data are also compiled on a weekly basis, and there is the capacity to disseminate them with a one-week lag as encouraged by the SDDS. The new monetary accounts system that has been implemented includes the breakdowns required by the SDDS.
Interest rates	Yes	D	D	2/	D	
Stock market	No	D	...	2/	...	Stock market activities are insignificant.

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

SDDS Data Category	Coverage (meets SDDS requirements)	Periodicity		Timeliness		Comments
		SDDS	Uruguay 1/	SDDS	Uruguay 1/	
External Sector						
Balance of payments	Yes	Q	Q	Q	Q	
International reserves	Yes	M (W encouraged)	M	W	W	Published gross and net (i.e., excluding short-term liabilities).
Reserve template	No	M	NA	M	NA	Data on the template on international reserves and foreign currency liquidity are not yet compiled.
Merchandise trade	Yes	M	M	8W (4–6W recommended)	W	Efforts underway to improve timeliness.
International investment position	No	A (Q encouraged)	Q	2Q (Q encouraged)	NA	The data compiled exclude direct investment, private debt, (noncommercial) and residents' deposits abroad. These data are not published, but they are sent annually to the IMF for publication in *IFS* and the *BOPSY*.
Exchange rates	Yes	D	D	2/	D	Spot exchange rates.
Addendum: population	Yes	A	A	...	...	

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; and (A) annually.

1/   Refers to current practices in Uruguay.
2/   Given that the data are broadly disseminated by private means, the timeliness with which official data are published is not so important. Although, dissemination is recommended via recorded telephone messages or by fax, the dissemination of these data may form part of other dissemination mechanisms (preferably, high frequency).
...   Not applicable.
NA   Not available.

III. ASSESSMENT WITH A DATA QUALITY FRAMEWORK

15. The Fund staff has developed a framework for identifying and assessing key aspects in the production and dissemination of data that have a bearing on quality. This framework focuses on six areas vital to the production and dissemination of statistics. These areas are as follows:

- the **statistical infrastructure**, including the legal and material basis for data production;

- the **conceptual framework**;

- the nature and characteristics of the **source data**;

- the **statistical techniques** used to compile the data;

- the **serviceability** or usefulness of the data compiled; and

- the **accessibility** of the data and information about the data.

16. This framework is outlined in Appendix I, and forms the basis for Table 2. This table highlights the salient features of Uruguay's statistics in each of the six areas identified in the framework. Appendix II provides a more comprehensive discussion of these features.

17. In general, the quality of Uruguay's data is good. However, there are some areas for development; in particular, there is a need to modify and improve the underlying statistical methodologies as well as to enhance the scope of data needed in the context of economic policy formulation and evaluation. The authorities are taking the necessary steps to address these shortcomings.

Real Sector Statistics

National Accounts

18. Annual data are compiled for Gross Domestic Product (GDP) by category of expenditure and branch of economic activity at current prices and volume measures. Data are also compiled for national income, disposable national income, and savings. National accounts data should also be estimated (and published) from the income side (value added accruing to the factors of production).

19. Volume measures of quarterly GDP (base year 1983) are estimated with an outdated base year.

Prices

20. The INE and the BCU compile two producer price indices using Laspeyres methodology (January 1988 = 100). The index produced by the INE covers only imports, while the index produced by the BCU covers domestic production for the local market.

Fiscal Statistics

21. With regard to fiscal data compiled by the General Accounting Office (CGN) and the MEF, coverage of revenues, expenditures, and financing for the central government (including social security and the quasi-fiscal result of the BCU) is complete for monthly and annual data. Monthly data on the operations of the main nonfinancial public enterprises are also available. These data are compiled in line with the *GFS Manual* and are disseminated to the public through CGN and BCU publications and the internet. Annual data on local governments are available, but no general government data have yet been compiled.

22. While quality concerns about fiscal data are addressed in detail in Appendix II (Assessment With a Data Quality Framework), two key problems are described below. The major shortcoming is the lack of timely and comprehensive data on local governments; however, efforts are being made to improve the timeliness of the data. In addition, statistics on financing and debt by type of debt holder and by type of instrument are not disseminated. However, the necessary source data to compile financing and debt tables according to the *GFS Manual* are available, and the BCU is undertaking this task.

Monetary and Financial Statistics

Analytical accounts of the banking system

23. The BCU compiles a monthly balance sheet of the financial system that comprises the BCU, the Banco de la República Oriental del Uruguay (BROU), the Banco Hipotecario del Uruguay (BHU), and the private financial banking system, which includes banks, finance houses, and saving and credit cooperatives. The BROU reports data to the BCU with longer delays than the private banks, which affects the compilation of timely money and banking statistics and below-the-line fiscal data. However, the use of preliminary balance sheets for the BROU, beginning with the data for June 2001, will make it possible to comply with the SDDS timeliness requirement for the analytical accounts of the banking sector.

Analytical accounts of the Central Bank

24. The BCU compiles a monthly balance sheet, which includes the breakdown required by the SDDS, namely: reserve money, net domestic credit, and foreign assets and foreign liabilities.

External Sector Statistics

25. The BCU compiles quarterly data for the balance of payments. The data are compiled consistently with the fifth edition of the Fund's *Balance of Payments Statistics Manual (BPM5)* and are disseminated with a lag of 12 weeks.

26. Data are disseminated on exports and imports of goods and services, net current transfers, net income receipts, portfolio investment, direct investment, other investment (net), and the change in international reserves. Additionally, the BCU compiles an annual statement of the international investment position (IIP), which is sent to the IMF for publication in *IFS* and *BOPSY* but so far is not being published by the BCU. Publication of these data in the BCU web

page is to begin with IIP data corresponding to 2000. New sources of data have been developed to improve the coverage of the IIP, the survey of direct investment conducted in 2000, which refers to 1999 data, covers stock data on direct investment and private sector debt, which will be included in the IIP.

Table 2. Salient Features of the Data Quality Matrix*
Assessment with a Data Quality Framework

	Statistical Infrastructure	Conceptual Framework	Source Data	Statistical Techniques	Serviceability	Accessibility
National accounts	National accounts are compiled by the BCU. Some source data are obtained from surveys conducted by the INE. Resources available to the INE limit its ability to supply data specifically required: • Insufficient staffing at INE headquarters • High turnover of staff at the INE. • Insufficient funding provided to the INE.	The compilation of the accounts follows the *1968 SNA*. • Current price (Annual) - Production - Expenditure • Volume measures (Quarterly & Annual) - Production (quarterly data are published) - Expenditure (quarterly rate of changes are published)	Private consumption determined as a residual both in current and volume measures. The estimates from the production and expenditure approaches are not independently determined and reconciled by definition. Quarterly estimates are based on a wide range of short term indicators.	Estimates are not adjusted for gaps in coverage, including for free zones and the informal sector.	The base year of the volume measures is 1983. Data on imports and exports do not include free trade zones.	• Brief compilation methodology is published on the BCU *"Cuentas Nacionales Año 1991."*The methodology for national accounts compilation is also available on the BCU website, published with the revised series for the period 1988–1999 in October 2000. • Official statistics are published on the INE *"Boletín Estadístico"*
Price statistics	See national accounts. The Consumer Price Index (CPI) and the Wholesale Price Index (WPI) for imports are compiled by the INE. The WPI for domestic goods is compiled by the BCU	The CPI and WPI are calculated using the Laspeyres formula and a reference base of March 1997 and January 1988, respectively.	The CPI weights of 1997 are updated periodically. Price quotations for the CPI are collected in Montevideo. The WPI uses a 1988 weighting scheme based on a survey of production of agriculture, fishing, mining, and manufacturing. (Prices are measured at the point of production, so that the WPI is in fact a PPI).	No seasonally adjusted CPI and WPI data are compiled	The CPI may not be representative because the coverage is limited to the capital city. The WPI weights are outdated. A new index with updated weights based on the 1997 economic census is planned to be published in August 2001	• Brief compilation methodology is published on the BCU *"Cuentas Nacionales Año 1991."* • The methodology for the WPI was published in "Indice de precios al por mayor de productos nacionales-Metodología", (September 1993). • Official statistics are published on the INE *"Boletín Estadístico"*

Table 2. Salient Features of the Data Quality Matrix*
Assessment with a Data Quality Framework

	Statistical Infrastructure	Conceptual Framework	Source Data	Statistical Techniques	Serviceability	Accessibility
Fiscal Statistics	Government accounts are recorded according to the Accounting and Financial Law and the Constitution.	Data on central government revenues and expenditures are compiled generally using *GFS Manual* concepts. Financing and debt data are also compiled but their classification differs from the GFS system. Data on the social security and the consolidated central government are also available. Data on the operations of the general government are not compiled. However, data on the operations of the main nonfinancial public enterprises are compiled.	The accounting records of the MEF and the General Accounting Office (CGN) cover the transactions undertaken by all budget executing agencies. The basis of recording is cash for revenues, commitment for current expenditures, and payments for capital expenditure Other sources are the financial statements of the social security and the main nonfinancial public enterprises.		The compilation procedures followed by CGN and BCU for the compilation of revenues and expenditures adhere closely to the guidelines of the *GFS Manual*. Financing and debt data do not follow the GFS methodology.	A broad range of information is disseminated by CGN and BCU. Information on the methodology and sources used in the preparation of fiscal data are not available to the general public. The compilation procedures followed by the CGN, MEF and BCU are consistent over time for revenues, expenditures and financing, and follow closely the guidelines of the *GFS Manual* for the first two categories. Data on the operations of the Central Government, Social Security and of the main nonfinancial enterprises are disseminated on the BCU web page and in hard copy publications.
Money and banking statistics	The BCU Charter specifies that the bank has the power to collect data from public/private depository/ nondepository financial institutions.	Monetary and financial data are compiled from report forms and balance sheet data submitted by the banks to the BCU. The compilation process is based mostly on internationally accepted standards. There are some differences in the monetary aggregates published in *IFS* and the ones based on national definitions.			Need to improve the classification of some accounts to include them in the sector of the economy to which they correspond and not in other asset and liability accounts.	Official statistics are disseminated on the BCU web site and are published in the BCU's *Statistical Bulletin*. There is little dissemination of information on the concepts and methodologies used in the compilation of data. However, the BCU is preparing a manual describing the methodology used to compile monetary data.

Table 2. Salient Features of the Data Quality Matrix*
Assessment with a Data Quality Framework

	Statistical Infrastructure	Conceptual Framework	Source Data	Statistical Techniques	Serviceability	Accessibility
External Sector Statistics	The BCU has conveyed to the Customs authorities the need to streamline data processing procedures, to improve the timeliness of the data.	The BOP in U.S. Dollars is compiled according to *BPM5* (Quarterly , & Annual). The BOP estimates do not include data on the international transactions of enterprises operating in the country's free trade zones. The BCU compiles an annual statement of the international investment position, which is sent to the IMF for publication in *IFS* and *BOPSY*. However, it has not been published by the BCU. Publication of these data is to begin with the data corresponding to 2000.	The primary source of data for goods is the Customs. The BCU makes adjustments to the import data to present them on an f.o.b. basis, but no adjustments are made to include transactions in the free trade zones. Annual surveys are the main source for the estimation of services, in particular transportation, travel, communications, and financial services. Annual surveys are also used to derive data on direct investment.	A data model is used to estimate the travel account, based on information derived from sample surveys and data on border crossings provided by the immigration authorities.	BOP data are compiled in a manner generally consistent with the international standards, as recommended in *BPM5.*	The BOP data are published on the BCU's page on the internet, in its *Statistical Bulletin (Boletin Estadístico),* and in the INE's *Statistical Yearbook (Anuario Estadístico).*

*For a more comprehensive discussion of statistical issues, see Appendix II.

IV. IMF STAFF COMMENTARY

27. The authorities should be commended for the high priority they have assigned to statistical development in the past few years and the measures they are taking toward subscribing to the SDDS. Uruguay has made good progress recently in improving the dissemination of statistical information. The internet pages of the BCU and the INE allow increasingly detailed monitoring of developments in the Uruguayan economy. Special mention may be made of efforts underway to provide expanded coverage of monthly above-the-line (i.e., revenues and expenditures) and below-the-line (i.e., financing), public finance data (however, not yet including the "above-the-line" information on the local governments), and from the Office of Banking Supervision, including the complete version of the *Bulletin of the Financial System* (including expanded coverage of the balance sheets and profit/loss statements of the public banks).

28. There are a few areas where the authorities could provide additional information that would be helpful for analysis of the Uruguayan economy. Specifically:

- Quarterly national accounts data should be provided in levels, both in current and constant prices. Even preliminary data, with the understanding that these are subject to revisions, would be useful.

- Labor market indicators (employment, unemployment, and labor force) should also be published in levels (i.e., number of persons) alongside the presently available data describing the participation rate and the unemployment rate.

- The available above-the-line annual data on local government finances should be published, and a system needs to be developed to obtain (and publish) monthly data. This information would complete the coverage of the monthly public finance data.

- Quarterly reports, comprising adequately detailed profit and loss statements, balance sheets, and, where appropriate, cash flow statements of the public sector; financial and nonfinancial enterprises should be made available on the web with a lag not exceeding 90 days from the last calendar quarter just ended (March, June, September, and December).

- Published trade data on merchandise exports and imports should be complemented by breakdowns of volume and prices. It should be noted that at present, only quarterly export price indices are being published by main sections and chapters of the custom nomenclature. Quarterly data on import price indices are under preparation to be published shortly.

29. The BCU and the INE should publish ARCs according to the SDDS requirements.

30. The authorities are preparing for Uruguay's subscription to the SDDS, and in this context the frequency and timeliness of many macroeconomic variables disseminated on the internet are being improved. The target date for Uruguay's subscription to the SDDS is end–2001. Significant progress has been made in terms of the timeliness with which data for most SDDS categories are disseminated, and methodological changes have been introduced to improve the quality of the

data. There are also plans to commence dissemination of ARCs for all SDDS categories on the BCU web page by September 2001, and to document the methodologies used in the compilation of these statistics. The following improvements in data dissemination practices are required to be in observance of the SDDS by end–2001:

- Compile and disseminate quarterly GDP data at current prices.

- Compile and disseminate general government data on an annual basis.

- Improve the coverage and disseminate annual IIP data. It is expected that the BCU will start disseminating IIP data with the data corresponding to 2000.

- Disseminate the industrial production index.

- Compile and disseminate monthly data on the template on International Reserves and Foreign Currency Liquidity.

- Improve the timeliness of dissemination of the analytical accounts of the banking system from two months to one month. It is expected that the use of preliminary balance sheets for the BROU, beginning with the data for June 2001, will make it possible to comply with the SDDS timeliness requirement for the analytical accounts of the banking sector.

- Improve the timelines in the dissemination of data on central government operations from two months to one month.

- Improve the timeliness in the dissemination of merchandise trade data to eight weeks.

An Approach for the Assessment of Data Quality

Statistical infrastructure   The institutional and legal foundation for the collection, compilation, and dissemination of macroeconomic statistics.

Rationale: *The statistical infrastructure is an important factor underlying the quality of statistics.*

Conceptual framework   The body of features relating to concepts, definitions, coverage, classification, sectorization, and other aspects of macroeconomic statistics that is intended to provide the analytical basis for the compiled statistics.

Rationale: *The conceptual framework attempts to define the intended features of the compiled data. A conceptual framework that is in line with international standards facilitates cross-country comparisons.*

Source data   The nature of the source data and the manner in which they are processed.

Rationale: *The source data are one determinant of the extent to which compiled data attain their intended features.*

Statistical techniques   The body of statistical estimation, adjustment, and other methods, together with methods of ensuring arithmetic precision, as applied to data collection and processing.

Rationale: *Statistical techniques are another determinant of the extent to which compiled data attain their intended features.*

Serviceability   The features relating to requirements of users in terms of general usefulness, consistency, and revisions policy and practices.

Rationale: *Data that are in conformity with best practice in other respects also need to meet these tests of usefulness.*

Accessibility   The availability of data and metadata to users.

Rationale: *Accessibility includes features of a broad concept of data quality.*

Assessment With a Data Quality Framework

Real Sector Statistics

National Accounts

Statistical infrastructure

The national accounts are produced by the Statistics Division of the BCU; although, many of the source data are obtained from surveys conducted by INE. Cutbacks in INE staff numbers in recent years have limited its ability to supply data required for the national accounts.

Conceptual framework

The accounts follow the framework of the *System of National Accounts 1968*.

Source data

The main sources used in the annual national accounts are enterprise surveys covering the main industries. However, the scope of large industries is incomplete and coverage of small-scale enterprises is poor. Household income and expenditure surveys, government finance, and balance of payments are also important data sources. There is also a range of short-term indicators for use in the quarterly national accounts including industrial production. It should be noted that the INE has improved coverage since the 1997 census, including microenterprises in its surveys of businesses and broadening the activities covered.

Statistical techniques

The data for GDP and its components are estimated on the basis of an input-output table for 1983, which is extrapolated using a series of various indicators. The base year is out of date. Some revisions to methods have been made for particular components for the years since 1988 by incorporating new survey results.

Household consumption is derived as a residual. As a result, it includes the net errors and omissions of all the other components, such as the incomplete coverage of inventories.

Serviceability

The annual data are available four months after the end of the year. They cover GDP by income and expenditure at current and constant prices. Gross national income, gross disposable income, and gross saving are also available. With the exception of general government, institutional sector accounts are not produced.

The quarterly estimates are available 75 days after the end of the reference period, which is within the SDDS requirements. The published data are limited to volume estimates by industry at an aggregated level. An expenditure split with household consumption as a residual is also

compiled and published in the BCU website. Data are published as index numbers only. Substantial progress has been made to produce quarterly GDP at current prices using the production approach.

The base year of the constant price estimates is 1983, which is seriously out of date. The project to change the base year has been designed and is expected to run for three years. However, the additional human resource requirements have not been allocated.

The exports and imports data do not cover the free trade zones. Work is in progress to incorporate the economic activities of the free trade zones; in this regard, a census will be conducted in the free trade zones.

Accessibility

A detailed methodological publication is available (*Cuentas Nacionales Año 1991*), while other information is included in *Boletín Estadístico*.

There is no advance release calendar.

Data are available in publications and on the BCU website.

Price Statistics

Statistical infrastructure

The CPI and the WPI for imports are compiled by INE. The WPI for domestic goods is compiled by BCU.

Conceptual framework

The methods are in line with international practice (although no international standards are formulated). All indices use the Laspeyres formula.

Source data

The CPI covers 310 items for which price quotations are collected in Montevideo, where 43 percent of the population live. Each month, 17,950 price observations are collected.

The WPI for domestically sold locally produced goods covers 330 general products, with 1044 specific observations

The WPI for imported goods originally covered 194 products, which represented 65 percent of imports, although this has fallen to 55 percent.

Serviceability

The CPI weights are based on 1994–95 expenditure patterns with a reference base of March 1997. The weights cover all households. The data are published monthly shortly after the end of the month.

The WPI for domestically sold locally produced goods has a base of 1988 based on values of production of agriculture, fishing, mining, and manufacturing. The data are published monthly fifteen days after the end of the month.

Accessibility

There is no advance release calendar.

Fiscal Statistics

Conceptual framework

Data on central government revenues and expenditures are compiled generally using *GFS Manual* concepts. Financing and debt data are also compiled but their classification differs from the GFS classification system. The CGN compiles annual and monthly data for the budgetary central government. The BCU also compiles similar data. However, neither institution compiles data for local governments. Only the OPP has comprehensive information available for local government revenues and expenditures, but the data are not compiled using *GFS Manual* concepts. No consolidated general government data are available.

Publicly disseminated central government budgetary data show the budget balance calculated according to the *GFS Manual* definitions. Revenues are disaggregated between tax and nontax revenues, and by type of tax. Expenditures are disaggregated into salaries and wages, purchases of goods and services, subsidies and other transfers, social security contributions, and public debt interest payments. Both the CGN and BCU publish budget balance data reconciled with financing data. Information on financing and debt is also disseminated. However, no figures for financing or external debt by type of debt holder or by type of instrument, nor for domestic debt by type of debt holder, are currently published. The BCU has started compiling these data and intends to publish it in the near future. In addition, complete information on central government external debt is not provided.

The MEF and the OPP have been working since mid–1997 on the development of a Financial Information Integrated System (SIIF), which began partial operations on January 1, 1999. The new computerized system will include in one of its modules comprehensive information on revenues, expenditures, and financing. A new plan of accounts and classification tables are being developed, based on the *GFS Manual*, except for financing. However, CGN intends to follow the multisector mission recommendation to introduce financing tables consistent with GFS methodology. The system will eventually be able to generate automatically government finance statistics.

Source data

The accounting registers of the CGN cover the transactions undertaken by all budget executing units with general funds, resources from the Investment Fund and Housing Fund, debt, and unrestricted funds. The basis of recording is cash for revenues, commitment for current expenditures, and payments for capital expenditures.

The CGN does not have monthly data on unrestricted funds and only partial data on debt. It should be mentioned in this connection that the unrestricted funds are expected to be included in the Unified National Account (Cuenta Unica Nacional) starting at the beginning of next year and debt during the course of the year. Thus, monthly data will soon have the same transaction coverage as annual data.

The BCU keeps the official register of domestic and foreign debt. The institution has available in its database all the information needed to compile financing and debt tables according to GFS classification and intends to compile and publish such tables.

Serviceability

The compilation procedures followed by the CGN and BCU follow the guidelines of the *GFS Manual* closely for revenues and expenditures. Therefore, the series for these categories are consistent over time and internationally comparable. Financing and debt data do not follow GFS methodology. Thus, although the series for these categories is consistent over time, they are not internationally comparable.

Accessibility

A broad range of information concerning government finance statistics is disseminated by both the CGN and BCU through a variety of publications and the internet. However, information on the methodology and sources used in the preparation of fiscal data are not available to the general public.

Monetary and Financial Statistics

Statistical infrastructure

The BCU is responsible for the compilation of monetary and financial statistics. The Central Bank Law authorizes the BCU to request information from private and public entities and to apply sanctions. However, the BCU has been reluctant to apply sanctions for noncompliance to public entities that do not provide the requested information on time. As a result, some public institutions, in particular the BROU, report data to the BCU with long delays, which affects the compilation of timely money and banking statistics and below-the-line fiscal data. However, it is expected that the use of preliminary balance sheets for the BROU, beginning with the data for June 2001, will make it possible to compile timely data.

Conceptual framework

Monetary and financial data are compiled primarily based on reporting forms and balance sheets submitted by financial institutions to the BCU. The procedures for collecting, compiling, and reporting monetary and financial statistics are mostly in compliance with internationally accepted standards and the guidelines of the Fund's *Monetary and Financial Statistics Manual* (*MFSM*).

The BCU is improving the sectorization of the monetary accounts; to this end, for example, the BCU has sent the financial intermediaries a list of the institutions in the subsectors of the nonfinancial public sector to be used to classify credits and deposits to this sector. This improved sectorization will facilitate interbank consistency and reduce the accounts currently classified as unclassified assets and liabilities.

The BCU is in the process of revising the definitions of the monetary aggregates. The revised definitions of money should exclude the deposits of the central government and should seek to identify the short-term liabilities of all depository institutions that are monetary in nature and should be included in the aggregates.

Source data

The BCU has recently adopted a new presentation of the monetary balance for the central bank and introduced a new call report form for receiving preliminary balance sheet information from the other depository corporations. These two presentations incorporate international statistical standards for distinguishing the residency of economic units, detailed information on currencies used in transactions, and sectorization of domestic transactors and financial instruments. The introduction of these presentations will improve the quality, consistency, and timeliness of the monetary accounts. However, the timeliness of the data for the other depository corporations is hampered because the BROU has not yet adopted the new call report form. It is expected that the use of preliminary balance sheets for the BROU, beginning with the data for June 2001, will make it possible to comply with the SDDS timeliness requirements for the analytical accounts of the banking sector.

Serviceability

Several enhancements to the existing sectorization of the monetary accounts could be introduced to improve their analytical usefulness:

- Foreign-currency denominated securities issued by the BCU should be sectorized according to the holders of these securities; securities held by nonresidents should be classified as external liabilities of the BCU.

- Negotiable instruments issued by domestic banks abroad, excluding those that are in the hands of resident financial institutions, should be classified as external liabilities for purposes of preparing the monetary accounts of the other depository corporations.

- Accrued interest receivable (payable) should be included in the sector of the economy to which it corresponds and not in other assets and liabilities accounts, as is currently the practice in the monetary statistics published by the BCU. In this regard, the CBU has introduced accrual accounting that will enable the recording of accrued interest and its appropriate sectorization.

- The positions in financial derivatives should be separately identified and classified by type of financial instrument in the balance sheets of the depository corporations.

- It would be useful to compile data on insurance companies and pension funds.

Accessibility

Official monetary statistics are disseminated in the web page of the BCU and are published regularly in the BCU's *Statistical Bulletin.*

Presently, there is little dissemination of information on the concepts and methodologies used in the compilation of monetary data. Likewise, there is a lack of explanatory notes and/or detailed description of the methodology used in the compilation of monetary aggregates. However, the BCU is preparing a manual describing the methodology used to compile monetary statistics.

It is also important to introduce and institutionalize the practice of providing ARCs for all money and banking data categories. Regarding the latter issue, although the BCU has its own routine regarding periodicity and the approximate dates of publication of their statistical reports, ARCs are not used.

In addition, it is necessary to disseminate the following interest rates: interbank call rate and interest rates on treasury notes denominated in domestic currency, on treasury notes denominated in foreign currency, and on treasury bonds.

External Sector Statistics: Balance of Payments and International Investment Position

Conceptual Framework

Uruguay's balance of payments statistics are compiled by the BCU. The data are compiled in a manner generally consistent with the international standards, as expounded in the fifth edition of the Fund's *Balance of Payments Manual (BPM5).* A main exception refers to the recording of interest income, which is recorded on a due for payment basis and not on an accrual basis as recommended in the *BPM5.* Recording of interest on an accrual basis for financial institutions was introduced in 2001.

Data are compiled in U.S. dollars. To the extent possible, transactions that take place in other currencies are converted into U.S. dollars using the exchange rates prevailing at the time of the transaction. The balance of payments statistics are compiled on a quarterly and annual basis. The quarterly presentation is more aggregated than the final annual estimates. Quarterly data are available before the end of the following quarter, and annual data are published around the end of the third quarter or the beginning of the fourth quarter of the following year. This final annual

version incorporates data that are obtained through annual surveys and includes revised quarterly data.

The balance of payments estimates do not include data on the international transactions of enterprises operating in the country's free trade zones. The BCU has recently obtained from the Free Zone Administration the list of registered enterprises, which should be the basis, in coordination with the INE surveys, to capture the statistical information needed for the national accounts and the balance of payments.

The BCU compiles an annual statement of the international investment position, which is sent to the IMF for publication in *IFS* and *BOPSY*, but that so far is not being published by the BCU. New sources of data have been developed to improve the coverage of the IIP. The survey of direct investment conducted in 2000, which refers to 1999 data, covers stock data on direct investment and private sector debt that will be included in the IIP.

Sources of data

The BCU compiles the balance of payments statistics with data gathered from various sources, including the General Directorate of Customs, the Ministry of Tourism, the BROU, public enterprises, the Superintendence of Financial Intermediation Institutions (SFII), the BCU's own records, and various surveys that cover mainly service items and direct investment enterprises.

Concerning trade statistics, there have been delays of over two months in releasing the data for exports. The BCU has conveyed to the Customs authorities the need to streamline the data processing procedures, so that the delay can be eliminated. The trade statistics present the export data on an f.o.b. basis and the imports on a c.i.f. basis. The BCU makes adjustments to the import data to present them in the balance of payments on an f.o.b. basis, using information on freight and insurance that is included in the customs documents. Adjustments are made in the balance of payments for goods not included in the trade statistics. The BCU expects to improve the coverage in the future through the introduction of periodic surveys to measure the international transactions of enterprises operating in the free trade zones.

For the services account, there is good coverage for transportation, travel, communications, and financial services. However, some data are available only on an annual basis, because a number of surveys are only undertaken annually. There are a number of activities that are not currently covered, such as operational leasing, copyrights, and services activities of the enterprises located in the free trade zones. However, significant progress has been made during last year to improve the frequency and coverage of the surveys. New surveys have been introduced to compile data on software and on expenditures of embassies in the country. Quarterly surveys have been conducted since 2000 on a sample of companies providing services, and monthly surveys have been introduced to collect data on fuel supplied in ports and airports.

Flows of direct investment in Uruguay are captured through an annual survey undertaken by the BCU. However, data on direct investment income and capital flows of private financial institutions are not included, although work is being done to include these transactions.

For portfolio investment liabilities, the data mainly cover securities denominated in foreign currency, issued by the government, the BCU, and the rest of the financial sector, excluding those that are held by resident financial institutions <u>and other resident sectors. Data on other securities held by residents are obtained by the BCU from custodians, such as banks and brokers.</u>

For other investment, there is complete coverage for the public nonfinancial enterprises, but no data are collected on private indebtedness, except that of direct investment enterprises.

For the financial sector, complete information is available from the SFII and the BCU's own records.

Statistical techniques

A data model is used to estimate the travel account, based on information derived from sample surveys and data on border crossing provided by the immigration authorities.

Accessibility

The balance of payments data are published in the BCU's page on the internet in its *Statistical Bulletin (Boletín Estadístico)* and in the INE's *Statistical Yearbook (Anuario Estadístico)*. <u>Publication of IIP data is to begin in 2001 with IIP data for 2000.</u>

INTERNATIONAL MONETARY FUND

URUGUAY

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

August 31, 2001

1.   The findings of the data module of the Report on Observance of Standards and Codes
(ROSC) were presented during a Fund staff visit over the period of April 5–6, 2001. We agree
with the recommendations of the report and reiterate that we are on track for subscription to the
SDDS by the end of this year.

2.   Since the drafting of the data module of the ROSC, we have made a number of statistical
improvements—in line with the recommendations of the 1999 multisector statistics mission—
aimed at bringing data dissemination practices into observance of the SDDS. Specifically:

(i)   In the area of **real sector** statistics, there are two areas in which Fund staff
recommendations are in the process of being implemented:

- A new industrial output index is being developed by the National Statistics
  Institute based on the economic survey conducted in 1997 and should be
  completed by the end of this year.

- The National Statistics Institute is developing a new Producer Price Index,which
  also should be completed by the end of the year.

(ii)   Concerning the **fiscal accounts,** owing to the implementation of a new information
system, we expect to resolve both coverage and timeliness problems in the dissemination of data
on central government operations including financing data.

(iii)   Regarding **monetary statistics,** the following measures are being implemented to meet
SDDS requirements:

- The use of preliminary balance sheets of the BROU will make it possible to
  comply with the SDDS timeliness requirements for AAB data category.

- The BCU already is in compliance with the monthly periodicity for AAB as
  required by the SDDS, and efforts are being made to comply with the encouraged
  weekly periodicity.

- The BCU already is in compliance with the SDDS timeliness requirement of two
  weeks for AAC, and efforts are being made to comply with the encouraged
  timeliness of one week.

- Changes are being made to the balance sheets that will make it possible to calculate accrued interest.

(iv)   For the **balance of payments,** efforts have been made to improve the quality, periodicity and timeliness of statistical data.

- Efforts are underway to improve the quality of data beginning with the 2000 quarterly survey which includes additional items:

  ❖ The survey covers software services

  ❖ The survey includes a disaggregation that makes it possible to identify direct investment income.

  ❖ The survey includes direct investment by the BROU and work is being done to include the direct investment of private financial institutions.

- The expenditure of embassies are estimated with data provided by the Ministry of Foreign Relations.

- Uruguay is participating in the MERCOSUR coordinated portfolio investment survey, which should provide better information on government securities held by nonresidents.

- Quarterly surveys are being conducted on transport services.

- New sources of data have been developed to improve the coverage of the IIP; the survey of direct investment conducted in 2000, which refers to 1999 data, covers stock data on direct investment and private sector debt which will be included in the IIP.