

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

This Report on the Observance of Standards and Codes on the Data Module for El Salvador 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 December 17, 2004. The views expressed in this document are those of the staff team and do not necessarily reflect the views of the government of El Salvador or the Executive Board of the IMF.

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

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

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

Copies of this report are available to the public from

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

Price: \$15.00 a copy

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

INTERNATIONAL MONETARY FUND

EL SALVADOR

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

Prepared by the Statistics Department

Approved by Robert W. Edwards and Anoop Singh

December 17, 2004

Contents	Page
Acronyms.....	2
Executive Summary.....	3
I. Introduction.....	5
II. Data Dissemination Practices and the Special Data Dissemination Standard.....	5
Data dimension: coverage, periodicity, and timeliness	5
Access dimension.....	6
Integrity dimension.....	6
Quality dimension.....	6
Monitoring of data and access dimensions	6
III. Summary Assessment of Data Quality.....	7
Prerequisites of quality	7
Integrity.....	11
Methodological soundness.....	12
Accuracy and reliability.....	14
Serviceability	16
Accessibility.....	18
IV. Staff's Recommendations.....	21
Text Table	
1. Data Quality Assessment Framework—Summary Presentation of Results	20

ACRONYMS

<i>1968 SNA</i>	<i>System of National Accounts, 1968</i>
<i>1993 SNA</i>	<i>System of National Accounts, 1993</i>
AMFU	Advisory Macroeconomic and Fiscal Unit
BOPD	Balance of Payments Department
<i>BPM5</i>	<i>Balance of Payments Manual, fifth edition</i>
CAMC	Central American Monetary Council
CEMLA	Center for Latin American Monetary Studies
CENTREX	Center for Exports Procedures
COICOP	Classification of Individual Consumption by Purpose
CPI	Consumer Price Index
CRBES	Central Reserve Bank of El Salvador
DIGESTYC	General Directorate of Statistics and Censuses
DQAF	Data Quality Assessment Framework
DSBB	Dissemination Standards Bulletin Board
FSD	Financial Statistics Department
FSILDES	Fund for Social Investment in Local Development of El Salvador
GDDS	General Data Dissemination System
GDGA	General Directorate of Government Accounting
GDPIC	General Directorate of Public Investment and Credit
GDT	General Directorate of Treasury
GDP	Gross Domestic Product
GFCF	Gross Fixed Capital Formation
GFD	Government Finance Department
GFS	Government Finance Statistics
<i>GFSM 1986</i>	<i>A Manual of Government Finance Statistics 1986</i>
<i>GFSM 2001</i>	<i>Government Finance Statistics Manual 2001</i>
<i>GFSY</i>	<i>Government Finance Statistics Yearbook</i>
ICIE	International Classification of Income and Expenditures
IFAS	Integrated Financial Administration System
IMF	International Monetary Fund
IPRI	Industrial Price Index
<i>ISIC</i>	<i>International Standard Industrial Classification of all Economic Activities</i>
ME	Ministry of Economy
MF	Ministry of Finance
<i>MFSM</i>	<i>Monetary and Financial Statistics Manual</i>
NCN	National Accounts Nomenclature
NSDP	National Summary Data Page
NSHIE	National Survey of Household Income and Expenditure
NSS	National Statistics Service
ROSC	Report on the Observance of Standards and Codes
SAC	Central American Tariff System
SDDS	Special Data Dissemination Standard
SFS	Superintendency of the Financial System
SSSI	Salvadoran Social Security Institute
TSEF	Technical Secretariat of External Financing

EXECUTIVE SUMMARY

This data module of the Report on the Observance of Standards and Codes (ROSC) provides a review of El Salvador's data dissemination practices against the IMF's Special Data Dissemination Standard (SDDS), complemented by an in-depth assessment of the quality of the national accounts, the consumer price index (CPI), the industrial price index (IPRI), balance of payments statistics, government finance statistics, and monetary statistics. The agencies that compile the statistics assessed in this report are the Central Reserve Bank of El Salvador (CRBES), the Ministry of Finance (MF), and the General Directorate of Statistics and Censuses (DIGESTYC). A mission from the Statistics Department that visited San Salvador during August 12–28, 2003 carried out this assessment.

The mission reached the following main conclusions:

SDDS observance/subscription: Dissemination of data subject to the SDDS is in observance of all SDDS specifications, including data coverage, periodicity, and timeliness and the dissemination of advance data release calendars. In several cases, the periodicity and/or timeliness of these data exceed SDDS requirements.

Prerequisites of quality: Most macroeconomic statistics are compiled by the CRBES, which has a sound *legal and regulatory framework* except that it lacks legal authority to collect data from municipalities and the private nonfinancial sector. The national statistical law, which is highly outdated and unsuited to a modern statistical system, has many deficiencies, including no provision for a national statistical plan, no provision for allocation of responsibilities among statistical agencies, and defective provisions for the obligatory collection of data and the maintenance of confidentiality with regard to data collected. All three institutions would benefit from more formal collaboration arrangements. The CRBES and DIGESTYC lack *resources* for statistical development in some critical areas and all agencies are improving in *efficiency of resource use*. No agency has an active institutional *quality awareness* program, although all agencies are taking significant localized initiatives in this area.

Integrity: Statistical agencies maintain generally high standards of integrity. The conduct of all agencies is highly *professional*, although the DIGESTYC lacks the practical ability to correct erroneous media interpretations of its disseminated data. All agencies could enhance *transparency* by providing to the public advance notice of all significant changes in methodology, statistical techniques, and source data. In addition, the CRBES's law and all agencies' labor regulations are not published on their own websites,¹ and the CRBES does not inform the public that weekly monetary data are compiled and available to users who request them. *Ethical standards* are high, although the DIGESTYC's internal regulations need overhaul.

Methodological soundness: The methodologies used for compiling macroeconomic statistics follow, to a considerable extent, international standards. However, national accounts and government finance statistics follow now out-of-date international standards. While

¹ Since the visit of the mission, the CRBES has posted its law on its own website.

significant classification and sectorization problems are present in balance of payments statistics, government finance statistics, and the price indices, there is also room for improvement in the scope, classification, sectorization, and basis for recording of most macroeconomic sectors.

Accuracy and reliability: All macroeconomic statistics exhibit some weaknesses in accuracy and reliability. The shortcomings in data sources are particularly acute for national accounts and price statistics, where basic data have been seriously eroded by resource constraints at the DIGESTYC. While basically sound, the statistical techniques used in the compilation of all statistics could be improved. Assessment and validation of intermediate data and statistical outputs are limited, particularly in the area of government finance. Revision studies are seldom undertaken in any sector but national accounts.

Serviceability: As suggested by the user survey, the disseminated macroeconomic statistics do not appear to fully meet users' needs, and regular procedures to obtain feedback from users need to be strengthened and systematized. The timeliness and periodicity of all statistical categories meet or exceed SDDS requirements. Intersectoral consistency of statistics needs to be enhanced, particularly in the area of government finance statistics. Studies and analyses of revisions to macroeconomic statistics are generally not made public, as would be good practice.

Accessibility: In general, data accessibility is adequate in all sectors. However, government finance statistics present some deficiencies in format. Most data are released simultaneously to all interested parties in accordance with a calendar established in advance. Significant improvements in availability of metadata (information about compilation methodologies, statistical techniques, and data sources) are called for. Contact information and support services to users are limited. Service to users could be enhanced by wider identification in press releases, publications, and websites of a knowledgeable person to answer inquiries.

The main recommendations of the mission in the area of the legal environment are to bring to fruition the new *Law on the National Statistics System*, establish a new National Statistics Institute, and provide a clear delineation of responsibility for each area of macroeconomic statistics, legal power to collect statistics from all reporters, and sanctions for noncompliance. The staff also recommends provision of a sufficient budgetary, human resource, and information technology resource allocation to agencies to assure the production of essential source data and significant quality improvements in all areas of macroeconomic statistics. Other key recommendations have to do with the formalization of interagency arrangements for collaboration and data sharing, the introduction of ongoing institutionalized quality improvement programs in all agencies, the use of regular surveys of external users and public advisory groups drawn from all user groups, the provision of advance public notice of major changes in methodology, statistical techniques, and data sources, and significant improvements in the public availability of metadata targeted to meet the needs of general and expert users.

I. INTRODUCTION

1. This data module of the Report on Observance of Standards and Codes (ROSC) contains (1) a brief assessment of El Salvador's practices with regard to the dissemination of macroeconomic statistics against the Special Data Dissemination Standards (SDDS) of the International Monetary Fund (IMF) (Section II), (2) a summary assessment of the quality of the main macroeconomic statistical datasets, based on the Data Quality Assessment Framework (DQAF) methodology prepared by the IMF's Statistics Department (Section III), and (3) the main IMF staff recommendations for improving the quality of these data, based on the foregoing assessments (Section IV). The assessments have been prepared on the basis of information provided to IMF staff by the Salvadoran authorities and official data in the public domain.

II. DATA DISSEMINATION PRACTICES AND THE SPECIAL DATA DISSEMINATION STANDARD

2. El Salvador subscribed to the SDDS² in June 1998; El Salvador's data dissemination practices are therefore assessed against the SDDS. El Salvador is in observance of the SDDS, having complied since October 1999 with the specifications on data coverage, periodicity, timeliness, and the dissemination of advance release calendars. The authorities started disseminating metadata on the Dissemination Standards Bulletin Board (DSBB) in December 1998. Since May 2000, they have been disseminating the Data Template on International Reserves and Foreign Currency Liquidity and have had the template hyperlinked to the DSBB. In August 2000, they established a hyperlink between the national summary data page (NSDP) and the DSBB.

3. El Salvador provides access to the macroeconomic statistics covered by the SDDS in publications and on the websites of the Central Reserve Bank of El Salvador (CRBES) (<http://www.bcr.gob.sv>), the Ministry of Finance (MF) (<http://www.mh.gob.sv>), and the Ministry of Economy (ME), of which the DIGESTYC is a dependent agency, (<http://www.minec.gob.sv>).

Data dimension: coverage, periodicity, and timeliness

4. El Salvador observes SDDS data dimension requirements in all categories, using flexibility options for the periodicity of labor market data. Periodicity and timeliness exceed the Standard for data on general government operations, central government debt, and the international investment position. Timeliness of the Standard is exceeded for consumer prices, the analytical accounts of the central bank, the balance of payments, merchandise trade, and the reserves template.

² The SDDS is a set of standards, based on best practices, established in March 1996, that guides IMF member countries in the dissemination of their economic and financial data. A detailed description of the SDDS can be found on the IMF's DSBB at <http://dsbb.imf.org>.

Access dimension

5. El Salvador meets SDDS requirements for public access to data. Advance release calendars that meet SDDS requirements are disseminated either in hard copy format or on the website of the CRBES and are supplemented by a quarter-ahead presentation of release dates on the IMF's DSBB. Data are released simultaneously to all interested parties on the CRBES NSDP (http://www.bcr.gob.sv/ingles/estadisticas/nedd_resumen_estadisticas.html).

Integrity dimension

6. The laws, regulations, and decrees under which official statistics are compiled and disseminated in El Salvador are available to the public—in electronic and nonelectronic formats—in Spanish. They provide a normative framework that goes some way toward supporting the integrity of the statistical system.³ Procedures on internal government access to the data prior to public release are disseminated on the DSBB for the data categories to which they apply; according to El Salvador's SDDS metadata, there is no internal access outside the producing statistical agency prior to public release for any data category covered by the SDDS. Data released by Salvadoran statistical agencies are not accompanied by ministerial commentary.

Quality dimension

7. Summary methodology statements have been posted on the DSBB for most SDDS data categories except labor market and central government operations and central government debt data categories. In addition, methodological information is also disseminated by the CRBES and DIGESTYC. El Salvador's statistical agencies also disseminate component details and additional data series that make possible crosschecks and checks of reasonableness for all data categories as prescribed by the SDDS.

Monitoring of data and access dimensions

8. Following the IMF Executive Board's Third Review of the SDDS, IMF staff began in July 2000 monitoring subscribers' performance under the SDDS with regard to the data dimension and the advance release calendars element of the access dimension. Monitoring is carried out against both release dates in the advance release calendar and metadata.⁴ During July 2000-July 2003, El Salvador's dissemination practices were in observance of SDDS requirements.⁵

³ For further details, see Section III, prerequisites of quality.

⁴ That is, to verify not only that the data are released according to the calendar but also that the data disseminated correspond to the metadata posted on the DSBB.

⁵ Dissemination practices have continued to be in observance of the SDDS requirements since.

III. SUMMARY ASSESSMENT OF DATA QUALITY

9. This section complements the assessment of performance against the SDDS with a consideration of the quality of the data being disseminated and also focuses on the quality of the data that underpin policy analysis in El Salvador. The IMF's Statistics Department has developed a tool to provide a structure and a common language to assess data quality.⁶ The DQAF comprises a generic framework and a set of dataset-specific frameworks. The frameworks cover five dimensions of data quality—integrity, methodological soundness, accuracy and reliability, serviceability, and accessibility—and a set of prerequisites of data quality.

10. The mission conducted an assessment of six macroeconomic datasets (national accounts, the CPI, the IPRI,⁷ balance of payments statistics, government finance statistics, and monetary statistics). The information resulting from the application of this framework to the Salvadoran statistical system is presented below, following the structure of the DQAF. Conclusions are also presented in the form of standardized summary tables in which the assessment of data practices is made on a qualitative basis, using a four-part scale (Tables 1-6 of the Appendix).

11. Statistical development in El Salvador was strongly motivated by the country's effort to subscribe to the SDDS and come into observance, a process that reached virtual completion in mid-2000. Since then, the authorities have accorded statistical development a relatively lower national priority in terms of policy motivation and appropriate budgetary allocations. A Coordinating Committee for the National Statistics Service (NSS), which was created by presidential decree in July 2000 to prepare a national statistical plan and coordinate statistical activity among statistical agencies, has not met for a long period.

Prerequisites of quality

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

12. The macroeconomic statistical system of El Salvador is in practice centralized in three agencies, the CRBES, DIGESTYC, and MF. The **legal environment**,⁸ which relies on

⁶ Information on data quality can be found at the IMF website on the *Data Quality Reference Site* (<http://dsbb.imf.org/dqrsindex.htm>).

⁷ The IPRI is in fact a producer price index that covers only the manufacturing sector.

⁸ The legal environment is framed by the *Political Constitution* of 1983 and comprises mainly the following laws: the *Law on the Central Reserve Bank of El Salvador* of 1991 and subsequent amendments; the *Law on the Superintendency of the Financial System of El Salvador* of 1990 and subsequent amendments; the *Banking Law* of 1999 and subsequent amendments; the *Law on Public Financial Administration* of 1996 and subsequent amendments; and the *Law on the National Statistics Service* of 1955. In addition, the following laws and regulations are relevant: the *Regulations issued under the Law on Public*

(continued)

an almost 50-year old *Law on the National Statistics Service*, is not well suited to a modern statistical system. While this *Law* establishes a NSS—defined as *all public and private agencies that produce statistics*—and requires the compilation of most macroeconomic statistics that are now considered to be important for macroeconomic policy analysis, it makes no provision for a specific statistical planning process or the allocation of responsibilities among component agencies of the NSS. Moreover, it applies several useful provisions—such as the obligation to report data and guarantees of confidentiality of data reported—only to the DIGESTYC rather than to all component agencies of the NSS. The *Law* empowers the DIGESTYC to develop technical standards for the component agencies of the NSS and to collect, compile, and disseminate statistical information, but leaves the agency (established as a dependent General Directorate of the ME) neither the autonomy nor the resources to fulfill these roles.⁹

13. The *Law* assigns to the **DIGESTYC** responsibility for construction, transportation, agricultural, industrial, trade, and cost of living statistics, as well as censuses and a range of socio-demographic statistics. It requires the DIGESTYC to establish statistical standards and methodologies that all component agencies of the NSS will apply and to work toward interagency compatibility of statistics. The *Law* specifies minimal qualifications for the positions of Director General, Deputy Director General, and General Secretary of the DIGESTYC but makes no provision for their appointment—in practice, they are appointed by the Minister of Economy. The *Law* requires timely publication of a specified set of statistical publications and the provision of data to users who request them. Since the DIGESTYC is responsible for the CPI, mechanisms for collaboration with other data-producing agencies have not been developed in this area. However, the CRBES also produces an unpublished monthly CPI; elimination of this supplementary CPI would reduce respondent burden and avoid duplication of effort. In other areas also, such as national accounts, establishment of the various committees called for in the legal framework could facilitate closer coordination of statistical initiatives. The provision of data to the DIGESTYC is required by law, although the sanctions for noncompliance, which are not inflation-proofed, are now ineffective. The DIGESTYC also works to assure good faith and awareness of the importance of reporting on the part of data providers.

14. The DIGESTYC has sufficient **human and information technology resources** for compiling the CPI, although some of the computers and software need to be updated. It is somewhat short of **financial resources** for this purpose and significantly short of all types of resources for meeting its other statistical obligations. In particular, the major economic and

Financial Administration of 1996 and subsequent amendments; the *Labor Regulations of the Central Reserve Bank of El Salvador* of 2002; and the *Civil Service Law* of 1962.

⁹ A new *Law on the National Statistical System and the Creation of the National Statistics Institute of El Salvador*, modeled on international best practice, is currently awaiting presentation to the Legislative Assembly for enactment. A new National Statistics Institute will have technical and administrative autonomy, powers to regulate the NSS, and access to a national budget allocation and other resources. The NSS will be based on centralized setting of standards but decentralized production and dissemination of statistics. However, the *Law* does not provide a guarantee of sufficient budgetary funding except for censuses.

demographic censuses (the former providing essential source data for the national accounts and price indices) have severely languished for lack of financial resources, and this factor has adversely affected the quality of the national accounts in particular. The level of the staff's academic training is deemed adequate. Measures are in place to make best use of advancing technology, and regular tests of processes are conducted to assure the *efficient use of resources*. The DIGESTYC demonstrates its *quality awareness* in the area of the CPI through regular training, quality testing, and double data entry; however, it does not use a separate advisory body on data quality, has not conducted user surveys, and does not have an institutional quality awareness program.

15. The **CRBES**, which is established as a *public autonomous institution of a technical nature*, is in practice responsible for compiling and disseminating balance of payments, industrial price, monetary, and national accounts statistics. It is also authorized to compile and disseminate public finance statistics, which are also compiled by two units of the MF. In terms of the *legal environment*, the *Law on the Central Reserve Bank of El Salvador* requires the CRBES to compile and disseminate in a timely manner balance of payments, monetary, and exchange statistics, as well as other macroeconomic statistics that the CRBES's Council may deem necessary, and provides for the Council to determine the nature, content, and frequency of these statistics. The Superintendency of the Financial System (SFS), which is established as an *institution integrated into the CRBES but with administrative, budgetary, and functional autonomy*, is required by the *Law on the Superintendency of the Financial System of El Salvador* to disseminate statistical data for all entities under its supervision. It is also empowered to share with the CRBES detailed information on entities under its supervision. Through largely less formal arrangements (primarily the establishment of committees and working groups), the CRBES has ensured sufficient information interchange with other public agencies and private entities to meet day-to-day requirements, although the establishment of more formal collaboration agreements, particularly with the MF, would greatly facilitate longer-term improvements in data consistency and reliability, as well as efficient use of resources.

16. The *Law on the Central Reserve Bank of El Salvador* mandates that all government agencies and financial institutions report to the CRBES in a timely manner any statistics that the CRBES requires to fulfill its functions and provides not insignificant sanctions—which, however, are not inflation-proofed—for noncompliance. In contrast, the CRBES does not have the legal power to require reporting on the part of municipalities and the nonfinancial private sector, a limitation that impedes the collection of some of the information required for the balance of payments, the IPRI, government finance statistics, and national accounts, although the CRBES provides significant incentives for voluntary reporting. The CRBES cannot rely on the legal provisions of the *Law on the National Statistics Service* to require the reporting of information, since, as already noted, the relevant provisions of that law apply only to the DIGESTYC.¹⁰ The *Law on the Superintendency of the Financial System of El Salvador* provides strong support for the obligatory provision of information to the SFS on the part of all entities subject to supervision by the Superintendency and sanctions for noncompliance. The *Banking Law* also requires timely release, on the part of the banks, to

¹⁰ Passage of the new *Law on the National Statistical System and the Creation of the National Statistics Institute of El Salvador* would resolve this issue.

the CRBES and the SFS, of all information that these agencies require to fulfill their mandates and provides adequate sanctions for noncompliance. An Interagency Financial System Committee (made up of the President of the CRBES and the Superintendents) meets at least once a month to coordinate information exchange among other things. There is continuous communication between the CRBES and reporting entities to try to alleviate reporting problems, and the CRBES provides adequate support for the preparation of information returns. Legal provisions guarantee the confidentiality of undisclosed information provided to the CRBES and the SFS by reporting entities, and the two agencies have taken appropriate steps to assure this confidentiality.

17. In terms of **information technology resources**, the CRBES has made efforts to upgrade the computer systems used in the compilation and analysis of statistics. However, there is as yet no institutionalized functioning database for balance of payments, government finance, and national accounts statistics. The transitions to the new *Monetary and Financial Statistics Manual (MFSM)*, from the 1986 to the 2001 edition of the *Government Finance Statistics Manual*, and from the 1968 to the 1993 *System of National Accounts*, together with the completion of work on the institutional database, will require additional **human and financial resources**, including for training in some areas. The CRBES is aware of the need for **efficient use of resources** and has achieved enhancements in efficiency by use of technological advances and periodic assessments of processes, accompanied by reductions in staffing. Such reductions may have gone too far in some areas; the number of staff assigned to the compilation of monetary statistics, for example, has undergone a significant reduction. The CRBES is demonstrating **quality awareness** through internal user surveys and a current internal evaluation of strengths, opportunities for improvement, weaknesses, and risks and has taken concrete steps to improve the supply of source data for the balance of payments, monetary statistics, and the national accounts. However, the CRBES does not conduct regular external user surveys for the purpose of obtaining comments on data quality, and statistical processes are not externally audited. In addition, an institution-wide quality awareness program introduced some time ago has lost momentum.

18. The MF has an adequate **legal environment**, in the *Law on Public Financial Administration* and its associated *Regulations*, for the compilation of public sector accounts and public sector debt statistics but not for the compilation and dissemination of government finance statistics according to international standards. The *Law* prescribes that the MF and the CRBES will collaborate closely in monetary and financial programming.¹¹ The *Law* establishes an Integrated Financial Administration System (IFAS) and a Government Accounting Subsystem. It requires all public sector entities to report their financial balance sheets and their transactions and other flows to the General Directorate of Government Accounting (GDGA) and endows the GDGA General Directorate with the power to determine general accounting rules for the public sector and the format and content of all financial statements. It also requires the General Directorate to consolidate the data on the public sector for subsectors and the sector as a whole and to facilitate the integration of these

¹¹ The objectives of the programming exercise are specified as the management of balance of payments, fiscal, and financial flows in accordance with the evolution of prices and real production within a framework of macroeconomic stability.

data into the national accounts. It requires the MF to maintain the official register of public debt.

19. The MF is responsible under the *Political Constitution* and the *Law* to keep the Legislative Assembly informed concerning budget execution. Although it is not required to disseminate government finance statistics to the public, in fact two units of the MF—the Advisory Macroeconomic and Fiscal Unit (AMFU) and the GDGA—compile government finance statistics. The former reports government finance statistics to WHD and the latter reports them for publication in the *Government Finance Statistics Yearbook (GFSY)*. The MF maintains a close ongoing relationship with the CRBES and other public agencies in terms of sharing statistical information. However, more formal coordination with the CRBES would facilitate reconciliation of financing data and longer-term improvements in public sector statistics, including the elimination of duplication in data gathering and compilation. In addition, closer internal coordination between the GDGA and the AMFU would ensure improved verification of published data.

20. The MF has allocated sufficient **human, financial, and information technology resources** for the compilation of government finance and public debt statistics. Greater **efficiency of resource use** is slowly being achieved by increasing the use of automated processes. The MF is fully **aware of the importance of the quality** of statistics, which is being promoted mainly through the establishment of common accounting standards for all budgetary agencies and the automation of the compilation and verification of statistics. The MF does not conduct user surveys with a view to obtaining comments on quality.

Integrity

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

21. **Professionalism** is a guiding principle of the DIGESTYC. The selection of data sources and methods is dictated purely by statistical considerations. However, the DIGESTYC is not authorized to make technical comments to communications media that have made errors in interpreting the data except through the Minister of Economy, and in practice the procedure is too cumbersome for it to do so. The DIGESTYC's statistical policies and practices are **transparent** as the agency does not allow any national authority access to statistics before their release, announces substantial changes in the methodology, statistical techniques, or source data used in advance, and identifies itself as the statistics-producing agency. The ME informs the public of the terms and conditions under which data are compiled, while not disseminating internal regulations. As regards **ethical standards**, DIGESTYC staff members are subject to the provisions of the *Law on the National Statistics Service* and internal regulations; the latter need to be better articulated.

22. The CRBES is committed to maintaining the highest standards of **professionalism**. The legal framework governing the CRBES is adequate for ensuring the autonomy of staff members assigned to the compilation of statistics and professional competence is a key requirement in the hiring of employees and in staff promotions. The selection of data sources is dictated purely by statistical considerations. The CRBES has the right to clarify erroneous

interpretations of statistics on the part of the communications media and exercises that right. In general, CRBES statistical policies and practices are **transparent** as the CRBES informs the public of the terms and conditions under which the statistics are compiled, does not give any national authority access to the statistics before their release, and identifies itself as the statistics-producing agency. However, the CRBES does not publish its *Law* on its own website¹²—the *Law* has to be sought on the website of the SFS—and does not systematically inform the public of the availability of weekly monetary statistics or make them available to users unless they request them. Nor does the CRBES announce any substantial change in the methodology,¹³ statistical techniques, or source data used in advance but only at the time the new data are disseminated—and in the case of government finance statistics not even then. As regards **ethical standards**, CRBES staff members are subject to the provisions of the *Law on the Central Reserve Bank of El Salvador*. In addition, the CRBES has drawn up *Labor Regulations*, a copy of which is given to all new employees and which is posted on the CRBES's Intranet site. These regulations explain staff members' rights and obligations and contain clear sanctions for nonobservance of obligations.

23. In practice, the MF maintains a high level of **professionalism**, even though technical independence in the compilation of statistics is not backed by laws or specific safeguards. Government finance and public debt statistics are compiled on the basis of accounting records and administrative reports, drawn up in accordance with the relevant charts of accounts and budgetary standards, although data published by the CRBES are not drawn directly from accounting sources. The selection of sources and methods appears free of any political influence. In cases of improper interpretation of the data on the part of the communications media, the MF issues clarifications. The MF's statistical policies and practices are **transparent** to the extent that the MF informs the public of the terms and conditions under which the statistics are compiled and does not allow any national authority access to the statistics before their release by the CRBES. Substantial changes in the methodology, statistical techniques, and data sources used are not disseminated by the MF. MF staff members are subject to the provisions of the *Law on Public Financial Administration* and the *Regulations* issued under it; there is no other set of **ethical standards** for the MF, other than the *Civil Service Law*.

Methodological soundness

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

24. The **concepts and definitions** of the **national accounts** follow the *System of National Accounts, 1968 (1968 SNA)*, but international assistance is being sought to prepare a

¹² After the visit of the mission, the CRBES began disseminating its *Law* on its own website.

¹³ The introduction of the *1968 SNA and BPM5* methodologies, exceptionally, were announced in advance.

migration project to the *System of National Accounts, 1993 (1993 SNA)*. **Scope** is narrower than the *1968 SNA*, since the compilation of the institutional sector accounts, from production to accumulation, was partially interrupted in 1995 and completely abandoned in 1998. Consumption of fixed capital is not estimated. However, some important features of the *1993 SNA* have been incorporated, e.g., supply-and-use tables with data valued at current, previous year, and reference period prices. **Classifications**, by functions for government final consumption expenditure and by purposes for household consumption, are not applied; however, the latter follows the product classification of the supply-and-use table. The national industrial activity classification is based on revision 2 of the *International Standard Industrial Classification (ISIC)*. In general, the **basis for recording** follows internationally accepted standards. Basic or producer prices are used to value market output and purchase prices are used for intermediate consumption. However, time series at current prices are valued in U.S. dollars, whereas time series at constant prices are valued in colones. Transactions are generally recorded on an accrual basis.

25. Both the **CPI** and the **IPRI** meet international standards with regard to **concepts and definitions**, practices, and standards. Data for estimating base period weights, as well as price data obtained from monthly price surveys, are collected and processed in accordance with international recommendations for both series. The **scope** of the CPI includes all types of urban households, all monetary consumption expenditure, goods produced for own consumption, and imputed rent for owner-occupied housing. Although the IPRI only covers the manufacturing sector of the Salvadoran economy, that sector accounts for more than 95 percent of the core components of mining, manufacturing, energy, and water production normally covered by this type of index. Both indices have outdated **classification** systems. Rather than using the current international standard *Classification of Individual Consumption by Purpose (COICOP)*, the CPI employs a system that is more than two generations outdated. The IPRI uses revision 2, rather than revision 3, of ISIC. The classification system used for products for the IPRI is also seriously outdated. The **basis of recording** for both series is consistent with international best practices. All expenditure, production/sales, and price data are reported in properly specified market, and/or transaction values, on an accrual basis.

26. **Balance of payments statistics** are compiled in conformity with the methodological standards, **concepts, and definitions** described in the fifth edition of the *Balance of Payments Manual (BPM5)*. As part of the effort to improve methodological soundness, the CRBES has revised compilation procedures for trade and insurance. On **scope**, considerable progress has been made in the coverage of some items in the current account, such as travel and other services, while data available on private external debt have been added to the financial account. However, recommendations yet to be implemented include the recording of assets held abroad by residents and the recording of some banking transactions on the basis of residency criteria. Transactions of the general government do not follow the **sectorization** recommended by *BPM5*. Interest, dividends, and external debt transactions are still **recorded** on a cash basis.

27. The **data template on international reserves and foreign currency liquidity** is generally compiled in accordance with the *Operational Guidelines for the Data Template on International Reserves and Foreign Currency Liquidity*. However, some significant **classification** anomalies appear. Section II on predetermined short-term net drains includes items not related to Section II, such as revenues from future placements of bonds in the international markets and future loan disbursements from international financial

organizations. In addition, liquidity requirements on foreign currency deposits held with the CRBES by resident banks do not fully follow the concepts and definitions of the *Operational Guidelines*. The CRBES includes the full amount of the liquidity requirement in gross reserves and does not register the contingent net drain, as specified in Section III of the data template.

28. The **concepts and definitions** used for the compilation and dissemination of **government finance statistics** are based on the recommendations of *A Manual on Government Finance Statistics 1986 (GFSM 1986)*. Although the CRBES authorities have not prepared a migration plan to move to the *Government Finance Statistics Manual 2001 (GFSM 2001)*, the MF authorities, particularly the GDGA, have initiated an assessment of the needed changes for implementation of the new framework. On **scope**, government finance statistics disseminated cover all units of the nonfinancial public sector, except that some decentralized institutions, such as the Salvadoran Institute of Municipal Development, are not included and mutual funds are wrongly included. There is no functional classification of expenditures or financing data by type of debt holder and type of financial instrument. The public debt data disseminated by the CRBES has complete coverage, but those compiled by the MF do not include all short-term liabilities. In terms of **classification/sectorization**, consolidated central government data disseminated do not include all extrabudgetary units and social security institutions, which are included in the rest of general government. The classification of government finance statistics is broadly in accordance with the recommendations of the *GFSM 1986*, with some exceptions, such as pension payments and redemptions of recognition bonds incorrectly classified as financing items, inflows from privatization not being treated consistently, and guaranteed debt being recorded as a debt of the consolidated central government. The **basis for recording** data is mixed. The CRBES data have revenues on a cash basis and expenditures on a check issued basis (a close proxy for a cash basis). All financing data are recorded on a cash basis. On the other hand, data provided by the MF to the IMF for publication have revenues on a cash basis and expenditures on a payment order basis (a close proxy for accrual recording).

29. Although the analytical framework for **monetary statistics** reflects **concepts and definitions** that broadly follow the *MFSM*, the full adoption of the *MFSM* methodology has not been completed. The **scope** of the depository corporations survey is currently limited to the CRBES, commercial banks, and financial companies, and excludes other nonbank deposit-taking institutions, and—of greater quantitative importance—money market funds. The **classification and sectorization** of financial instruments, which is generally consistent with *MFSM* recommendations, deviates in several ways: financial derivatives, other equity, and insurance technical reserves are not separately identified; and deposits, loans, and other accounts receivable/payable are not fully sectorized. The **basis for recording** flows and stocks is largely consistent with the *MFSM*, although some asset and liability positions are valued at acquisition cost rather than market prices. Accrued interest is not included in the outstanding value of financial instruments but in other assets/other liabilities.

Accuracy and reliability

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

30. **Source data** for the **national accounts** are scarce. Basic data for the accounts have been eroded by the weakening of the DIGESTYC. Its last agriculture census was conducted in 1971 and its annual economic surveys, a vital data source for the national accounts, were interrupted in 1999. Although the CRBES conducts its own surveys, they only partially replace the DIGESTYC surveys, since they cover only medium and large firms and investigate fewer variables than those needed for the national accounts. Annual source data and short-term indicators are especially limited for service activities. Data collection from local authorities has improved. In terms of **statistical techniques**, annual macroeconomic aggregates are estimated in the framework of the supply-and-use table, which permits the detection and elimination of discrepancies in order to achieve consistency. However, excessive use is made of fixed coefficients more than ten years old. Also, the adjustments to account for the non-observed economy are based on old ratios. The benchmarking technique applied to combine annual and quarterly GDP data is not appropriate, but a good procedure is used to seasonally adjust GDP estimates. **Assessment and validation** of source data are only partial, and sampling errors are not estimated in some surveys, while assessment and validation of intermediate data and statistical outputs are reasonably comprehensive using the commodity flow method applied in a systematic way in the framework of the supply-and-use table. Accuracy of estimates generated by surveys is not always assessed, as survey errors are not available for some of them. Analysis of **revisions** is carried out systematically, following the cycle of national accounts estimates, but revision studies are not undertaken regularly.

31. Although monthly price data for both the **CPI** and the **IPRI** are adequate and collected in a timely and efficient manner, there are serious deficiencies in **source data** for constructing sampling frames for essential surveys upon which weight calculations depend. The current CPI weights are based on the 1990/91 National Survey of Household Income and Expenditure (NSHIE). The construction of a household sampling frame for a new NSHIE depends on a new population census (last taken in 1992) and/or updated cadastre maps. The current IPRI weights are based on the 1993 Economic Census. A new economic census requires an updated business register. An updated business register and cadastre maps have been completed for only part of the country. The **statistical techniques** employed for the compilation of the CPI are generally in accordance with internationally accepted standards. However, the lists of market basket items and the weights for the CPI are in need of updating to reflect current expenditure patterns. The weights for the IPRI are only narrowly within the recommended ten-year limit and were not updated to the index reference period. In addition, there are technical problems with the application of the index formula. Also, the IPRI provides indices by product aggregation only, and not by economic activity. **Assessment and validation of source and intermediate data** are undertaken for both series. No **revision studies** have been conducted for the IPRI. Although no recent revision studies have been conducted for the CPI, estimates of variance for expenditure data from the 1990-91 NSHIE are available for use in designing the new NSHIE and the new CPI market basket.

32. The mix of primary and secondary **data sources** is broadly sufficient to compile major items of the **balance of payments statistics**. Major administrative source data are available on a timely basis, and quarterly surveys are based on a well-established business registry. However, there are limited data sources to compile holdings of external assets by residents, and the narrow coverage of major companies in the communication, construction, and transportation sectors contributes to weaknesses in the services account. Some items in the balance of payments are estimated using sound **statistical techniques**, such as travel, which is compiled through sample techniques conducted twice a year. However there are no

estimates for nonrecorded trade. Data are **assessed and validated** against other data, and statistical discrepancies are investigated. **Revision studies** are seldom undertaken and do not follow a regular schedule.

33. **Source data** for the compilation of **government finance statistics** disseminated by the CRBES are collected from a comprehensive set of public units. On the other hand, the source for data reported by the MF to the IMF for publication is the IFAS, which records on an accrual basis and covers detailed financial information of all budgetary units, decentralized units, and some public enterprises. The source data for disseminated government finance statistics follow the budgetary classifications and for financing data are mostly in accordance with the *GFSM 1986* definitions and classifications. The compilers are not fully aware of the differences between source data and government finance statistics concepts. The IFAS has no provision for automatic derivation of government finance statistics. Accepted **statistical techniques**, including extrapolations for missing data and data consolidation, are applied to the set of preliminary data. For local government, data on 262 municipalities are obtained from central government transfers. These transfers are allocated taking into account a specific expenditure classification prepared by the CRBES. No surveys are used to obtain local government data. **Assessment and validation of source data** are performed through internal and external auditing processes; the Court of Accounts provides external auditing services. However, no systematic procedures are in place to assess the accuracy of disseminated government finance statistics. In terms of **assessment and validation of intermediate data and statistical outputs**, data sent to the IMF for publication are not validated against data published by the CRBES. No **revision studies** are undertaken.

34. The **data sources** for **monetary statistics** are generally adequate. The plan of accounts for commercial banks follows international accounting standards, and its limited instrument and sectoral disaggregation is complemented with additional information sought by the CRBES. However, the distinction between resident and nonresident accounts in the plan is not explained and not applied to all instruments. The accounts of the CRBES provide sufficient detail to approximate the recommended classification of accounts of the *MFSM*. The use of **statistical techniques** is adequate, being confined to automated checks in the CRBES monetary database to identify processing errors. The **assessment and validation of source data**, which consists of checking the reported balance sheet data against secondary sources, is also adequate. **Revisions**, which rarely occur, are always investigated, although compilers of monetary statistics do not routinely analyze or compare preliminary and final data and do not undertake studies of revisions because of their insignificance.

Serviceability

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

35. The **relevance** of **national accounts** for users is not monitored in a systematic way. Nevertheless, frequent contacts are made with the main users and their specific demands are attended to when possible. **Timeliness and periodicity** follow the dissemination standards of the SDDS. Due to the supply-and-use framework in which they are estimated, aggregates are internally **consistent**. Also time series are consistent over time. However, statistics at current

prices are not reconcilable over a reasonable period of time owing to the different currencies used. The national accounts are fully consistent with balance of payments statistics, but no systematic checks are performed to reconcile them with government finance statistics. In terms of *revision policy and practice*, the revision cycle follows a regular and well-established two-year schedule. Preliminary data are clearly identified, and the revised data are disseminated with the same level of detail as previously published. Explanations of revisions are disseminated to the public in insufficient detail.

36. For both the **CPI** and **IPRI** there is little active monitoring of *relevance* with regard to user needs in the form of user advisory groups and user surveys. However, public requests for unpublished data provide the DIGESTYC and the CRBES with information on users' needs. Personnel involved in the compilation of both indices participate in international seminars and meetings. Both price indices meet SDDS standards with regard to *timeliness and periodicity*. Both indices are internally *consistent* and reconcilable over time and with other comparable statistical series. The IPRI follows a regular, well-established, and transparent schedule with regard to *revisions* of the monthly price series; no preliminary data are published for the CPI. Both the 1993 revision of the CPI and the 1998 initial publication of the IPRI are well documented, but no recent revision studies have been conducted for either series.

37. The CRBES does not conduct surveys targeted to external users to monitor the *relevance* and practical usefulness of **balance of payments statistics**. However, public requests for unpublished data provide the CRBES with information on users' needs. Monthly template data on international reserves and foreign currency liquidity, as well as quarterly balance of payments and international investment position statistics, meet the *timeliness and periodicity* requirements of the SDDS, international investment position data exceeding the *periodicity* requirement. Statistics are *consistent* over time and among various external sector accounts. There is full consistency with national accounts and monetary statistics, but reconciliations with government finance statistics cannot be fully effected. *Revisions* follow a regular, well-established, and transparent 24-month schedule, and preliminary data are clearly identified, but revision studies and analysis are not disseminated.

38. While the **government finance statistics** timeframe is aligned with the budget and accounting cycle, the coverage and level of detail of government finance statistics could be improved to enable users to better assess government social and fiscal policies. Although the methodological basis and classification structure appear adequate for the analytical needs of users, the *relevance* and practical utility of government finance statistics are not monitored on a regular basis, and no user surveys are conducted. *Timeliness and periodicity* of disseminated data follow, and in some cases exceed, SDDS recommendations. *Consistency* between the overall deficit/surplus and financing data is not achieved because revenue, expenditures, and financing are recorded using different bases and the government finance statistics sectorization of nonfinancial public sector institutions is different from that used in the monetary statistics. Government finance statistics use monetary statistics, in place of treasury records, as the source for data on domestic financing; thus no issue of reconciliation arises. Government finance statistics are not reconciled with the balance of payments and national accounts. Data on domestic debt produced by the MF are reconciled with CRBES data. In terms of *revision policy and practice*, preliminary data become final the second time they are published. Hardcopy publications do not distinguish between preliminary and final data. However, the CRBES website makes the distinction.

39. Formal processes of consultation with users to obtain feedback on the **relevance** of **monetary statistics** could be strengthened, for example, by conducting user surveys and periodic meetings with external users. The **timeliness and periodicity** of published data meet SDDS requirements, and the data are **consistent** internally and over time. Consistency checks between monetary statistics, government finance statistics, and balance of payments statistics are conducted regularly. However, the definition of the institutions of the general government is not fully consistent between monetary and government finance statistics. The **revisions policy** follows a regular and transparent schedule. Analyses of revisions are not made public because revisions are generally not important. Significant revisions are footnoted in statistical publications.

Accessibility

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

40. **National accounts** annual and quarterly **data** are easily accessible on the CRBES website and publications. The estimates are presented in a clear manner in charts and tables. Published quarterly series are seasonally adjusted. A press release is followed by a more comprehensive dissemination in the CRBES's *Quarterly Review*. Quarterly national accounts are released on a preannounced schedule, but annual data are not. Estimates are made available to all users simultaneously. Unpublished (but nonconfidential) subaggregates are made available upon request. Documentation on concepts, scope, classifications, basis of recording, and statistical techniques is available at the CRBES's Communications Department. However the **metadata** for annual national accounts are not sufficiently detailed. The name and contact information for a contact person is not publicized, but **assistance to users** is coordinated through the Communications Department. A list of available publications is available on the CRBES website.

41. **Data accessibility** is generally good for the **CPI** and the **IPRI**. Index publications and the CRBES website are well designed and provide sufficient information on the indices. Indices are released simultaneously to all users on a preannounced schedule, and unpublished, nonconfidential data are available upon request from the CRBES and/or the DIGESTYC. Although adequate documentation and descriptive material are available for both index series, **metadata accessibility** to users is somewhat limited since these metadata are not available on the CRBES website, where both indices are disseminated. Contact persons are available for both index series only in the sense that the organizational heads of the offices where the series are compiled are listed either on the CRBES website or in DIGESTYC publications. No telephone numbers or e-mail addresses are given for either series, and all **assistance to users** at the CRBES is coordinated through its Department of Communications. Catalogs of statistical products are available for both series.

42. **Data accessibility** is adequate for **balance of payments statistics**. Data are disseminated both as hardcopy format and on the CRBES webpage. Detailed quarterly balance of payments and international investment position statistics are released simultaneously to all interested parties through the CRBES website and in official hardcopy publications. There is a preannounced schedule of publication release dates. Regarding **metadata accessibility**, a brief technical note on balance of payments statistics is

disseminated in the *Quarterly Bulletin*, although no other metadata are available to users. A summary of methodology is included in the IMF's *Balance of Payments Statistics Yearbook*. The MF, as a producer of public external debt statistics, does not disseminate statistics or methodological notes. *Assistance to users* is adequate in the CRBES, although the name and contact information for a contact person responsible exclusively for balance of payments is not disseminated.

43. A wide range of **government finance statistics** is *accessible* through quarterly and monthly publications and through the CRBES website. However, there are some deficiencies in format.¹⁴ The government finance statistics disseminated in the monthly publication follow a preannounced calendar, but quarterly and annual government finance statistics do not. The date of release of government finance statistics aggregates is announced in the preceding government finance statistics publication. Data are released simultaneously to all users by posting on the CRBES website. Unpublished, nonconfidential, disaggregated data are made available upon request, but the availability of unpublished data and the terms and conditions on which they are made available are not publicized. A brief summary of government finance statistics *metadata*, except for public debt, is published by the CRBES. Although a more complete internal document describes the concepts, scope, classifications, basis of recording, data sources, and statistical methods used, this document requires significant improvements. For example, there are no bridge tables showing the links between source data and government finance statistics. Information on methodology can be obtained on request from the CRBES, but its availability is not publicized. In terms of *assistance to users*, the name and contact information for a contact person is not published. The CRBES provides support to users by informal communications. The CRBES website presents a list of available publications.

44. The presentation of **monetary statistics** in CRBES publications generally meets user needs for *data accessibility*. Monthly data are published electronically on the CRBES website and in hardcopy publication. Nonconfidential unpublished data are made available upon request, although the availability and the terms and conditions of this service are not made public. The dissemination formats on the website and in publications are user friendly. There is a preannounced schedule of publication release dates. Comprehensive *metadata* to complement those on the DSBB are not available to meet the needs of more specialized users. In order to *assist users*, a general electronic mailbox is available on the CRBES website, but without the name or contact information for a contact person on monetary statistics. The set of statistical publications of the CRBES, which is free of charge, is available on its website.

¹⁴ Aware of these shortcomings, the CRBES is making efforts to address some of them in the next publication of the quarterly report.

Table 1. El Salvador: Data Quality Assessment Framework—Summary Presentation of Results

Element	National Accounts	Consumer Price Index	Industrial Price Index	Government Finance Statistics	Monetary Statistics	Balance of Payments Statistics
0.1 Legal and institutional environment	LO	LNO	LO	LO	O	LO
0.2 Resources	LNO	LO	LNO	O	LO	LO
0.3 Quality awareness	LO	LO	LO	LO	LO	LO
1.1 Professionalism	O	LO	O	O	O	O
1.2 Transparency	LO	O	LO	LO	LO	LO
1.3 Ethical standards	O	LO	O	O	O	O
2.1 Concepts and definitions	LO	O	O	LO	O	O
2.2 Scope	LNO	O	LO	LO	LO	LO
2.3 Classification/sectorization	LNO	LNO	LNO	LNO	LO	LNO
2.4 Basis for recording	LO	O	O	LO	LO	LO
3.1 Source data	LNO	LNO	LNO	LO	LO	LO
3.2 Statistical techniques	LNO	LO	LNO	O	O	LO
3.3 Assessment and validation of source data	LO	O	LO	LO	O	O
3.4 Assessment and validation of intermediate data and statistical outputs	O	O	O	LO	O	O
3.5 Revision studies	LO	LNO	NO	NO	LO	LO
4.1 Relevance	LO	LO	LO	LO	LO	LO
4.2 Timeliness and periodicity	O	O	O	O	O	O
4.3 Consistency	LO	O	O	LNO	LO	LO
4.4 Revision policy and practice	LO	LNO	LO	LO	O	LO
5.1 Data accessibility	O	O	O	LO	LO	O
5.2 Metadata accessibility	LO	LO	LO	LNO	LO	LO
5.3 Assistance to users	LO	LO	LO	LO	LO	LO

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

IV. STAFF'S RECOMMENDATIONS

45. Based on the results of the data quality assessment, discussions with the Salvadoran authorities in the statistics-compiling agencies, and responses from data users, the following actions are proposed to improve El Salvador's adherence to international statistical standards, to bring the compilation and dissemination of macroeconomic statistics more into line with best practices, and to enhance the analytical usefulness of the statistics.

General recommendations

High priority recommendations

- Bring to fruition the new *Law on the National Statistics System*, establish the new National Statistics Institute, and provide a clear delineation of responsibility for each area of macroeconomic statistics, legal power to collect statistics from all reporters, and sanctions for noncompliance.
- Provide a sufficient budgetary, human resource, and information technology resource allocation to agencies to assure the production of essential source data and significant quality improvements in all areas of macroeconomic statistics.

Other key recommendations

- Reactivate the Coordinating Committee for the National Statistical System.
- Publish the *Law of the Central Reserve Bank of El Salvador* and the *Labor Regulations* on the CRBES website.¹⁵
- Formalize interagency arrangements for collaboration and data sharing.
- Introduce ongoing institutionalized quality improvement programs in all agencies, including the use of regular surveys of external users and public advisory groups drawn from all user groups.
- Give advance public notice of major changes in methodology, statistical techniques, and data sources.
- Improve significantly the public availability of metadata targeted to meet the needs of general and expert users.
- Provide the name and contact information of a contact person in each area of statistics to assist users with queries.

National accounts

High priority recommendations

- Update the business register and establish a regular program of five-year economic censuses, annual economic surveys, and other statistical products.
- Prepare an implementation plan to move to the *1993 SNA* and update the reference year.

¹⁵ The *Law* was published on the CRBES website after the visit of the mission.

Other key recommendations

- Compile and disseminate more detailed national accounts data, including classifications for government and household final consumption expenditure.
- Establish a program to produce basic data and indicators for the activities for which quarterly value added is estimated without indicators.
- Value national accounts series at both current and constant prices in U.S. dollars.
- Provide more information on data revisions at each stage of the revision cycle.
- Provide more detailed documentation on estimation methods for annual national accounts.

Consumer price index

High priority recommendations

- Investigate the possibility of using expenditure data from the Annual Multipurpose Household Survey to update the weights for the market basket.
- Update the list of market basket items to account for new goods and services.
- Update the classification system to the latest five-digit version of COICOP.

Other key recommendations

- Eliminate the supplementary monthly CPI produced by the CRBES.

Industrial price index

High priority recommendations

- Work with the DIGESTYC to construct a new provisional enterprises sampling frame.
- Select an updated enterprise sample.
- Update the classification system to revision 3 of the ISIC.

Other key recommendations

- Change the name of the IPRI to the producer price index and expand the coverage of the index to include at least mining, manufacturing, electricity, fuel, and water production.
- Develop new indices by economic activity as well as by product.

Balance of payments statistics

High priority recommendations

- Improve the scope of data sources for compiling holdings of external assets by residents.
- Follow the recommendation in *BPM5* to sectorize the transactions of the general government.
- Compile data on public and private external debt on an accrual basis.
- Compile external transactions of the banking sector on the basis of residency criteria.

- Make the Data Template on International Reserves and Foreign Currency Liquidity consistent with the classification prescribed in the *Operational Guidelines*.

Other key recommendations

- Improve coverage of communications, construction, and transportation services.
- Estimate nonrecorded trade.
- Within the current data sources, use market prices in the compilation of the IIP.

Government finance statistics

High priority recommendations

- Establish a plan and timetable for adopting the *GFSM 2001*, commence relevant training, and start recording government transactions on both a cash and an accrual basis.
- Classify public institutions using the recommendations of the *GFSM 1986* and *GFSM 2001* and reconcile this institutional classification with balance of payments, national accounts, and monetary statistics.
- Reconcile the operations above and below the line taking into account the differences in the bases of recording for public sector operations.

Other key recommendations

- Improve coordination between the units involved in the compilation of government finance statistics within the MF.
- Provide for automatic derivation of government finance statistics in the IFAS.
- Improve government finance statistics classifications and prepare a functional classification of expenditures and financing data by type of debt holder and financial instrument.
- Improve the format of presentation of government finance statistics in the hardcopy publication and on the website.

Monetary statistics

High priority recommendations

- Increase staff fully devoted to compiling monetary statistics to accelerate the adoption of the *MFMS* and guarantee the provision of high-quality data.
- Disseminate the weekly central bank and depository corporations surveys.
- Complete the adoption of the *MFMS*, especially with respect to the distinction between resident and nonresident accounts for all financial instruments, sectorization of deposits, loans, and other accounts receivable/payable, valuation of financial assets and liabilities, and treatment of accrued interest.
- Ensure consistency in the definition of the general government sector with government finance statistics.

Other key recommendations

- Include money market funds in the depository corporations survey.

INTERNATIONAL MONETARY FUND

EL SALVADOR

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

Response by the Authorities

December 17, 2004

	Contents	Page
I.	Introduction.....	2
II.	Institutional and Legal Framework.....	2
III.	Censuses and Surveys.....	5
IV.	National Accounts Statistics.....	6
V.	Statistics on The Producer Price Index.....	7
VI.	Balance of Payments Statistics.....	8
VII.	Monetary Statistics.....	9
VIII.	Government Finance Statistics.....	10

I. INTRODUCTION

The Salvadoran authorities agree with the general findings of the August 2003 IMF Report on the Observance of Standards and Codes (ROSC) mission. The report evaluated the integrity, methodological soundness, accuracy, reliability, serviceability, and accessibility of macroeconomic statistics with emphasis on the scope, periodicity, quality, timeliness, and dissemination of the advance release calendar for the data covered in El Salvador's ROSC.

In general terms, and according to the criteria applied under the ROSC, the quality of El Salvador's macroeconomic statistics received a positive evaluation, recognizing that there are areas that could be improved and are now the focus of attention by the authorities. Particular mention was made of the technical quality of the macroeconomic statistics, the professionalism with which they are produced, the methodological rigor applied at the various stages from collection, compilation, and preparation through release of the statistics, as well as the ease of access provided to the various users.

All institutions carry out the processes of collecting, compiling, producing and disseminating macroeconomic statistics in a professional manner; promote ethical standards for processing information; and maintain strict control over the selection of sources and methods of compiling data: all users are made aware of the release of macroeconomic data on the dates established in the advance release calendar, which is published at the beginning of each month in the national newspapers of widest circulation, as well as on the Central Reserve Bank of El Salvador (CRBES) website and the IMF's Dissemination Standards Bulletin Board (DSBB).

The authorities agree with the mission's findings regarding the need to improve the legal and institutional framework, in particular approval of the proposed Law on the National Statistical System (NSS) and the creation of a national statistical institute (NSI).

Since August 2003, the authorities have taken action based on the IMF mission's recommendations to facilitate their implementation in the short and medium term, as described below.

The authorities believe that several clarifications should be made regarding certain aspects of the ROSC. The intent is to provide information on plans for development and recent actions taken by the authorities.

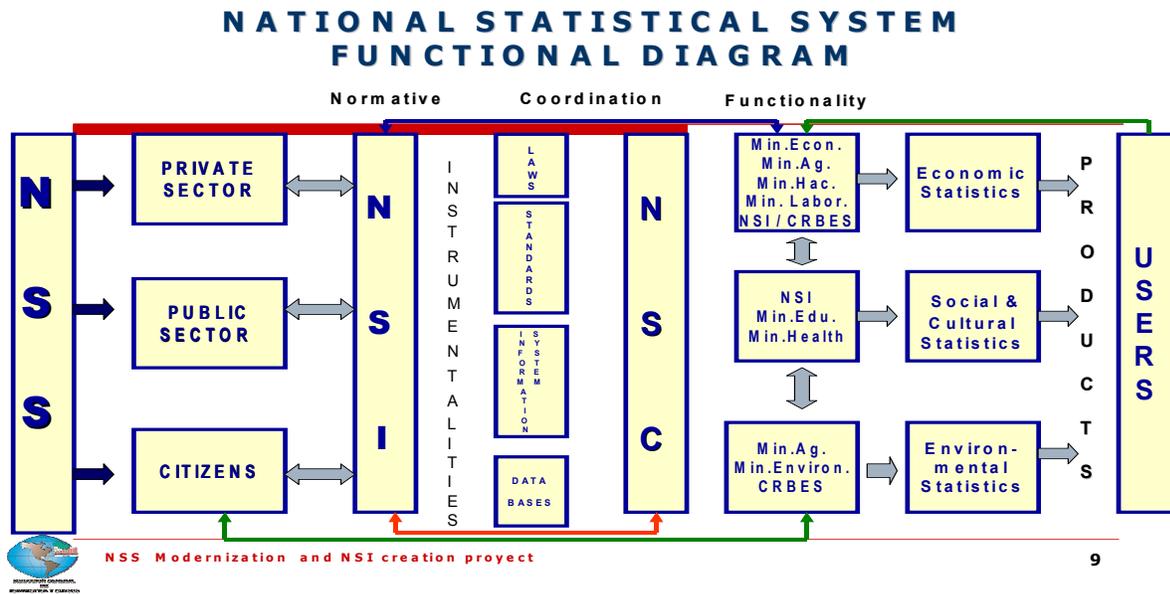
II. INSTITUTIONAL AND LEGAL FRAMEWORK

One of the most important recommendations made in the ROSC concerns the need to approve the new legal framework for official statistics and the creation of the NSI. With respect to this point, in July 2004 the Economic Committee approved the overall approach to the proposed

statistical system reform embodied in the draft Law on the National Statistical System and Creation of the National Statistical Institute.

The Economic Committee also agreed to provide the budgetary resources required to create the NSI and bring the statistical basis for the country's censuses up to date; with respect to the latter effort, technical and financial support will also be sought through international cooperation. Both the creation of the NSI and the updating of the national censuses are being planned with a view toward strengthening human resources and improving the production of national statistics in general.

The government's approach to the new national statistical system is presented in the following diagram.



The following chart summarizes the activities included in the Medium-Term Plan agreed upon. The implementation of this plan will fully address the observations in the IMF's ROSC report.

Proposed Medium-Term Plan

TASK	2004	2005	2006	2007	2008
Plan VI Population Census and V Housing Census	x				
Update Housing Cartography		x	x		
Conduct VI Population Census and V Housing Census		x	x		
National Survey of Household Income and Expenditures and CPI		x	x	x	
VII Economic Census				x	
IV Agricultural Census					x

In several sections of the ROSC report, the IMF emphasizes the need to ensure that the national population, economic, and agricultural censuses are carried out, as well as the National Survey of Household Income and Expenditures. The implementation of these projects is an important prerequisite for CRBES's process of modernizing the System of National Accounts.

The Coordinating Committee for the National Statistical System has reconvened and participated in regional seminars sponsored by the Paris21 Consortium with a view toward preparing a National Statistical Development Strategy (ENDE), which would facilitate improvement of the national statistical system. A roadmap for preparing the ENDE has been drawn up. Support through international cooperation will be important to this effort.

The proposed Law on the National Statistical System and Creation of the National Statistical Institute was prepared by the Interinstitutional Committee for Modernization of the National Statistical System.¹ Relevant aspects of the Law are the establishment of institutional mechanisms to set out statistical functions, increased powers for entities that collect and compile public statistics, and the establishment of a framework for sanctions that will be updated over time. The draft Law is currently in the process of preparing the corresponding Bill and will be sent to the Legislative Assembly in the near future for debate and adoption.

The new legal framework proposes the creation of the institutional framework required to facilitate interinstitutional arrangements, initiate quality programs in statistical offices, enforce a requirement to disseminate metadata, and harmonize statistical production in general. A decentralized statistical model is proposed for the production of data, and a centralized model for the administration of statistical standards. Under this model, the NSI will have technical and administrative autonomy, and as lead agency it will establish the governing methodological frameworks² applicable to members of the system and produce statistics at the national level.

The NSI will be governed by a board of directors comprised of the public offices that participate in the political and economic decision-making, which will facilitate interinstitutional cooperation. Coordination of the system is essential to promote its efficiency; to this end, the proposed Law provides various mechanisms to ensure effective coordination of the system:

¹ The members of this committee were the Technical Secretariat of the Office of the President, the General Directorate of Statistics and Census, the Ministry of the Economy and the CRBES. The draft Law was submitted for thorough review by the Coordinating Committee for the National Statistical System, which is composed of all producers and users of official statistics and chaired by the CRBES. Finally, the Ministry of the Economy requested comments from the offices of the participating ministries.

² The normative role of the NSI will be derived from the provisions adopted by the Board of Directors concerning concepts, methodology, classifiers and codifiers which must be adopted by all producers of official statistics.

(a) the NSI will be governed by a chairman and a board of directors;³ (b) a National Statistical Commission (NSC) will be established, to be formed by the principal producers and users of public data, and will support coordination, supervision, and assessment of national statistics; (c) the National Statistical Plan (PEN), to include five-year statistical priorities, is the NSS's primary vehicle for coordination. It will be prepared by the NSI with the CNE's support; (d) Annual Statistical Programs: each institution's plan of annual statistical activities derived from the PEN; (e) Advance Release Calendar: Advance publication of the dates of the NSS release of principal statistical variables.

These interinstitutional coordination mechanisms contemplated in the proposed Law will fully address the IMF mission's observations on this issue.

The new Law also establishes mechanisms for delineating the statistical functions performed by the various members of the system; guarantees confidentiality of information provided by sources through provisions to enforce the right to statistical confidentiality; strengthens the authority of the NSI and other official producers of statistics to obtain information; and establishes a clear system of violations and sanctions to be adapted over time.

The ROSC report comments on a number of specific statistical practices that should be improved. These are already being addressed within the new legal framework that will govern El Salvador's statistical system, which will include components of particular concern to the IMF such as quality programs, transparency regarding changes in methodology, a regulatory framework addressing ethics, institutional feedback mechanisms, services to users, etc.

It is important to emphasize that the text of the new Law will explicitly adopt the United Nations *Fundamental Principles of Official Statistics*, which govern the above matters at the international level.

Under the new legal framework, the CRBES and the INS are expected to be given the authority to obtain statistical information from private nonfinancial entities and other sources of information in order to fulfill its functions and achieve its objectives.

III. CENSUSES AND SURVEYS

As the ROSC indicates, the economic surveys of industrial, commercial and service activities were suspended by DIGESTYC in 1999 for various reasons, primarily budget related. Given the

³ The draft Law defines as members of the Board of Directors the following: a Chairman, and representatives of the Technical Secretariat of the Office of the President, the CRBES, the Ministry of the Economy, the Ministry of the Treasury, the Ministry of Education and a representative from the most important business entities.

broad range of users who require this type of information, the DIGESTYC initiated an update of the fees and charges established by Executive Decree⁴ that allow it to sell statistical services, thereby obtaining funds to finance the reinstatement of the Economic Survey beginning in 2003.

Given the importance of the Economic Survey to the review and forecasting of the National Accounts, the CRBES and the DIGESTYC are taking joint action to expand the sampling of manufacturing industry establishments to generate the four-digit entries of the International Standard Industrial Classification System (ISIC Rev. 2) and obtain the basic statistics serving as inputs for estimating Gross Domestic Product (GDP).

The design of the Economic Survey's sample of establishments will allow information to be obtained on micro and small enterprises, which addresses one of the ROSC's recommendations on the SNA. In addition, the Economic Survey can generate information using Revision 3 of the International Standard Industrial Classification of all Economic Activities (ISIC Rev. 3), which is also recommended by the IMF's assessment.

IV. NATIONAL ACCOUNTS STATISTICS

The authorities generally agree with the mission's findings regarding the national accounts, which are compiled according to international methodologies and technical and professional quality at the various phases, with attention to user requirements.

They also agree with the observation that the methodology recommended by the *1993 SNA* must be adopted. To this end, support has been requested from ECLAC Chile to develop an implementation plan; this report is expected during the course of this year. The authorities are also aware of the need to adopt ISIC Rev. 3, which will facilitate harmonization of economic sector classifications with financial sector statistics, balance of payments statistics, and government finance statistics. The international classifications for foreign trade have been adopted for foreign trade, and work is under way to adopt ISIC Rev. 3, the Central Classification by Products and the Classification of Major Economic Categories for the national accounts.

With respect to the observation that the values included in the national account statistics times series at constant prices should be stated in U.S. dollars, the conversion of colones to dollars is currently under way, following the IMF's methodological recommendations.⁵ Work is expected to be completed in 2004.

⁴ Executive Branch Accord No. 840 of July 31, 2002 concerning the Treasury.

⁵ In the period prior to 1993, an exchange policy using multiple exchange rates was in place.

The compilation of short term economic activity statistics will continue to be expanded in order to measure changes in prices and economic activity, in accordance with the manuals currently in force. During 2004, personnel training seminars were held with the support of regional entities concerning other countries' experience in the use of signal-extraction techniques in the short term to support economic activity analysis.

There is agreement with the ROSC mission's observation concerning the need to adopt new calculation methodologies to ensure compatibility between the annual and intra-annual GDP estimates. Since August 2003, two technical assistance missions were arranged with the IMF and the Central American Monetary Board to conduct a review of the methodology used in calculating the GDP and the principal indicators of short-term economic activity. The findings of the technical assistance missions were valuable and the recommendations are in the process of being implemented.

V. STATISTICS ON THE PRODUCER PRICE INDEX

The authorities agree with the general findings of the ROSC mission, particularly in recommending that a Producer Price Index be substituted for the Index of Industrial Production Prices prepared by the CRBES in order to have first transaction prices. There is also consensus that the new index should conform to ISIC Rev. 3. In this regard, it should be noted that in order to update the weightings for a new index of production, information from the economic censuses is needed.

The ROSC offers some fairly detailed observations and recommendations regarding the December 1992 based Consumer Price Index (CPI). Because the CPI was the only statistical variable prepared by the DIGESTYC to be evaluated in detail by the IMF, the actions and improvements made to the CPI are described below, together with comments on certain of the most relevant recommendations.

In accordance with the ROSC's recommendation, the CPI is being released based on the Classification of Individual Consumption by Purpose (COICOP) beginning in January of this year. The change was announced on the DIGESTYC's new website,⁶ where methodological notes concerning the CPI and the new classifier have also been published. Times series since 1993 have been prepared, and recently this information was made available through a search engine on the DIGESTYC's website.

In order to address the IMF's observations concerning obsolescence of the software used to calculate the CPI, an SQL database was created to perform the monthly calculations and

⁶ <http://www.digestyc.gob.sv>.

maintain historical CPI records. The new database will combine all databases previously dispersed throughout the DIGESTYC's offices.

Technical personnel from the DIGESTYC discussed the possibility of using the information available from the expenditures module from the Multiple Purpose Survey of Households, but this module is not believed to provide the disaggregation necessary to review the structure of the CPI market basket weighting system, as suggested by the ROSC. This factor also increases the difficulty of adding new goods and services to the market basket.

Technical personnel from the DIGESTYC believed that because of the outdated CPI market basket, it would lead one to expect increased vulnerability with respect to the base year, and therefore no studies were carried out to corroborate this assumption.

The completion of the National Survey of Household Income and Expenditures will resolve the problems concerning the erosion of accuracy and reliability of the CPI market basket observed in the ROSC.

A technical cooperation project is currently being arranged between the government of El Salvador and the Inter-American Development Bank to support the planning of the coming VI Population Census and V Household Census included in the medium-term plan approved by the Economic Committee for updating the national statistical base. Among other benefits, this project will allow updating of the directories of households and establishments, which are required to update the CPI market basket and the Industrial Price Index prepared by the CRBES. It should be noted that through the support and cooperation of Japan, these directories were updated last year in the four Departments of El Salvador's eastern region.

The proposed Law on the National Statistical System and Creation of the National Statistical Institute will enable the future NSI to respond to any erroneous interpretation of data, which is not possible under the current legal framework because, as the ROSC notes, the DIGESTYC is an agency of the Ministry of the Economy. The new Law will also provide the opportunity to create advisory bodies separate from the NSI to evaluate data quality⁷ and implement comprehensive programs to maintain quality in their various dimensions.

VI. BALANCE OF PAYMENTS STATISTICS

With respect to balance of payments statistics, the authorities concur with the mission's observation regarding the legal limitations on the CRBES' ability to obtain quality information on a timely basis from private nonfinancial entities. This limitation extends to information generated by the municipalities. There is also agreement with the mission's recommendation to

⁷ Advisory bodies that may be created within the institutional members of the NSC.

provide advance notice of changes in the methodology, information coverage, definitions of terms, classification techniques and statistics used to prepare the balance sheet for the balance of payments statistics.

It should be noted that the Data Template on International Reserves and Foreign Currency Liquidity (Reserves Template) does not include future bond placements in international markets. The balance of payments include adequate coverage of the communication, construction, and transportation sectors. With respect to consistency between government finance statistics and balance of payments statistics, although they are derived from the same source of information, the difference lies in the fact that one uses cash-based data while the other uses accrual-based data. This situation will be resolved in the medium term with the adoption of the *Government Finance Statistics Manual 2001*.

Significant progress has been made in the classification/sectorization of General Government transactions according to the recommendations of fifth edition of the *Balance of Payments Manual*, which provides notably for the reclassification of public nonfinancial institutions and the Multisectorial Investment Bank under "Other Sectors," eliminating them from the "General Government." This series was prepared beginning with the year 2002. Transactions for banks with nonresident banks have been broken out, particularly in the assets account.

Among other clarifications, it should be noted that the information on air transportation is obtained directly from the airlines. The travel survey is conducted at the borders, airport, and international transport buses. Information on worker remittances is classified as other current transfers, in accordance with the fifth edition of the *Balance of Payments Manual*. Foreign direct investment is obtained from direct surveys of enterprises, supplemented by information provided by the Ministry of the Economy.

VII. MONETARY STATISTICS

In the area of monetary statistics, there is agreement with the IMF mission's assessment, which notes improvements made in the monetary statistics system and the need to incorporate information on nonbank financial institutions and insurance companies. Significant progress has been made in this area during the current year. Information has been obtained from the balance sheets of insurance companies, nonbank financial intermediaries, and credit union federations and Workers' Bank (called *federaciones de cajas de crédito y Banco de Trabajadores*), which will facilitate expanded coverage and the creation of the financial corporations survey (*panorama financiero*), as recommended in the *Monetary and Financial Statistics Manual*.

To implement the mission's recommendations concerning sectorization of resident and nonresident deposits, arrangements have been initiated with the Superintendency of the Financial System to obtain access to this information.

The following clarifications should be noted: (1) the Central Bank Organic Law is available on the CRBES's website and may be consulted by any user; (2) banking sector coverage for El Salvador includes 15 commercial banks, two government-owned banks and one development bank; (3) the financial company Calpiá became the bank Procredit in July 2004; and (4) work is under way to incorporate interest on loans and deposit accounts.

The methodologies that serve as the basis for the preparation of indicators have been developed, and will be released on the website to be available to users.

VIII. GOVERNMENT FINANCE STATISTICS

The authorities of the Ministry of the Treasury appreciate the IMF mission's recommendations to improve the compilation, preparation, and release of fiscal statistics, as well as the actions proposed to avoid duplication of effort in the compilation of fiscal data.

Actions were taken during the course of the year to improve efficiency and the process of compiling and releasing statistical data. Prominent among them was the coordination of efforts to assess the various categories of fiscal data compiled by the CRBES's Public Finance Department and the data compiled by the Macroeconomic and Fiscal Advisory Unit and the General Directorate of Government Accounting. A joint review of public debt statistics was also conducted.

In order to comply with the recommendation to record fiscal transactions using the methodology from the *Government Finance Statistics Manual 2001*, a work plan is being prepared that envisions the completion of this effort over a four-year period. The work plan will begin in the last quarter of 2004. This year, with support from the Center for Latin American Monetary Studies (CEMLA), a training program on the *Government Finance Statistics Manual 2001* was developed. Officials from Central American and Salvadoran central banks and treasury ministries participated.

Finally, in order to improve the quality of fiscal data, the Ministry of the Treasury is making efforts to compile statistical information on the financial performance of 262 municipalities. It is expected that the project will be completed within a two-year period.

INTERNATIONAL MONETARY FUND

EL SALVADOR

Detailed Assessments Using the Data Quality Assessment Framework (DQAF)

Prepared by the Statistics Department

Approved by Robert W. Edwards and Anoop Singh

December 17, 2004

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

Contents	Page
Acronyms.....	3
I. National Accounts	4
II. Price Statistics (Consumer Price Index).....	31
III. Price Statistics (Producer Price Index)	47
IV. Balance of Payments.....	62
V. Government Finance Statistics.....	82
VI. Monetary Statistics	112
 Text Tables	
1. DQAF—Summary of Results for National Accounts Statistics	28
2. DQAF—Summary of Results for Price Statistics (Consumer Price Index)	45
3. DQAF—Summary of Results for Price Statistics (Industrial Price Index)	60
4. DQAF—Summary of Results for Balance of Payments Statistics	80
5. Summary of Data Sources for the GFS.....	98
6. Coverage, Periodicity, and Timeliness of Fiscal Data.....	104
7. DQAF—Summary of Results for Government Finance Statistics	109
8. DQAF—Summary of Results for Monetary Statistics	130
 Boxes	
1. Dimensions and Elements of the Special Data Dissemination Standard (SDDS)	140
 Appendices	
I. Summary of the Special Data Dissemination Standard (SDDS).....	132
II. Data Quality Assessment Framework—Generic Framework.....	134
III. Data Dissemination Practices and the Special Data Dissemination Standard (SDDS) ...	139
IV. Summary of Results of Survey of Data Users	145

Acronyms

<i>1968 SNA</i>	<i>System of National Accounts, 1968</i>
<i>1993 SNA</i>	<i>System of National Accounts, 1993</i>
AMFU	Advisory Macroeconomic and Fiscal Unit
BOPD	Balance of Payments Department
<i>BPM5</i>	<i>Balance of Payments Manual, fifth edition</i>
CAMC	Central American Monetary Council
CEMLA	Center for Latin American Monetary Studies
CENTREX	Center for Exports Procedures
COICOP	Classification of Individual Consumption by Purpose
CPI	Consumer Price Index
CRBES	Central Reserve Bank of El Salvador
DIGESTYC	General Directorate of Statistics and Censuses
DQAF	Data Quality Assessment Framework
DSBB	Dissemination Standards Bulletin Board
FSD	Financial Statistics Department
FSILDES	Fund for Social Investment in Local Development of El Salvador
GDDS	General Data Dissemination System
GDGA	General Directorate of Government Accounting
GDPIC	General Directorate of Public Investment and Credit
GDT	General Directorate of Treasury
GDP	Gross Domestic Product
GFCF	Gross Fixed Capital Formation
GFD	Government Finance Department
GFS	Government Finance Statistics
<i>GFSM 1986</i>	<i>A Manual of Government Finance Statistics 1986</i>
<i>GFSM 2001</i>	<i>Government Finance Statistics Manual 2001</i>
<i>GFSY</i>	<i>Government Finance Statistics Yearbook</i>
ICIE	International Classification of Income and Expenditures
IFAS	Integrated Financial Administration System
IMF	International Monetary Fund
IPRI	Industrial Price Index
<i>ISIC</i>	<i>International Standard Industrial Classification of all Economic Activities</i>
ME	Ministry of Economy
MF	Ministry of Finance
<i>MFSM</i>	<i>Monetary and Financial Statistics Manual</i>
NCN	National Accounts Nomenclature
NSDP	National Summary Data Page
NSHIE	National Survey of Household Income and Expenditure
NSS	National Statistics Service
ROSC	Report on the Observance of Standards and Codes
SAC	Central American Tariff System
SDDS	Special Data Dissemination Standard
SFS	Superintendency of the Financial System
SSSI	Salvadoran Social Security Institute
STA	Statistics Department of the IMF
TSEF	Technical Secretariat of External Financing

DETAILED ASSESSMENT USING THE DATA QUALITY ASSESSMENT FRAMEWORK (DQAF)

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

I. NATIONAL ACCOUNTS

0. Prerequisites of quality

0.1 *Legal and institutional environment*

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

The Charter *Law of the National Statistics Service* (NSS) was approved by Legislative Decree 1784 of March 30, 1955. Article 4 established a minimum list of statistical areas to be covered by the Service, explicitly mentioning current statistics on the balance of payments and national income, among others.

Article 1 of the Charter states: "The National Statistics Service is comprised of all the public and private agencies that prepare statistics, including the foreign service of the Republic. This service is a general purpose, single, indivisible unit." Accordingly, the Central Reserve Bank of El Salvador (CRBES) forms part of the NSS.

National accounts are prepared and disseminated by the CRBES, under the faculty granted to it by its own Charter, which was approved by the Legislative Assembly of the Republic through Official Decree 746, of April 25, 1996. Article 64 states: "The Bank shall prepare and publish, in a timely manner, the principal monetary, exchange, balance of payments and other macroeconomic statistics, that the Board deems necessary."... "For the purposes envisaged in the preceding paragraph, the Board shall establish the nature, content and periodicity of the information that is to be released."

The current system of national accounts was officially adopted in 1994, through a resolution of the Board of the CRBES, in session CD-47/94 of December 9, instructing the Macroeconomic Accounts Department to maintain the new system.

The *Law* does not explicitly make the CRBES responsible for compiling national accounts, nor does it oblige all persons and legal entities to provide it with information. It is to the General Directorate of Statistics and Censuses (DIGESTYC) that all natural persons or legal

entities, whether domiciled or resident, are obliged to supply the information it requests, according to the Charter *Law of the National Statistics Service*, Chapter IV, Article 14.

The CRBES is empowered to require information from public-sector bodies and entities of the financial system, as per Article 64, which states: “...The central government, autonomous State institutions and enterprises, official credit institutions, banks, financing institutions, the Salvadoran Social Security Institute and other institutions responsible for social security, insurance institutions, the stock and commodities exchanges, foreign exchange houses, stock brokerage firms, surety companies and other financial institutions and enterprises shall be required to provide to the CRBES in a timely manner all information it may require to fulfill its functions.”

Nonetheless, this does not apply to private non-financial enterprises, which are not legally obliged to supply information to the CRBES.

0.1.2 Data sharing and coordination among data producing agencies are adequate

The CRBES maintains good contacts with the compilers of basic statistics, especially with the DIGESTYC, and the Ministries of Finance, Economic Affairs, and Agriculture and Livestock; but they are not made in the framework of a properly organized statistical system and efforts are being made to modernize the NSS.

At the present time, a law exists to create a National Institute of Statistics, and a document has been produced containing a technical proposal for NSS modernization. As regards the national accounts specifically, this document assigns clearly the responsibility for its compilation and dissemination to the CRBES. It also assigns responsibilities in preparing different statistical products, some of them being important inputs for national accounts compilation, to the key institutions likely to form part of the System Coordinating Committee. Dissemination of such products would follow an *Advance Release Calendar*, in the framework of a National Statistics Plan with annual statistical programs defined for each institution.

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

Confidentiality in the use of information by CRBES employees is guaranteed by rules set out in the Internal Work Regulation, Chapter II, Article 19, paragraph (p), relating to the obligations of employees, and in Title Seven, Article 70, paragraph (a), on disciplinary provisions. The CRBES authorities encourage staff to uphold basic institutional values.

Use of statistical data held in computer programs is regulated and restricted to authorized personnel, and access is protected by the use of personal passwords. The CRBES has access to fiscal data that are not released to the public. Data confidentiality is regulated by Article 28 of the Tax Code, which stipulates that entities or persons outside the Tax Administration, who for special reasons have access to confidential data, must preserve absolute confidentiality and may only use the data in order to cover their responsibilities.

Contravention of this obligation will be sanctioned in accordance with established legal provisions.

Individual data accessed by CRBES employees from fiscal records, private entities or the government, for the purpose of preparing national accounts, is used by the persons appointed and responsible for preparing the statistics in question. In no circumstances may such data be disclosed either internally or externally, and they are only disseminated as part of global statistics. In the case of surveys carried out by the CRBES, the use to be made of data and the confidential nature thereof is explained in the forms and letters of request sent to firms.

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

As explained above, there are laws regulating access to data obtained from the government, the financial system, and other public-sector institutions, for use in preparing the national accounts. Information is mostly received in the form of statistical or financial reports.

In the case of private non-financial entities, the CRBES has no legal basis for requesting information, nor do such entities have any obligation to provide it. Any information provided is supplied on a voluntary basis, relying on the credibility and good image that the CRBES has maintained in its relations with enterprises over time. As part of its outreach policy, the CRBES provides to the enterprises answering its questionnaires, the aggregate data generated by the corresponding survey that could be relevant for them. Mechanisms exist to coordinate information requests sent to public and private enterprises. Requests are made in writing, indicating the contact person to whom the information should be sent or any query addressed. There is also a policy to request copies of accounts, bulletins, and activity reports, in order to limit the information burden on informants; specific requests are only made when the information does not appear in published media or is strictly necessary to ensure the statistical consistency required in national accounts analysis. In the case of public-sector data, widespread use is made of data contained in the System of Government Accounts, which, under the State Financial Management Act must contain full information on the entities budgetary execution.

In the case of information requested from private enterprises through surveys, personalized assistance is given to the respondent entity in completing the relevant forms; and a technical officer is appointed to answer queries. The information requested is limited to what is strictly necessary for generating the required statistics.

0.2 Resources

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

National accounts are compiled in the CRBES by a professional team of 15 people (including two department heads as coordinators). The work includes preparing annual national accounts (eight employees); and estimation of quarterly gross domestic product (GDP) and

short-term indicators (seven employees). All technical staff hold academic degrees, and most have masters or postgraduate studies related to economic sciences. In addition, in the short-term area, there are six technical staff hired on a temporary basis to collect data from enterprises. Students that have graduated or are about to graduate, preferably from economics programs, are hired to assist in conducting annual surveys. Survey processing is done by the staff of the Macroeconomic Accounts Department. The staff have solid experience and receive training through participation in programs run by ECLAC, CESD, INEGI and other institutions that offer short courses on national accounts and related areas. There are budgetary constraints on financing longer specialized courses; and no permanent assistance is provided for the preparation of annual and quarterly accounts and short-term indicators.

The National Accounts Unit has undergone continuous staff downsizing, which among other things has forced it to reduce the coverage of national accounts by discontinuing the compilation of institutional sector accounts. There are budgetary constraints on hiring personnel, and current staffing is insufficient to conduct the additional investigations needed to enhance the quality of the estimates generated—let alone expand their coverage by, for example, resuming the compilation of institutional sector accounts.

With regard to information technology resources, staff has the basic equipment needed to compile and disseminate data. Computer equipment is periodically upgraded, and units are assigned according to departmental needs. Software is available for analyzing and seasonally adjusting short-term statistical series, and for survey processing. Despite the availability of computer equipment and software for dealing with short-term series, there is no software for compiling and analyzing annual accounts, and limited information technology support for the development of programs facilitating data capture. There is also no single relational database allowing consultation of internally processed data. Efforts to gain direct access to the databases of other entities need to be supported.

Financial resources for compilation of statistical series are limited, but this is not a problem peculiar to the CRBES. Generally speaking, all institutions that prepare statistical data have financial problems in statistics production. The DIGESTYC faces budgetary constraints in conducting economic surveys; and, despite having identified the financial needs for conducting the Economic, Population and Housing Censuses and the National Household Income and Expenditure Surveys (NSHIEs) that should have been conducted in 2002, the corresponding funds have not been allocated.

0.2.2 Measures to ensure efficient use of resources are implemented

The CRBES has a management system that makes it possible to measure the results and scope of the tasks of each unit. In addition, products and processes have been defined in each work area, forming part of a detailed annual plan. Periodic appraisals are made of the plan's progress in achieving its objectives and targets. In addition, and related to the work plan, there is a staff performance management system involving periodic evaluations of individual tasks, which makes it possible to appraise the efficiency of staff in achieving the established objectives.

0.3 Quality awareness

0.3.1 Processes are in place to focus on quality

The authorities recognize that quality is a key value in statistics production, and are aware of the dimensions of data quality. Nonetheless, they lack formal mechanisms, such as integrated quality management or external audit, for analyzing the quality of the statistics produced.

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

Despite the nonexistence of a unit to assist with data quality, the national accounts dissemination and revision cycle requires periodic evaluation of the causes of discrepancies that arise between preliminary estimates and their revised versions. In many cases this requires consideration of all stages in the process of collecting basic data and their use in the compilation, analyzing the quality of data employed, and contrasting their behavior with that of related indicators. Technical meetings are held to identify the causes of problems and propose solutions to improve the quality of data and procedures used. User surveys to obtain comments on quality are not conducted.

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

Although no formal procedures have been established to evaluate the quality of statistics, including tradeoffs such as quality versus timeliness, the compilers of national accounts are fully aware of this, particularly since there is a release calendar that has to be adhered to. There is also a timetable of revisions that helps them to partially evaluate the quality of estimates, by analyzing the size of the revisions made and their causes.

1. Integrity

1.1 Professionalism

1.1.1 Statistics are compiled on an impartial basis

Professional staff preparing statistics are fully independent; they choose the most appropriate methods for compiling the data and the estimation techniques to be used. Internationally recommended practices are used in data compilation to ensure comparable figures. The results are evaluated internally by the unit that prepares them, and they are not altered as a result of influences either internal or external to the unit. Dissemination adheres to the advance release calendar.

According to the corresponding job profiles, national accounts analysts should be professionals capable of exercising functional and operational independence in decision-

making with respect to the functions to be carried out. This type of attitude is encouraged and forms part of the competencies required of national accounts professionals.

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

The choice of statistical sources and information to be consulted is a decision made by the Macroeconomic Accounts Department, in consultation with specialists in each of the research areas. Choices are dictated exclusively by statistical requirements of coverage, information quality, precision, cost, and informant response level.

In the case of surveys conducted by the CRBES, results by activity are disseminated among the informants, with the sample selection methodology being specified in the corresponding document.

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

The Macroeconomic Accounts Department is authorized to respond to incorrect interpretations of the data it publishes, and it maintains a policy of open communication with national accounts users. The Department frequently makes presentations in internal and external forums on national accounts compilation methods, which also helps to avoid erroneous interpretation of the figures. It also maintains a facility for submitting queries on the CRBES website, which are channeled through the Communications Department to the persons directly responsible for the statistics in question. Data compilation practices and methodologies are disseminated in articles published in economic information bulletins and in the technical notes of statistical bulletins.

Official release of economic results is the prerogative of the Office of the President of the CRBES—mainly covering the macroeconomic projections that the Department also produces. Dissemination is the responsibility of the CRBES Communications Department and is done through media releases or press conferences. Subsequent user queries on the published figures are generally handled through the Macroeconomic Accounts Department.

1.2 Transparency

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

As mentioned above, the national accounts are prepared and disseminated by the CRBES, pursuant to the faculty granted to it by Article 64 of its Charter.

The characteristics of the quarterly data compilation and other conditions under which the statistics are prepared and disseminated (coverage, timeliness, advance release calendar, etc.), are published on the IMF's Dissemination Standards Bulletin Board (DSBB), which is

accessible through the CRBES. This specifies the way in which users can gain access to the methodologies used. However, this degree of information is not available for users of the annual national accounts data.

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

In the case of El Salvador, the DSBB states that the offices of the President and Vice President of the CRBES have access to national accounts data one week before they are released to the public. No other authority outside the CRBES has advance access to the data.

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

Statistical products prepared by the Macroeconomic Accounts Department, which are released to the public, are identified by the CRBES logo. In the case of joint publications with other departments or units of the CRBES, the statistics prepared by the Macroeconomic Accounts Department are clearly indicated. When information produced by the Department is disseminated by entities outside the CRBES, the corresponding source has to be acknowledged; and the source is also quoted when information that is not directly prepared by the Macroeconomic Accounts Department is released to the public.

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

In general, there are no substantial changes in statistical methodology, techniques or sources. When a major change to the methodology of compiling annual accounts took place when adopting a new version of the international System of National Accounts and changing the reference period to 1990, or the quarterly GDP estimates were incorporated in the accounts, the change was widely disseminated to users via lectures, forums, and printed documentation. However, important changes in methods and sources due to the interruption of the annual economic surveys that were conducted by the DIGESTYC and covered a substantial part of the economic activities, were not adequately reported. Information on more minor modifications is published simultaneously with the data in the form of technical notes in the CRBES *Quarterly Review* and *Economic Bulletin*.

1.3 Ethical standards

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

The Internal Work Regulation defines staff obligations toward the institution, establishing the norms of honesty, loyalty, responsibility, efficiency, and respect that employees should abide by; it also defines staff duties and specifies sanctions for non-compliance. The regulation has been widely disseminated to staff and is available on the CRBES Intranet site

2. Methodological Soundness

2.1 Concepts and definitions

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

The national accounts of El Salvador are compiled on the basis of the United Nations *System of National Accounts, 1968 (1968 SNA)*, and the United Nations *Manual on National Accounts at Constant Prices*, published in 1979.

The internationally accepted conceptual framework is the *System of National Accounts, 1993 (1993 SNA)*, which has been used to harmonize manuals, relating to the different statistical fields, of the IMF and other international bodies. International assistance will be received by the CRBES, in order to prepare an implementation project of the *1993 SNA*.

2.2 Scope

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

When the *1968 SNA* was implemented with a 1990 base year, the annual accounts initially covered the following:

- Consolidated accounts of the nation.
- Institutional sector accounts from production to accumulation.
- GDP by type of economic activity and expenditure component, at current and constant prices.
- Production accounts at current and constant prices for 45 economic activities, recording gross production value, intermediate consumption, and gross value-added.
- Supply-and-use tables covering 45 products or product groups, constructed on the basis of supply-and-use accounts for 80 products.

Supply-and-use tables covering 45 product or product groups, constructed on the basis of supply-and-use accounts for 80 products. Definitions in these accounts of the units making up the economy; production boundaries and assets are consistent in principle with *1968 SNA* recommendations.

Coverage was subsequently expanded with quarterly GDP estimates by economic activity, at current and constant prices, using the same conceptual framework as the annual accounts. Quarterly GDP is not yet estimated by expenditure component.

When the new national accounts series was published in 1995, its coverage was very broad, even including some elements of the *1993 SNA*. For example, the supply-and-use table partially follows the format of the corresponding *1993 SNA* table with flows valued at current, constant, and previous-period prices. However, the supply-and-use tables are utilized more as a tool for making consistent the main national accounts aggregates than as statistical products. They are not disseminated to the public, but have been provided to certain users that have requested the tables.

Coverage was curtailed significantly when the compilation of institutional sector accounts was partially suspended in 1995 and then completely abandoned in 1998. Compilation of the consolidated accounts of the nation was also discontinued, which meant that GDP, for the economy as a whole, ceased to be estimated by the income method.

2.3 Classification/sectorization

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

Classifications relating to transactions and assets generally comply with *1968 SNA* recommendations.

The classification of economic activities is closely related to the *International Standard Industrial Classification of all Economic Activities* (ISIC Rev. 2) published by the United Nations, albeit adapted to specific national needs. The *1993 SNA* classification has been adopted for institutional sectors, although accounts were initially not estimated for non-profit institutions serving households, these being included in the household sector's accounts. The compilation of sectoral accounts was interrupted in 1998.

Final consumption expenditure by government is not classified by functions; and although household final consumption expenditure is not classified by purpose, it is classified by products, following the product classification applied in the supply-and-use table. Final household consumption expenditure includes that of non-profit institutions serving households.

2.4 Basis for recording

2.4.1 Market prices are used to value flows and stocks

Generally speaking, the rules for valuing flows and stocks are consistent with the *1993 SNA* criteria. Production is valued at basic prices, and intermediate consumption at purchasers' prices, excluding the portion deductible for value-added tax. Household final consumption and capital formation expenditures are valued at acquisition prices, including commercial margins and excluding, in certain products, the portion deductible for value-added tax, mainly in the case of capital formation. Exports are valued at f.o.b. and imports at c.i.f. prices. Import data are adjusted from f.o.b. balance of payments figures by adding the cost of

insurance and freight, for which information is available by product group. Balance of payments data are compiled following the IMF's *Balance of Payments Manual*, fifth edition (*BPM5*), which was adopted by the CRBES in 1997. All external transactions in currencies other than U.S. dollars are converted using the prevailing market exchange rate. El Salvador has used the U.S. dollar as its unit of account since 2001. Time series at current prices are valued in U.S. dollars, whereas time series at constant prices are valued in colones.

2.4.2 Recording is done on an accrual basis

National accounts are prepared on an accrual basis. Data relating to the general government come from the System of Government Accounting, which offers a choice between cash- and accrual-based figures.

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

Transactions between establishments belonging to the same enterprise are recorded in gross values. As fixed capital consumption is not estimated, items such as value-added, national income, and disposable national income are recorded gross.

3. Accuracy and Reliability

3.1 Source data

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

The DIGESTYC conducted the 1992 economic censuses (industry, commerce, and services) and the population and housing censuses for that year, in addition to the NSHIEs during the 1990-1991 period. The survey provided the basis for constructing a new consumer price index (CPI). The economic censuses had nationwide coverage and provided statistical support for the change of the national accounts reference year; also for the design of sample frameworks for annual economic surveys. Business registers for all economic activities have not been updated, apart from manufacturing industry (excluding maquila and free zones), which was updated on the basis of data from administrative records and enterprises that report to the institution. In addition, during 2001, the DIGESTYC carried out a survey of earthquake-damaged homes in the worst affected geographic areas. Although no agricultural census has been carried out since 1971, the Ministry of Agriculture and Livestock has a sample framework by areas, according to land use, which it uses to undertake field research for agricultural surveys.

There is no complete and updated business register and a comprehensive annual surveys program does not exist. Nonetheless, there is 100 percent coverage of firms and establishments in the electric power and water sector, 70 percent coverage of communications firms, and 100 percent coverage of public enterprises engaged in transport

and related services. There is also an up-to-date register of financial firms, non-financial public enterprises, and government units, with 100 percent coverage—except for information on local governments, where coverage is around 60 percent and rising.

With regard to establishment surveys, the DIGESTYC conducted annual economic surveys of industry (excluding maquila) and commerce until 1998, and partial surveys of service activities, using sample frameworks derived from the 1992 economic censuses. The sample design by occupational strata was defined using cartographic material from the 1992 Housing and Population Census, in conjunction with appropriate statistical sampling techniques. Survey results were expanded to the national level, applying statistical techniques allowing reliable results to be obtained. The representativeness of value-added recorded in the national accounts was as follows: manufacturing industry, excluding maquila, 80 percent; commerce, over 80 percent; and services, below 60 percent. The fact that the DIGESTYC has since discontinued these annual economic surveys has caused serious problems for national accounts estimations. In order to alleviate the information deficiency to some extent, the CRBES now performs annual surveys of manufacturing industry (excluding maquila), and certain important services such as private health and education, restaurants and hotels, using the DIGESTYC sample frames for medium- and large-size units in terms of employment. The aim of these surveys is to construct output's volume and price indices. Representativeness in terms of output is under 60 percent.

Levels of detail in the DIGESTYC's surveys were sufficient to compile the main aggregates of output, intermediate consumption, fixed capital formation, and changes in inventories, despite difficulties in excluding gains/losses on stocks in the latter case. They also generated detailed information on the main raw materials consumed, production and sales by main product to domestic and foreign. Thus the CRBES surveys do not replace the DIGESTYC survey as a data source, even though the latter suffered from a lack of timeliness.

The multipurpose household survey is conducted annually by the DIGESTYC, with nationwide coverage representing all geographic zones and socioeconomic groups. The sample design takes account of the likelihood of selection in each of the sample stages. Stratified, conglomerate multistage sampling is used, with an independent representative sample obtained for each stratum. The full set of samples is representative of the country as a whole. There is no data imputation, so the expansion factor is corrected for non-response. Grossing-up factors are defined according to the likelihood of selection at each stage of the sample. The data collected include consumer durable and non-durable good purchases and own-account production.

Public finance statistics are obtained periodically from the Ministry of Finance's System of Government Accounting. This system contains accounting data on the execution of ordinary and extraordinary current and capital expenditure budgets, including Ministry of Defense spending. Extrabudgetary spending is incorporated into the accounts using data from executing units, although this is not always obtained with sufficient detail. Current and capital expenditure by local government is obtained in summary and separate form from an administrative unit of the Ministry of Finance (MF), based on a representative sample of total

municipal expenditure. At the present time, the System of Government Accounting is executing a pilot project to include all local governments in the system, with all the openness and breakdown of income and expenditure that the budget classifier allows. The public finance data obtained is sufficient and detailed enough to estimate government output, intermediate consumption, fixed capital formation, and final consumption expenditure.

Data from financial and non-financial public enterprises is obtained periodically from the entities themselves or through the System of Government Accounting. Information obtained from the entities is sufficiently detailed and would allow the compilation of the *1993 SNA* institutional sector accounts for the public enterprises.

The production of basic statistics for the national accounts has deteriorated steadily. The last agricultural census was carried out in 1971. The DIGESTYC attempted to carry out a new census in 1993, and again in 1997, but it was unsuccessful owing to a lack of financing in both cases. On the first occasion, partial international funding had been obtained, but the budgetary funds that should have provided the national counterpart were not assigned; and in the second case the necessary funds were cut back. The economic censuses that used to cover manufacturing industry, commerce, restaurants and hotels, and services have been discontinued. The most recent related to 1992, even though the legal instrument that created the DIGESTYC calls for them to be conducted every five years. Since 1999 the DIGESTYC has also suspended, as mentioned above, the annual economic surveys that covered the same activities as the censuses. These were very important for the annual accounts, and their discontinuation is impairing the quality of the estimates of the main macroeconomic aggregates.

The CRBES also conducts monthly surveys of establishments and enterprises that form the basis for quarterly GDP estimates. Subannual surveys cover the industrial output volume index, the industrial price index (IPRI), the wholesale price index, and the index of commercial activity. The statistical basis of these indices is compatible with that used in annual data for two-digit industrial groups. Nonetheless, there are problems of coverage at more detailed ISIC levels. The Ministry of Agriculture and Livestock also conducts weekly and monthly surveys of producer, transport operator, wholesale and retail prices for the main agricultural and livestock products, which are then used to calculate indices for annual and quarterly national accounts.

The monthly and quarterly data and indicators that are compiled do not directly track a number of activities included in the quarterly GDP estimates by economic activity, nor those that would be required for certain expenditure components if one wanted to estimate quarterly GDP by this approach.

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

The compilers make exhaustive efforts to adjust the information generated by the main data sources to the requirements of national accounts, as part of the data validation process. For

the reference year of the accounts (1990) a detailed analysis was made of all available data sources, including large-scale censuses and surveys, in order to validate and give consistency to the supply-and-use components at the level of product group, and to adapt the information to the classifications adopted in the system of accounts. Corrections included adjustments for under- or overvaluation, which made it possible to obtain reasonable estimates of the components of private consumption expenditure, changes in inventories, and production of goods and services for which no direct information was available.

3.1.3 Source data are timely

The statistics that the CRBES produces, or for which it is directly responsible, are released on a timely basis. Such is the case of monetary, foreign trade, balance of payments, and financial system statistics, together with wholesale and industrial price indices, and statistics disseminated under the IMF's Special Data Dissemination Standards (SDDS). The CPI is also obtained on a timely basis, together with prices of the leading agricultural products and main construction inputs. Statistics on agriculture (annual) and employment, and other data from private-sector sources are not obtained on a sufficiently timely basis. Unit import and export values with the breakdown required by the supply-and-use table are also lacking.

Source data are periodically monitored by the national accounts compilers for the purposes of timely data declaration. There is a release calendar for the main statistics, which makes it necessary to monitor the collection of data needed to generate national accounts estimates on time.

3.2 Statistical techniques

3.2.1 Data compilation employs sound statistical techniques

Output approach (annual estimates):

Output estimates by industry are generated at a relatively detailed level. The classification of output by industry and product is made using the National Accounts Nomenclature (NCN), which relates closely to the "major divisions," "divisions" and "groups" classification contained in the ISIC Rev 2 at the two- and three-digit levels.

Although 45 industries and 80 products are currently investigated, results are shown for 45 industries and the same number of products in the supply-and-use table. The analysis of goods and services transactions starts by constructing supply/use balances, which require data on the components of total supply and uses. Production and imports are classified in homogeneous product groups, with the level of detail established in the NCN nomenclature.

The breakdown of intermediate uses for goods and services-producing activities is done on the basis of the NCN, corresponding to the three-digit ISIC, and for the 45 industries. There are direct cost breakdowns for some activities, which generate fixed cells with values that will not be changed in the supply/use balancing process. These represent about 20 percent of

the total. The remainder are calculated on the basis of fixed intermediate consumption/output base year coefficients.

Price and volume indices are compiled for the products included in the supply-and-use table. They are applied to the values at current prices of the previous year, in order to estimate by extrapolation the variables at current and previous year prices of the following year. Proper techniques are used to address specific issues of GDP compilation, among them: Imputed services of owner-occupied housing are estimated, taking into account the housing typologies identified in the 1992 and 2001 Housing Censuses and rental rates adjusted by the housing rental price indices obtained from the CPI. Agricultural crop production is estimated on the basis of harvests, using adjustment factors to annualize production derived from surveys and the opinions of agricultural experts. Given the statistical shortcomings in terms of data on the livestock herd and its dynamic, livestock production is estimated from slaughter figures for the various species. Large-scale construction work is counted as work in progress even if sold in advance, following the *1968 SNA*.

Taxes on products are estimated at constant prices, applying base-period tax rates to the constant price values of transactions subject to those taxes.

Margins of trade at constant prices are estimated by applying the base year margin of trade rate to the corresponding annual value of products measured at constant prices, assuming constant the relative importance of each of the base year distribution channels.

Expenditure approach procedures (annual estimates):

Estimates of expenditure components on GDP at current prices are not entirely independent, since they are largely derived in the framework of constructing the supply-and-use table . Nonetheless, independent estimations are made of exports and imports of goods and services, general government expenditure on final consumption and fixed capital formation, expenditure on fixed capital formation of public enterprises, and changes in inventories of important goods such as coffee, petroleum and its derivatives, basic grains and sugar.

Household final consumption expenditure is estimated using volume and price indices, applied to the base year product composition of household consumption with the details included in the supply-and-use table. However, no detailed classification is used for the disseminated data on household final consumption expenditure.

Gross fixed capital formation (GFCF) is estimated separately for the private and public sectors. Public sector GFCF estimates are based on information contained in central government budget disbursements and the financial statements of public enterprises. Private sector GFCF is estimated as the difference between total and public sector GFCF. In the case of construction, GFCF is estimated on the basis of construction activity, observing the different construction typologies; in the case of fixed capital goods, estimates are based on capital goods imports and domestic production of the economic activities that produce this type of goods. Account is also taken of data from surveys of industry, commerce and

services, prepared by the DIGESTYC (up to 1998). GFCF is not estimated by kind of economic activity.

Changes of inventories of main agriculture products are directly estimated by using data on quantities and prices obtained from the Ministry of Agriculture and related private institutions. As data on stocks that were obtained from the annual surveys conducted by the DIGESTYC, are not available since 1999, changes in inventories for other products are obtained as residuals in the process of generating a consistent supply-and-use table, except for other products for which direct data is available.

Figures on merchandise exports are obtained from balance of payments figures, which are estimated from customs records, classified according to the Central American Tariff System (SAC). The balance of payments adjusts trade data obtained from customs to take account of undeclared merchandise. Goods are classified according to ISIC Rev 2, and the records are subsequently reconciled with the NCN, using a converter. Exports of services are obtained directly from the balance of payments, as are data on goods and service imports. Valuation is in f.o.b. terms, but freight and insurance costs associated with the merchandise are added for current uses of the national accounts. Information is compiled at the SAC eight-digit level, and 45 branches of activity are classified at the ISIC Rev 2 four-digit level using the NCN. A converter is used to reconcile the SAC categories with ISIC and NCN.

Special techniques are used to resolve a number of problems in statistical sources, in order to bring the records into line with international standards. For example, secondary sales by government are not included within final consumption. Estimates are made in foreign trade and in services (exports and imports), for the expenditure of residents abroad and nonresidents within the country, based on a survey of travelers conducted by the balance of payments compilation unit. Expenditure by residents abroad is included in final household consumption. In the case of spending by nonresidents in El Salvador, goods and services are classified by product category within production and then transferred to exports.

The price indices used to deflate flows of goods and services are generally appropriate. For example, goods and services included in final household expenditure within the supply/utilization balances by product are related to the prices of goods and services that form part of the CPI basket. This generates an implicit household consumption deflator that broadly shadows the index itself, with divergences largely explained by weighting differences.

Quarterly GDP estimates

Quarterly GDP is estimated at current and constant prices for 24 economic activities related to ISIC (Rev 2) at the one- and two-digit levels, plus net taxes not included in the value of output. The 1968 SNA has the same conceptual basis as the annual accounts (without including the supply/utilization scheme). Output volume and price indicators are used for each activity; and appropriate statistical methods are used to seasonally adjust the series and eliminate irregularities (TRAMO and SEATS).

Quarterly value-added figures, at current and constant prices, are benchmarked with annual data using the Chow-Lin method, which is also used to calculate the quarterly distribution of annual value-added. This method is used both for activities with a related indicator and for those that do not have one. Approximately 20 percent of GDP is estimated without a corresponding indicator. A more appropriate method, such as a Denton type method, for combining the quarterly GDP series with the annual GDP series in one consistent time series should be applied.

Current-price estimates of value-added by activity are mostly obtained by adjusting value-added at constant prices with price indices constructed from the main products associated with the activities in question. As mentioned above, there are no quarterly estimates of GDP by expenditure component.

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

When the base year 1990 was chosen and the 1968 SNA adopted, an exhaustive investigation was carried out to determine production levels of the activities defined in the NCN, together with the levels of the main aggregates included in the institutional sectors accounts. The investigation included a detailed analysis of household income and expenditure surveys, trade surveys, and information on the income and expenditure of enterprises and households derived from fiscal records, in order to reconcile the supply and demand for goods and services with data reported in production surveys and administrative records. This data reconciliation guaranteed indirect inclusion of figures on the consumption and production of goods and services in activities for which direct information was unavailable or data coverage was insufficient—e.g., passenger transport, retail trade, and a number of personal services. In subsequent periods, levels of production and consumption of these goods and services have been derived from the behavior of price and volume indices of supply/utilization balances, albeit maintaining their relative share. Production and consumption figures for these goods and services are also adjusted according to the behavior of related production and demand indicators, such as fuel consumption in the case of transport, along with employment and other data originating from household surveys. The adjustments made to account for the non-observed economy are based on the use of ratios more than 10 years old, although partial indicators suggest that the informal sector has grown substantially since 1990.

3.3 Assessment and validation of source data

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

The process of validating and ensuring the consistency of annual data includes making a detailed analysis of administrative records, in the case of activities where output is estimated

by using these records, to make sure of data consistency in terms of definition, valuation, and accrual reference period.

Thus, information from the income statements and balance sheets of financial firms (banks), which is obtained electronically through the CRBES Economic and Financial Information System, is firstly validated by the Superintendency of the Financial System (SFS), before being sent to the system, and subsequently validated by the CRBES Financial Statistics Department (FSD).

Foreign trade data comes directly from customs records and is entered into the Economic and Financial Information System, which is validated by the CRBES Balance of Payments Department (BOPD) before being released to the National Accounts Unit.

The compilers of national accounts do not directly assess the DIGESTYC surveys, but hold periodic meetings with the DIGESTYC technical staff, to improve their knowledge of the characteristics of the statistical products generated. In the framework of preparatory work to modernize the NSS a diagnostic study was made of statistical shortcomings of the surveys produced by various institutions.

In the case of surveys conducted by the CRBES that are used in annual and quarterly national accounts compilation, the validation and verification process is carried out directly by the respective analysts. For the surveys on which monthly and quarterly indicators are based, a sample expansion project has been submitted by the Department to the CRBES authorities in order to increase their coverage.

3.4 Assessment and validation of intermediate data and statistical outputs

3.4.1 Main intermediate data are validated against other information where applicable

Intermediate data are validated against different sources, examples being agroindustrial production or export products and strategic inputs, where foreign trade data are compared to data generated by agricultural and industrial surveys. The prices in the different production chains are validated against surveys of producer, wholesale and consumer prices, the data for which are obtained independently. Information on strategic goods, including coffee, sugar, petroleum, electric power, is validated against figures obtained from administrative records and surveys, together with fiscal data and independent information provided by producer associations.

3.4.2 Statistical discrepancies in intermediate data are assessed and investigated

If, after validating the source data, discrepancies are detected when performing the supply/utilization balances, an adjustment is usually made to changes in inventories which is then estimated as a residual if no reliable direct data is available.

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

The supply/utilization framework is used to investigate and eliminate discrepancies and achieve consistency. This ensures that GDP has the same value whether calculated by economic activity or by expenditure component. In the process of generating consistent estimates, serious studies on specific variables undertaken by research institutes, universities or non-governmental organizations are taken into account in the synthesis analysis, and these are compared with other data sources.

3.5 Revision studies

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

The annual estimates are revised for three consecutive years after the first estimate is released to the public, and are published on a preliminary and a definitive basis. If a figure is submitted for revision after being released as definitive, a note is inserted in the *Quarterly Review* to inform the public of the reason for the revision. Documented studies are made of the behavior of the main economic activities, which serve to underpin the revisions. A report on the overall revision explains the main changes compared to the preliminary release and any new information that has been incorporated. These documents are prepared for the CRBES authorities and are not released to the public without their authorization. However, systematic studies of revisions through time, leading to changes in the compilation process in subsequent periods if needed, are not conducted.

Current-year quarterly data are considered preliminary. Revisions of quarterly GDP are made for each quarter, including at year-end when figures are adjusted in line with the revisions made to the annual accounts. Statistical series are revised every five years. Notes on revisions to figures arising from methodological changes are published in the CRBES monthly *Economic Bulletin*. The norm on quarterly GDP revisions is included in IMF SDDS metadata.

4. Serviceability

4.1 Relevance

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

There is no regular mechanism for consultation with users, nor is there a periodic process of evaluating the relevance for them of the disseminated national accounts aggregates. Nonetheless, private users and those from public offices are continually requesting specific information of interest to them; and such requests are satisfied insofar as the system is able to provide the information requested. The IMF's DSBB, which can be accessed through the

CRBES website, lists the names of contact persons for dealing with consultations. Staff responsible for preparing the statistical series and the national accounts program regularly attend international statistical seminars to obtain information on new programs and gain feedback on the type of needs detected in countries that conduct user surveys. In addition, and in the light of the program to improve the national statistics system and create the Institute of Statistics, the CRBES, in its capacity as the institution that prepares national accounts, has participated in the different workshops and meetings as a member of the program Coordinating Committee, in order to assist in the design of strategies to define statistical production.

4.2 *Timeliness and periodicity*

4.2.1 Timeliness follows dissemination standards

Estimates of quarterly GDP at current and constant prices are released three months after the end of the quarter in question, in accordance with SDDS standards; and preliminary annual estimates of the main aggregates (GDP at current and base-year prices, national income, capital formation, consumption and saving) are disseminated within six months following the end of the year in question.

4.2.2 Periodicity follows dissemination standards

Although quarterly GDP figures are adjusted to SDDS norms and annual figures are adjusted to the GDDS, the latter are revised for three consecutive years after the end of the year in question, by which time all statistical data required by the supply/utilization framework are available.

4.3 *Consistency*

4.3.1 Statistics are consistent within the dataset

In the context of preparing annual national accounts using the supply/use framework, consistency between GDP estimates by economic activity and expenditure component is guaranteed. The growth rates of GDP calculated by applying the production and expenditure approaches are also consistent. The use of and/or the resulting implicit Paasche-type price indices and Laspeyres-type volume indices in the supply/utilization balances at current and constant prices guarantees an identical value result equivalent to price times volume.

Quarterly GDP estimates are compatible with annual ones. Quarterly GDP estimates are produced using the same methodological conceptual framework as the annual accounts, so the aggregate flow of value added in each year is simply the sum of the quarterly figures. Where quarterly data do not coincide with annual data, the latter are adjusted using the Chow-Lin method. The statistical series used in calculating quarterly GDP are adjusted for seasonal and irregular factors.

It must be noted, however, that the consistency of the macroeconomic aggregates and indicators results from the process of constructing balanced supply-and-use tables, independently of the degree of coverage and quality of the source data, which, as explained before, has been deteriorating. Also the sum of quarterly GDP for the calendar year equals the annual GDP data, but a more appropriate benchmarking method, as mentioned above, should be applied, to generate a consistent series for combined quarterly and annual GDP series.

Time series of national accounts at current prices are disseminated in dollars but the same series at constant 1990 prices are disseminated in colones

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

Time series for the annual main national accounts aggregates are available at current prices from 1958, and at constant prices from 1962 until 1994, using the base year 1962.

In December 1994, the CRBES officially adopted the *1968 SNA* and changed the national accounts base year to 1990, discontinuing publication of the statistical series based on 1962. In 1995, a new series from 1990 to 1994 was released, which now has figures up to 2002. All the information has been published regularly in the CRBES *Quarterly Review*—both the old 1962-based series and the new one based on 1990. Each edition of the *Quarterly Review* carries annual data for the last five years. Historical series are also available on magnetic media at the CRBES library, which is open to the public for consultation. Methodological changes and explanations on data compilation processes are divulged through technical notes published in the *Quarterly Review* and/or in footnotes to the respective tables.

In order to provide users long time series for the main macroeconomic aggregates, the annual series of the two bases in current and constant prices were linked. This was achieved by applying backward chaining to the price and volume indices of value added by kind of economic activity for 1970-1989, in order to rebase the 1962 figures on 1990. This information has been made available to certain users on request, and a document on the methodological procedure used in the interpolation process has been posted on the Intranet site of the CRBES Macroeconomic Accounts Department.

A quarterly GDP series together with other indicators, based on normalized calculations since 1990, has been published in the *Quarterly Review* and in the CRBES *Economic Bulletin*.

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

Public finance data are conciliated with national accounts concepts and definitions before using them, however the institutional classification of some institutions must be clarified. Data relating to government operations is recorded on an accrual basis, and received from the Government Accounting Department. Public finance data published in the CRBES *Quarterly*

Review are compiled on a cash basis and the difference in recording criteria is described in technical notes contained in the *Quarterly Review*.

Foreign transactions on current account are drawn directly from the balance of payments, since the two macroeconomic information systems have been harmonized as a result of the CRBES adopting the *BPM5*. An exception is the valuation of imported goods, which is valued f.o.b. in the balance of payments, but c.i.f. in the national accounts, following the *1968 SNA* criteria. Nevertheless, the total value of imported goods and services coincides in both systems.

4.4 Revision policy and practice

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

The cycle of revisions made to annual and quarterly estimates is released to the public. Figures from annual accounts are published in preliminary and definitive form. Aggregates relating to the most recent economic periods are considered preliminary, while those from previous years are considered definitive. This means that economic aggregates from a given year are revised in the two following years. The cycle of revisions is published in the methodological documents of the annual accounts. An annual revision timetable is prepared and included in the work plan of the Macroeconomic Accounts Department, but not released to the public. The timetable takes account of the publication schedule of important official documents such as the *Annual Report* on the activities of the CRBES, the *Report on Government Administration* and the General Budget of the Nation.

The first end-of-year estimate is usually made in late March of the following year, when figures for the four quarters of quarterly GDP are available along with information based on year-end administrative records. This initial estimate incorporates previously unpublished revisions of the two years prior to the year being estimated. It also includes a projection of the main aggregates for the current year for internal use by the CRBES.

A preliminary revision of the first version is made in June or September, when the final results of agricultural harvests are available, but these are not made public if it is clear that the changes are likely to be insignificant in relation to the disseminated GDP figure. On this occasion, the current year projection is revised, solely for internal CRBES uses.

In December, the projection is revised for the year-end public report made by the CRBES authorities. During the year, an official revision is also made of the two previous years; but the results of this process are not made public until March in the following year, along with the estimates for the current year.

4.4.2 Preliminary data are clearly identified

The preliminary or definitive status of the data is clearly indicated in the respective tables, and also in the explanatory notes to users in the CRBES *Quarterly Review*. The revised figures are published with the same level of detail as their previously published counterparts.

4.4.3 Studies and analyses of revisions are made public

The publication standards of the *Quarterly Review* establish that any figure which is revised after being published on a definitive basis should be accompanied by a technical note in the corresponding publication, indicating clearly to the user the reason for the change. In the case of scheduled revisions, a document is prepared describing the analysis made and the main results of the revision, and indicating the reasons for changes made to the preliminary figures. This document is not made public, but is intended as information for the CRBES authorities, who in turn inform the public of major changes in the figures.

5. Accessibility

5.1 Data accessibility

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

National accounts figures are produced of the most important variables showing the series trend, including the latest periods. Quarterly series are presented in deseasonalized form, displaying annual and quarterly variations. Information is reported in printed form and also posted on the CRBES website. No comments have been received from users claiming difficulties in interpreting the figures, although there have been requests for broader breakdowns of the published data.

5.1.2 Dissemination media and formats are adequate

The results of the initial estimate of annual GDP and quarterly figures are disseminated initially through press releases, which are disseminated by the country's main information media. At the same time the data are posted on the CRBES website and a more detailed version is published in the *Quarterly Review*. Although the database contains longer time series, the figures cannot yet be directly consulted by users since the Economic Data System is currently being restructured. Nonetheless, all available series of unrestricted dissemination are made available free on request.

5.1.3 Statistics are released on a pre-announced schedule

Notice is given to the public on the advance release calendar for quarterly GDP data to be disseminated under the SDDS and other relevant variables statistics are released accordingly. No advance release calendar is prepared for annual national accounts aggregates.

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

The statistics covered by the advance release calendar are made available to all users simultaneously through the CRBES website and through the corresponding press releases.

5.1.5 Non-published (but non-confidential) subaggregates are made available upon request

Although users are provided with non-confidential data breakdowns upon request, neither their availability nor the conditions on which they are provided to interested parties is publicized.

5.2 Metadata accessibility

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

The metadata underlying the statistics to be published in the SDDS can be accessed from the CRBES website through a link to the IMF site. Although metadata are revised periodically, they are not disseminated to other media or included in catalogs available to users. Nonetheless, the methodological documents for annual and quarterly accounts can be obtained by the public from the CRBES Communications Department, and their availability is publicized through the Internet or upon enquiry by users. The methodologies include definitions, concepts, and classifications used in compiling the data; and general references are made to the techniques applied.

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

The level of detail is not always satisfactory; information on the statistical practices employed is dispersed in general documents, and no detailed explanation of statistical methods and sources is prepared for users. Detailed documents exist for internal use, for the compilers of the accounts; but more detailed information on methods and techniques should be made available to analysts, researchers, and other specialized users.

5.3 Assistance to users

5.3.1 Contact person for each subject field is publicized

The SDDS website publishes the name, e-mail address, and telephone number of the contact person for users' consultations. The CRBES website also contains a facility enabling users to submit queries, which are channeled through the Communications Department, to the respective areas. The name of the contact person is not published in any other section of the website or in CRBES publications.

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

Documents, publications and other services for users are available in the CRBES Communications Department. There is a program of free document dissemination to potential statistics users, either via Internet download or in hardcopy.

Table 1. El Salvador: Data Quality Assessment Framework—Summary of Results for National Accounts Statistics
(*Compiling Agency: Central Reserve Bank of El Salvador*)

Element	NA	Assessment			Comments
		O	LO	LNO	
0. Prerequisites of quality					
0.1 Legal and institutional environment			X		Responsibility for compiling national accounts not clearly assigned. Municipalities and private non-financial enterprises have no legal obligation to provide data to the CRBES.
0.2 Resources				X	Significant reduction of staff has affected scope of national accounts. A well-structured and functioning data repository system is not in place.
0.3 Quality awareness			X		No institutionalized mechanism in place for assessing quality of data.
1. Integrity					
1.1 Professionalism		X			
1.2 Transparency			X		The law and regulations of the CRBES are not on its website. ¹ Important changes in methods and statistical sources are not adequately reported to users.
1.3 Ethical standards		X			
2. Methodological soundness					
2.1 Concepts and definitions			X		<i>1968 SNA</i> concepts and definitions. However, international assistance is being sought to prepare an implementation project for the <i>1993 SNA</i> .
2.2 Scope				X	Compilation of institutional sector accounts interrupted in 1998; consumption of fixed capital not estimated; quarterly GDP by expenditure component not compiled. However, some <i>1993 SNA</i> features incorporated.
2.3 Classification/sectorization				X	Government final consumption expenditure not classified by functions. Household final consumption expenditure not classified by purposes; nevertheless, classified by the product classification applied in the supply-and-use table. Household final consumption expenditure includes private non-profit institutions' final consumption.

Table 1. El Salvador: Data Quality Assessment Framework—Summary of Results for National Accounts Statistics
(Compiling Agency: Central Reserve Bank of El Salvador)

Element		NA	Assessment			Comments
			O	LO	LNO	
2.4	Basis for recording		X			Time series at current prices are valued in U.S. dollars, whereas time series at constant prices are valued in colones.
3. Accuracy and reliability						
3.1	Source data			X		A comprehensive data collection program does not exist. Last agriculture census in 1971. The DIGESTYC's annual economic surveys interrupted in 1999; however, partially covered by the CRBES's annual surveys. Weak basic statistics mainly for services and some agriculture products. Short-term indicators not available for various activities affecting estimates of quarterly GDP.
3.2	Statistical techniques			X		Excessive use of fixed coefficients, more than 10 years old in annual GDP. Use of out-of-date ratios to account for non-observed economy. Chow-Lin method applied to benchmarking quarterly data to annual, with approximately 20 percent of quarterly GDP estimated without indicators. Only partially assessed. Sampling errors not estimated in some surveys.
3.3	Assessment and validation of source data					Revision studies are not performed regularly.
3.4	Assessment and validation of intermediate data and statistical outputs		X			
3.5	Revision studies			X		
4. Serviceability						
4.1	Relevance			X		External users' needs are not monitored in a systematic way.
4.2	Timeliness and periodicity		X			
4.3	Consistency			X		Public finance and national accounts are not reconciled. Statistics at current prices are not reconcilable within a reasonable time period owing to the different currencies used.
4.4	Revision policy and practice			X		Explanations of revisions are not disseminated to the public in sufficient detail.

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

Table 1. El Salvador: Data Quality Assessment Framework—Summary of Results for National Accounts Statistics
(*Compiling Agency: Central Reserve Bank of El Salvador*)

Element	NA	Assessment			Comments
		O	LO	LNO	
5. Accessibility					
5.1 Data accessibility		X			
5.2 Metadata accessibility			X		Available annual metadata not detailed enough. The name of a contact person responsible exclusively for national accounts is not disseminated.
5.3 Assistance to users			X		

¹ Since the mission's visit, the CRBES has placed its *Law* on its own website.

II. PRICE STATISTICS (CONSUMER PRICE INDEX)

0. Prerequisites of quality

0.1 *Legal and institutional environment*

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

The DIGESTYC was established as a dependent agency of the Ministry of Economy (ME) by the *Law of the National Statistics Service* Decree No. 1784, published in the official Gazette, No. 69, Volume 167 for April 18, 1955. In Articles 4 and 8 of Chapter V, the DIGESTYC is given responsibility for compiling and publishing statistics relating to the “cost of living,” another name commonly given to the CPI.

The DIGESTYC has formed a Prices Division that is responsible for collecting monthly price and characteristics data that are used in compiling the monthly CPI for El Salvador. The index is published both by the DIGESTYC through the ME and by the CRBES. The DIGESTYC is the only government agency involved in the compilation of the monthly CPI.

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

Since the CRBES also publishes the CPI and is a main user of the CPI, the DIGESTYC maintains contact with the CRBES through periodic meetings. The CRBES also compiles an unpublished monthly price index (IPBCR) covering 140 items that account for approximately 75 percent of the weight for the CPI. The same item specifications and weights, and, in many cases, pricing outlets used for the CPI are used for IPBCR. Before the year 2002 the IPBCR was a weekly index used as an indicator for monetary policy. The compilation of two monthly CPIs is an unneeded duplication of effort that increases respondent burden and could have a negative impact on respondent cooperation for the official CPI.

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

Articles 18 and 19 of Chapter V of the *Law of the National Statistics Service* give strict regulations with regard to confidentiality. Data are only to be used for statistical purposes and are not to be published in a manner that would identify respondents. Data collected from less than three respondents cannot be published unless they are deemed by the DIGESTYC to be “essential elements for the study of the national life (economy).”

Respondents for the CPI are informed of their rights with regard to providing prices and characteristics data for goods and services included in the CPI market basket. Price collectors

are asked to explain to respondents that these data are held confidential and will be used only for statistical purposes.

Chapter IV of the Penal Code specifies sanctions for employees who violate the code of confidentiality or use the DIGESTYC's data for personal gain or non-statistical purposes. All the DIGESTYC's publications are scrutinized to ensure that the confidentiality of respondents is not violated. In addition, all databases and computers involved in the compilation of the statistical series are restricted by passwords to ensure that non-authorized persons do not have access to confidential data.

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

Article 14 of Chapter IV of the *Law of the National Statistics Service* establishes the authority for the DIGESTYC to obligate respondents to provide data to be used for statistical purposes. However, the DIGESTYC has not found it necessary to invoke this *Law* with regard to data collected for the CPI due to efforts to create an atmosphere of trust and professionalism. Data collectors are given comprehensive training in this regard.

Should the need arise to invoke the *Law* requiring compliance by a respondent, and should the respondent refuse to comply, sanctions are specified in Article 15 of Chapter IV of the *Law of the National Statistics Service*.

0.2 Resources

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

A total of 19 DIGESTYC personnel have been assigned to the Prices Division that is responsible for the compilation of the CPI. The majority of the price collectors have university degrees in economics. To the extent that it is possible, the prices staff is given formal training outside the country. There is also a continuous internal training program in methods of index compilation, including recommendations from international organizations.

Although retention of employees has been a problem within the DIGESTYC, the CPI program has been given priority over other programs. In order to maintain adequate staff for the compilation of the index, staff members from other divisions have been transferred to the Prices Division.

In general, the computer resources available to the Prices Division for the compilation of the CPI are adequate. However, there are some important deficiencies. Half of the 10 computers assigned to the Division are obsolete, and the FOXPRO and VISUAL FOX software packages used for the compilation of the index do not currently have formal technical support. The Division is investigating the possibility of replacing this software with SQL-based software. The DIGESTYC has five new servers that should meet its needs for the near future. The DIGESTYC plans to launch a new website in the near future.

The available computer equipment at the DIGESTYC is distributed in a form that ensures the efficient use of resources with regard to data capture and the maintenance of databases for the compilation of the CPI.

Even though sufficient resources have been directed to the CPI for ongoing maintenance of the index, there is a serious lack of financial resources within the DIGESTYC to carry out other programs, including the financing of a new NSHIE that is needed for updating the index weights.

0.2.2 Measures to ensure efficient use of resources are implemented

Because of the extreme lack of financial resources within the DIGESTYC, management has become very creative in financing ongoing work and expected future projects. Outside funding and technical assistance from international organizations and other countries has been obtained for some projects, and a policy of selling statistical products has netted sufficient funds for the purchase of three vehicles. Since the resources are very limited, the projects carried out by the DIGESTYC are very well planned and tradeoffs between the benefits of one statistical program versus another are always evaluated.

A formal program has been established to minimize data collection, data entry, coding, editing, and tabulation errors for the CPI. This helps ensure an efficient use of resources.

0.3 Quality awareness

0.3.1 Processes are in place to focus on quality

The DIGESTYC has not instituted an organization-wide total quality management program. However, each division is encouraged to develop its own quality assurance procedures. The Prices Division has developed an excellent program for quality assurance in data collection and processing.

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

A complete program of quality control has been established for data collection, data entry, and tabulation for the CPI. A field supervisor's manual has been developed for helping to eliminate problems with the collection of price and characteristics data for the monthly price survey. A double keying process is employed to detect errors in data capture. Intermediate price indices are scrutinized to detect errors in price data that may have been missed in previous stages of processing for the index.

There is no formal advisory group for the CPI and there are no user surveys to determine user needs. User needs are monitored only through the press and through users that make formal requests for unpublished data.

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

Because of the scarce resources available to the DIGESTYC, there is an awareness by management of the tradeoffs among the different dimensions of quality with regard to the CPI and other programs. Management has made plans for a new NSHIE that is needed for improving the quality of the CPI by updating the market basket items and weights. Technical assistance for the preparation of survey instruments, manuals, training, computer programming, and tabulation of survey results has been promised by the Dutch government once funding for the data collection stage of the survey can be obtained.

1. Integrity

1.1 Professionalism

1.1.1 Statistics are compiled on an impartial basis

The *Law of the National Statistics Service*, that established the DIGESTYC, provides a number of guidelines for its internal organization, including the specification of the labor regulations for its employees. The guidelines also require the presentation of three employee scholarships each year for study in universities either inside or outside the country. The Director General is given complete flexibility in determining what types of censuses will be carried out, what types of statistical series will be produced, and how these series will be compiled. However, the tenor of the document is that the work should be done with professionalism based on consultations with experts from within the country and from international organizations.

The DIGESTYC has a tradition of professional independence. Employees are recruited based on their training and professional competence. After employees have been recruited, they are encouraged to participate in continued training through formal university study and through seminars and meetings both inside El Salvador and in other countries. Research and analysis are encouraged. Research undertaken for publication is subject to internal review in order to protect the reputation of the DIGESTYC.

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

The selection of source data and statistical techniques for the compilation of statistical series by the DIGESTYC is based solely on statistical considerations. Decisions in this regard are made internally after careful consideration of methodological recommendations by international organizations.

Documentation of source data and methodologies employed for the compilation of the CPI has been prepared and is available to the public.

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

When necessary, the DIGESTYC responds to erroneous interpretations of the CPI using press releases and other means of publication. The DIGESTYC follows the financial press very carefully with regard to references to the CPI. Commentaries on the behavior of the CPI are included in the monthly bulletin that is distributed to the press.

1.2 Transparency

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

Although the DIGESTYC publications, that describe in detail the methodology and the technical conditions under which the CPI is calculated, are available, these sources do not refer directly to standards of confidentiality and professionalism required for the DIGESTYC staff.

The monthly *CPI Bulletin* gives the names of the key DIGESTYC officials and the address of the institution. The public can obtain more information about the DIGESTYC and its products by contacting the institution directly.

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

There is no access to the CPI outside of the DIGESTYC prior to its release.

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

Every DIGESTYC publication carries the DIGESTYC logo and the department or organizational unit that is responsible for its preparation. When other institutions use data from the DIGESTYC, they are requested to give attribution to the DIGESTYC.

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

When major changes in methodology, source data, or statistical techniques are made to the CPI, such as during major revision to the index, they are well publicized through the press before their implementation.

1.3 Ethical standards

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

The norms of conduct and regulations of the DIGESTYC with regard to confidentiality, improper use of statistical data, and conflict of interest are presented in the Internal Labor

Regulations of the DIGESTYC. New and existing staff members are made aware of these regulations and guidelines.

2. Methodological Soundness

2.1 *Concepts and definitions*

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

The list of items and corresponding weights for the CPI market basket were determined based on the concepts and definitions presented in the *1978 CPI Manual* prepared by the International Labor Statistics Program Center of the U.S. Bureau of Labor Statistics. These concepts and definitions are, for the most part, consistent with those presented in the *System of National Accounts, 1993, 1993 SNA/European System of Accounts 1995 (1995 ESA)*, the *ILO CPI Manual*, and the new *Consumer Price Index Manual* (in preparation).

2.2 *Scope*

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

The weights for the CPI market basket are based on expenditure data obtained from the 1990-91 NSHIE. For this survey, a representative sample of households was selected from a sampling frame covering all urban households in the country. Data were collected from all types of households regardless of size, income level, or professions of household members. Urban households whose principal economic activities were agriculture, fishing or other type of independent and/or informal business activities, were included. Only expenditure data relating to final consumption of goods and services by the household were reflected in the weight calculations. The market basket weights for owner-occupied and free housing were based on imputed market rents. Expenditures for illegal goods and services were not reflected in the market basket weights.

2.3 *Classification/sectorization*

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

The 1978 International Classification of Income and Expenditures (ICIE) was used for both the 1990-91 NSHIE and the CPI. This system of classification is characterized by four major groups: (1) food and beverages, (2) housing, fuel, electricity, and water, (3) clothing, and (4) miscellaneous goods and services. The index is not available in the Classification of Individual Consumption by Purpose (COICOP) format that is current international standard.

2.4 Basis for recording

2.4.1 Market prices are used to value flows and stocks

Both market basket weights and monthly prices used in the compilation of the CPI are based on market prices including taxes, trade and transportation margins, and applicable discounts. Detailed characteristic data including terms of transactions are included as the specifications for the monthly price collection.

2.4.2 Recording is done on an accrual basis

Both the expenditure data for the 1990-91 NSHIE and the price data for the monthly price survey are recorded on an accrual basis.

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

The market basket weights for consumer durables with a secondary market such as automobiles are calculated as the total value of purchases by households net of sales by households.

3. Accuracy and Reliability

3.1 Source data

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

The last population census for El Salvador was conducted in 1992, the last economic census in 1993, and the last NSHIE in 1990-91. With assistance from the Japanese government the DIGESTYC has initiated a project to update the business register and the cadastre mapping for the country. Approximately one fourth of the work (the four departments in the Eastern part of the country) has been completed. The completion of the remainder of the project is dependent upon obtaining the necessary funding. Due to the extent of large demographic shifts within El Salvador, it is necessary to complete this project before a new population census and/or NSHIE are carried out.

The list of CPI market basket items and the corresponding weights are in serious need of being updated. The current weights for the CPI were obtained from expenditure data from the 1990-91 NSHIE collected during the civil war. In addition to significant changes in consumption patterns due to technological change, there have also been changes due to the effect of an earthquake, Hurricane Mitch, large infusions of funds and goods from outside the country for reconstruction, and large transfers of funds from friends and family living in other countries. Also with the end of the war, there have been shifts in the business and population centers for the country.

The 1990-91 NSHIE is based on income, expenditure, housing, and demographic data obtained from a scientifically selected sample of approximately 3,500 urban households. These data were expanded to represent the universe of urban households in the country. Imputations were made for missing data and adjustments were made for non-response.

The weights for the CPI market baskets for the four principal cities (San Salvador, Sonsonate, Santa Ana, and San Miguel) were constructed in a manner that reflects the expenditure patterns of all 3,500 urban households that were surveyed. Data from all types and sizes of households were included in the survey and in the weight tabulations for the index.

Tabulations of expenditure data from the 1990-91 NSHIE were sufficiently detailed for the purpose of selecting the list of market basket items and calculating corresponding item weights. Goods and services produced for own consumption were valued at current market prices. Estimates of imputed rent for owner-occupied and free housing were collected from respondents and/or estimated based on market rents.

Approximately 3,800 monthly (bi-monthly or quarterly for certain less frequently purchased items) price quotations are collected from a sample of approximately 1,200 outlets for 241 market basket items. The 1990-91 NSHIE included a module to determine where purchases were made. The tabulations for these data, along with information from other sources, were used to determine the outlet sample for the CPI. Both price data and detailed specification data are collected for each price quotation.

Although ad-hoc surveys have not been conducted to provide source data for weights for new items, the DIGESTYC has established a list of new goods and services that should be included in a new CPI market basket.

The DIGESTYC closely monitors the press, as well as any studies on prices that become available, in order to anticipate changes that need to be made to the CPI pricing structure.

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

In general, the source data are consistent with the needs of the CPI program with regard to scope, classification, valuation, and time of recording. However, certain adjustments were required for determining the weight for imputed rent for owner-occupied housing and for free housing and/or housing that was received as employee compensation.

Because of recent changes in the billing structure for electricity and telephone service due to privatization, it became necessary to change the manner in which these services are priced. The needed adjustments to the pricing process were implemented.

3.1.3 Source data are timely

Although price data are timely, the detailed expenditure data needed for updating the weights of the CPI market basket on a regular basis are not available. However, some expenditure data, at a more aggregated level, are available from the annual Multipurpose Household Survey that could possibly be used in a benchmarking-type update for the CPI market basket weights. The DIGESTYC has not thus far exploited these data for that purpose.

3.2 Statistical techniques

3.2.1 Data compilation employs sound statistical techniques

Although the COICOP classification system was not used for the classification and tabulation of expenditure from the NSHIE, detailed data on both products and services are available in sufficient detail for the construction of a CPI market basket that allows for a complete analysis of price movements at the level of household final consumption expenditure. The CPI market basket has 241 items that are classified into four major groups, 37 subgroups, and additional non-published aggregates that are available for analysis.

Final consumption expenditures are defined and measured in accordance with the *1993 SNA* for determining the weights for the CPI market basket. Rents were imputed for owner-occupied dwellings and for dwellings occupied on a rent-free basis or as partial compensation for employment. All purchases for the NSHIE were valued at the market value of the purchase regardless of the type of payment plan that was used, whether cash or credit. Goods and services produced for own final consumption were valued at market prices.

The period-to-period elementary price relatives are computed as the ratio of matched-price arithmetic average prices. Higher level aggregates are computed using the short-term relative formulation of the traditional Laspeyres index formula. The market basket weights for the CPI are based on data from the 1990-91 NSHIE. These weights are in need of being updated to reflect current market consumption patterns. The 1990-91 CPI weights were updated to December 1992, the reference month and link month for the current CPI. Historical series for the previous CPI were linked to the new index to provide continuous historical series.

Missing prices are imputed based on a matched price relative methodology. In the event that all prices for a given item are unavailable, such as in the case of a seasonal item, the prices for that item are imputed based on the previous prices for that item and the current price/index change at the next highest level of aggregation.

When a product specified for pricing becomes permanently unavailable, this product is replaced with the most similar product from the same outlet. The price for the substitute product/specification is linked into the index. A similar substitution and linking procedure is employed when an outlet is no longer available for price collection. Quality adjustments for the index are made for the index as needed. Since the CPI database includes detailed specification data on each price quotation, quality adjustments are greatly facilitated. New

goods and services, such as cellular telephones and cable television have not been added to the CPI market basket.

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

An implicit deflator is not officially published by the CRBES. However, it is possible to calculate an implicit deflator using the data that are published.

3.3 Assessment and validation of source data

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

For the 1990-91 NSHIE, used for estimating market basket weights, documentation is available concerning sampling error and the treatment of the data for non-response, missing values, and atypical values.

The DIGESTYC has established a program to ensure that monthly price and characteristics data collected for the CPI are accurate. All data are double keyed as part of the data capture process, any atypical values are verified with the price collectors and/or respondents, and all data are reviewed for consistency across geography and over time.

3.4 Assessment and validation of intermediate data and statistical outputs

3.4.1 Main intermediate data are validated against other information where applicable

Monthly CPI series are compared for consistency with commensurate data from the IPRI and the wholesale price index.

3.4.2 Statistical discrepancies in intermediate data are assessed and investigated

The sources of unusual price movements in the index are analyzed thoroughly and corrected when appropriate. In one instance, it was determined that inappropriate comparability criteria had been applied for an important seasonal component of the index, causing an overly large increase in the index. The comparability criteria were modified and the index was corrected.

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

CPI tabulations are consistent regardless of the order of aggregation, either across items or over geography.

3.5 Revision studies

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

No preliminary data are published for the CPI. When serious errors are identified, corrections to the index are made.

The 1990-91 NSHIE is thoroughly documented including studies with regard to variances in expenditure estimates. These studies are available for use in determining sampling procedures for a future NSHIE. However, there have been no recent revision studies. Such studies could have been conducted with regard to the relationship between expenditure tabulations from the annual Multipurpose Household Survey and the 1990-91 NSHIE.

4. Serviceability

4.1 Relevance

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

No formal user advisory group has been established for the CPI, and no user surveys have been conducted. Except for articles in the press and comments from users requesting detailed CPI data, there is no established process for determining user needs.

CPI personnel regularly attend meetings and seminars organized by international and/or regional organizations.

4.2 Timeliness and periodicity

4.2.1 Timeliness follows dissemination standards

The CPI is published on the fifth work day of the month following the reference month of the index, thus exceeding SDDS standards.

4.2.2 Periodicity follows dissemination standards

The CPI is compiled and published monthly, thus meeting SDDS standards.

4.3 Consistency

4.3.1 Statistics are consistent within the dataset

The all items CPI is invariant to the order of aggregation, whether it be by geography or by goods and services. Subindices are available for all types of aggregations by geographic area.

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

Consistent chronological series for the CPI are available for a period of 25 years. Historical series are linked to the new series when changes in the index base are carried out. Detailed documentation is available regarding the change in the index base that was made in December 1992.

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

The CPI is consistent with other important national statistical series such as household final consumption expenditure estimates for the national accounts.

4.4 Revision policy and practice

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

No preliminary data are published for the CPI. However, when a serious error is identified, a correction to the index is published.

The last revision of weights for the CPI was carried out in 1992 based on expenditure data from the 1990-91 NSHIE. The previous revision was based on the 1978 NSHIE. There is no regular program established for revising the index weights.

4.4.2 Preliminary data are clearly identified

No preliminary data are published for the CPI. In the event that a serious error is identified, an official correction is made to the index.

4.4.3 Studies and analyses of revisions are made public

The public is informed of any corrections to the published CPI.

Revisions of the CPI with regard to the item sample, the outlet sample, market basket weights, and index calculation methodology are well documented and available for dissemination to the public. Since the CPI has not been revised for more than 10 years, there have been no recent revision studies available for publication.

5. Accessibility

5.1 Data accessibility

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

The CPI is published in various formats including the CRBES website, press releases, faxes, in a monthly bulletin by the DIGESTYC through the ME, and in monthly, quarterly, and annual bulletins at the CRBES. The most detailed format for the dissemination of the index is in the monthly bulletin of the DIGESTYC. Both monthly indices and percent changes are presented for a period of five years at the all items level, for two years at the major group level, and for one year for each of the 37 subgroups. In addition, there are a number of useful charts, graphs, and analyses of important price changes. The monthly bulletin also includes a brief documentation for the index.

5.1.2 Dissemination media and formats are adequate

In addition to published CPI data, more detailed data on the index are produced on a monthly basis. The CPI market basket consists of 241 items that are classified into aggregates for the publication of indices for four major groups and 37 subgroups. Indices are also calculated for more detailed aggregates and at the item level for San Salvador, Santa Ana, Sonsonate, and San Miguel. These data are available upon request from the DIGESTYC.

5.1.3 Statistics are released on a pre-announced schedule

The CPI is published according to quarterly pre-announced calendar.

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

The CPI is released simultaneously to all users on the fifth work day of each month through the CRBES website and other means of dissemination.

5.1.5 Non-published (but non-confidential) subaggregates are made available upon request

Unpublished non-confidential data on the CPI are released to the public upon request for a fee. However, the public is not always well informed of the conditions under which these data may be obtained. It is necessary for them to contact the DIGESTYC directly for this information.

5.2 *Metadata accessibility*

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

The metadata on the CPI are reviewed regularly and are available on the IMF website. However, these data are not available on the CRBES or the ME websites. Detailed metadata on the CPI are available upon request from the DIGESTYC.

The documentation available on the CPI does not mention that the classification system used for the index is very outdated.

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

Descriptions and documentation of CPI are available at the general level and at a very detailed level to meet different user's needs.

5.3 *Assistance to users*

5.3.1 *Contact person for each subject field is publicized*

Knowledgeable assistance for users is available for the CPI. However, the DIGESTYC monthly bulletin on the CPI only lists the contact person and the address of the institution. No telephone, fax, or e-mail address is given. The CRBES website gives only the central contact at the CRBES. The requests are passed on to the CRBES specialist on the CPI and/or to the DIGESTYC.

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

A Catalog is available for CPI publications along with their prices.

Table 2. El Salvador: Data Quality Assessment Framework—Summary of Results for Price Statistics (Consumer Price Index)
(*Compiling Agency: General Directorate of Statistics and Census*)

Element	NA	Assessment				Comments
		O	LO	LNO	NO	
0. Prerequisites of quality						
0.1 Legal and institutional environment			X			Antiquated law for national statistics system and duplication of effort between the DIGESTYC and CRBES.
0.2 Resources			X			Some computers and software need to be upgraded. Some problems with retention of personnel.
0.3 Quality awareness			X			There is no formal quality assurance program in place. No formal process for determining user needs.
1. Integrity						
1.1 Professionalism			X			The DIGESTYC is not legally authorized to comment on erroneous interpretation and misuse of statistics. Only the Minister of Economy is authorized to comment.
1.2 Transparency		X				
1.3 Ethical standards			X			Internal regulations are weak with regard to confidentiality.
2. Methodological soundness						
2.1 Concepts and definitions		X				
2.2 Scope		X				
2.3 Classification/sectorization				X		Classification system is very outdated.
2.4 Basis for recording		X				
3. Accuracy and reliability						
3.1 Source data				X		Only a partially updated household sampling frame available. No regularly scheduled NSHIE. Last NSHIE conducted in 1990-91.
3.2 Statistical techniques			X			The CPI item sample and market basket weights, based on the 1990-91 NSHIE, are outdated.
3.3 Assessment and validation of source data		X				
3.4 Assessment and validation of intermediate data and statistical outputs		X				
3.5 Revision studies				X		Although revisions studies were carried out for the 1993 revision, there have been no recent revision studies.

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

Table 2. El Salvador: Data Quality Assessment Framework—Summary of Results for Price Statistics (Consumer Price Index)
(*Compiling Agency: General Directorate of Statistics and Census*)

Criteria	Element	NA	Assessment				Comments
			O	LO	LNO	NO	
4. Serviceability							
4.1	Relevance			X			No advisory groups or user surveys.
4.2	Timeliness and periodicity			X			
4.3	Consistency			X			
4.4	Revision policy and practice				X		Weight updates (revisions) are only carried out when there is a new NSHIE. The last NSHIE was conducted in 1990-91. There are no recent revision studies.
5. Accessibility							
5.1	Data accessibility		X				
5.2	Metadata accessibility			X			Metadata are not easily located.
5.3	Assistance to users			X			No telephone number or e-mail address given.

III. PRICE STATISTICS (PRODUCER PRICE INDEX)

0. Prerequisites of quality

0.1 *Legal and institutional environment*

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

The CRBES is in practice responsible for compiling and disseminating the IPRI. In spite of its name, the IPRI is a producer price index covering only the manufacturing sector of the economy and will be evaluated as such in this assessment.

In terms of the legal environment, the CRBES forms part of the NSS. The organic (founding) *Law of the National Statistics Service*, Legislative Decree No. 1784, March 30, 1955 in Chapter 1, Article 1 states that the NSS is composed of all entities, public or private, that compile statistics.

The *Law on the Central Reserve Bank of El Salvador*, Official Decree No.7464, April 25, 1996, Article 64 requires the CRBES to compile and disseminate in a timely manner balance of payments, monetary, and exchange statistics, as well as other macroeconomic statistics that the CRBES Council may deem necessary, and provides for the Council to determine the nature, content, and frequency of these statistics. Since the IPRI is not specifically mentioned in the organic *Law on the Central Reserve Bank of El Salvador*, it falls in the category of “other macroeconomic statistics that the CRBES Council deems necessary.” In other words, the legal basis for the preparation of the IPRI by the CRBES is not as clearly specified as it could be.

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

With the exception of weight and enterprise sampling frame data obtained from the 1993 Economic Census, the IPRI is compiled using only data produced by the CRBES. However, significant coordination with the DIGESTYC will be required for obtaining source data for revising the weights and constructing a sampling frame for the selection of a new enterprise sample for the index. This coordination seems to be feasible under present arrangements and will be greatly enhanced if the pending new statistics law is passed and implemented.

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

Respondents for the IPRI are informed of their rights with regard to data provided to the CRBES. Respondents are notified in writing that these data are held confidential and will be used only for statistical purposes.

Confidentiality in the use of information on the part of CRBES employees is promoted by the standards prescribed in the Internal Labor Regulations, in Chapter II, Article 19, Part p, which gives the employees' obligations, and in Title VII, Article 70, Part a, which gives the sanctions for violation of these obligations.

All CRBES publications are scrutinized to ensure that the confidentiality of respondents is not violated. Care is taken to ensure that data are published at a level of aggregation that will not allow individual respondents to be identified. In addition, all databases and computers involved in the compilation of CRBES statistical series are restricted by passwords to ensure that non-authorized persons are denied access to confidential data.

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

The *Law on the Central Reserve Bank of El Salvador* makes it mandatory for all central government agencies and all financial institutions to report to the CRBES in a timely manner any statistics that the CRBES requires to fulfill its functions and provide not insignificant sanctions—which, however, are not inflation-proofed—for non-compliance. In contrast, the CRBES does not have the legal power to require reporting on the part of the municipalities and the non-financial private sector, a limitation that impedes the collection of some of the information required for the IPRI. In spite of the lack of a legal mandate, the CRBES has worked to develop an environment of confidence and trust that has fostered voluntary reporting. In addition, as a gesture of appreciation for cooperation, the CRBES has adopted the policy of providing respondents with copies of the CRBES statistical products that are most relevant to their interests and needs.

It is important to note that the CRBES cannot rely on the legal provisions of the *Law on the National Statistics Service* to require reporting, since the relevant provisions of that *Law* apply only to the DIGESTYC. However, passage of the new *Law on the National Statistics System and the Creation of the National Statistics Institute of El Salvador* would resolve this issue.

0.2 Resources

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

The CRBES employs three price collectors and one central office staff member for the compilation of the IPRI. The price collectors also assist with other surveys. These personnel resources are short of what will be required for an IPRI with expanded coverage.

In terms of information technology resources, the CRBES has made efforts to upgrade the computer systems used in the compilation and analysis of statistics. However, there is as yet no institutionalized functioning database for balance of payments, government finance, and national accounts statistics, and the IPRI. The Prices Division has been unable to upgrade its

spreadsheet tabulation software to a database system due to lack of financial and programming resources.

0.2.2 Measures to ensure efficient use of resources are implemented

The CRBES is aware of the need for efficiency in the use of resources and has achieved enhancements in efficiency by use of technological advances and periodic assessments of processes, accompanied by reductions in staffing. Such reductions may have gone too far in some areas.

0.3 Quality awareness

0.3.1 Processes are in place to focus on quality

The CRBES is demonstrating quality awareness, a current internal evaluation of strengths, opportunities for improvement, weaknesses, and risks. However, the CRBES does not conduct regular external user surveys for the purpose of obtaining comments on data quality and statistical processes are not audited. In addition, an institution-wide quality awareness program introduced some time ago has lost momentum.

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

Quality assurance processes are in place with regard to the monthly price survey. On the same day price data are obtained, they are reviewed by the office supervisor. If a potential problem is detected, the price collector is contacted, and if the problem is not resolved, the respondent is contacted a second time. Non-response is monitored on a regular basis.

There is no formal advisory group for the IPRI and there are no user surveys to determine user needs. User needs are monitored only through the press and through users that make requests for unpublished data.

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

With regard to the IPRI, there is limited planning for future needs. Although, there is talk of expanding the coverage of the index to include mining, manufacturing (already in the index), electricity, fuel and water production, and possibly agriculture and fishing, when a new economic census is conducted, there is little action toward the establishment of a project to achieve this goal.

1. Integrity

1.1 Professionalism

1.1.1 Statistics are compiled on an impartial basis

The CRBES is committed to maintaining the highest standards of professionalism. The legal framework governing the CRBES is adequate for ensuring the autonomy of staff members assigned to the compilation of statistics and professional competence is a key requirement in the hiring of employees and in staff promotions.

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

The selection of source data and statistical techniques for the compilation of statistical series by the CRBES is based solely on statistical considerations. Decisions in this regard are made internally after careful consideration of methodological recommendations by international organizations.

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

The CRBES has the right to clarify erroneous interpretations of statistics on the part of the communications media and exercises that right.

1.2 Transparency

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

Neither the *Law on the Central Reserve Bank of El Salvador* nor the Internal Labor Regulations are published on the CRBES website. However, the *Law on the Central Reserve Bank of El Salvador* is available on the SFS website and the Internal Labor Regulations in the CRBES Intranet site.

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

There is no access to the IPRI outside of the CRBES prior to its release.

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

Every CRBES publication carries the CRBES logo and the department or organizational unit that is responsible for its preparation. When other institutions use data from the CRBES, they are requested to give attribution to the CRBES.

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

This element is not applicable since there have been no major changes to the IPRI since it was first published in January 1998.

1.3 Ethical standards

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

CRBES staff members are subject to the provisions of the *Law on the Central Reserve Bank of El Salvador*. In addition, the CRBES has drawn up *Labor Regulations*, a copy of which is given to all new employees and which is posted on the CRBES Intranet site, which explain staff members' rights and obligations and contain clear sanctions for non-observance.

2. Methodological Soundness

2.1 Concepts and definitions

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

The IPRI meets international standards with regard to concepts and definitions, practices, and standards. In general, data for estimating base period weights, as well as price data obtained from the monthly price survey, are collected and processed in accordance with international recommendations.

2.2 Scope

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

Although the IPRI only covers the manufacturing sector of the Salvadoran economy, that sector accounts for more than 95 percent of the core components of mining, manufacturing, energy, and water production normally covered by this type of index. In terms of the value of total production from the 1993 Economic Census, the product/enterprise sample for the IPRI covers approximately 80 percent of the manufacturing sector.

Goods produced under special customs regimes (maquila) are covered by the 1993 Economic Census. However, this production is part of the approximately 20 percent (in 1993) of manufacturing that is not covered by the IPRI. Currently it is estimated that the maquila accounts for approximately 13 percent of the manufacturing sector.

The IPRI does not cover goods produced for export, coverage that should be included in a producer price index.

Due to having only three price collectors for the IPRI, prices are collected only for enterprises located in the metropolitan areas of San Salvador, Santa Anna, and La Libertad. There have been discussions of expanding the scope of the IPRI to include mining, manufacturing, electricity, fuel and water production, and possibly agriculture and fishing.

2.3 Classification/sectorization

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

Tabulations for the IPRI are based on the outdated ISIC, revision 2 rather than the international standard ISIC, revision 3. The product classification system employed is also very outdated. The current recommended approach for classification for a producer price index is to use ISIC, revision 3 for the classification of enterprises by principal economic activity. This is usually done at the four-digit level. However, more detail is needed for product classification. The product classification is generally a classification of products by economic activity with added digits for the product detail required. In other words, the product classification system usually consists of a product code with six to 10 digits whose first four digits correspond to the ISIC, revision 3 four-digit code. The product classification is usually of national and/or regional origin, such as the Classification of Products by Activity used in Europe.

In El Salvador, products are classified by the ISIC, revision 2 at the four-digit level, and informally at additional levels of detail, for index tabulation. However, there is no official national system for the classification of products by economic activity. Even though products are classified by economic activity, there are no tabulations of the IPRI by economic activity, since secondary products, generally produced by enterprises in other types of economic activities, are excluded from pricing. In other words aggregation and price collection for the IPRI are carried out according to product classification rather than enterprise classification.

2.4 Basis for recording

2.4.1 Market prices are used to value flows and stocks

All production/sales data are reported in properly specified market, and/or transaction values. The prices are factory gate prices that exclude taxes, transportation costs, and commercial profit margins.

The IPRI monthly price survey collects average monthly transaction prices for all sales by the enterprise that correspond to a narrowly-specified product. The specification of the product includes the quantity and type of unit, and the terms of sale.

2.4.2 Recording is done on an accrual basis

Valuation of goods for both weight calculations and monthly prices collected for the IPRI is done on an accrual basis.

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

This is generally not an issue with the IPRI. The weights for the index are based on the value of total production by product. Production for own consumption of the enterprise is not included in the weights.

3. Accuracy and Reliability

3.1 Source data

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

El Salvador has a serious problem with regard to basic source data for the IPRI. The business register is only partially updated, the last economic census was conducted in 1993, and the annual economic survey, that covered approximately 2000 enterprises, was suspended in the year 2000. Although the DIGESTYC has primary responsibility for economic surveys and censuses, the CRBES now conducts a small annual economic survey that covers only approximately 350 enterprises. Although the scope of this survey is broad, the coverage is not adequate for obtaining updated data on production that can be used for new weights for the IPRI.

The weights and the enterprise sample for the current IPRI were based on the 1993 Economic Census that covered the entire country, however, they are both in need of being updated. This will require a new economic census which will require an updated business register. With assistance from the Japanese government the DIGESTYC has initiated a project to update the business register and the cadastre mapping for the country. Approximately one fourth of the work (for the four departments in the Eastern part of the country) has been completed. The completion of the remainder of the project is dependent upon obtaining the necessary funding.

Although the business register has not been completely updated, the DIGESTYC has constructed a preliminary sampling frame for the establishment of a new annual economic survey based on the partially updated business register, the 1993 Economic Census, and data on enterprises from other government entities. This sampling frame could also be used for the selection of a new enterprise sample for the IPRI. On the basis of production data obtained from a representative sample of enterprises, a new set of interim weights could be estimated for the IPRI. These weights could be used until complete value of production/sales data are available from a new economic census.

Approximately 240 monthly price quotations are obtained from approximately 145 industrial enterprises for 140 industrial goods. Only enterprises in the metropolitan areas of San Salvador, Santa Anna, and La Libertad are included in the monthly price survey due to the small number of price collection agents. The enterprises covered in the survey represent 80 percent of production based on the 1993 Economic Census. However, the current proportion of coverage for the survey is not known.

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

In general, the source data are consistent with the needs of the IPRI program with regard to scope, classification, valuation, and time of recording.

3.1.3 Source data are timely

Given their inherent nature, the monthly price data collected for the IPRI are generally timely. Since the prices used in the index are monthly averages of sales transactions for narrowly specified industrial goods, approximately 20 percent of the prices are obtained with a one-month delay due to delays in the accounting processes of the surveyed enterprises. This is about what would be expected.

3.2 Statistical techniques

3.2.1 Data compilation employs sound statistical techniques

For the IPRI weights, the value of production by product is classified by a four-digit category of the ISIC, revision 2. Ideally, two sets of IPRI indices would be compiled. The first is an industry-based set of indices for which all prices for goods produced by enterprises classified in a given four-digit category (including secondary goods from other four-digit categories) would be included. The second set of indices is based on aggregations of goods classified by economic activity. The IPRI is the latter type of index that is similar to those produced in a number of countries throughout the world.

Although the IPRI is published at the two-digit ISIC, revision 2 level for nine branches of economic activity for the manufacturing sector, additional detail is available for the internal use of the CRBES, especially for the national accounts. These data are not published because of confidentiality considerations.

There are several other problems with the statistical techniques employed for the compilation of the IPRI. The index weights are only narrowly within the recommended 10-year age limit and were not updated to the index reference month. The enterprise sample for the IPRI is not updated to reflect the current universe of enterprises producing goods in the manufacturing sector. There is also a problem with the estimation of elementary price relatives for the index. Short-term relatives of average monthly transaction prices for narrowly specified products are calculated at the enterprise level. Simple arithmetic means are then taken of these

enterprise-level relatives to compute the current period-to-previous-period product price relatives. The short-term relative formulation of the Laspeyres index calculation formula is used for higher level aggregations. It should be noted that the averaging of enterprise-level short-term price relatives with fixed implicit (equal) weights could potentially cause a bias in the index. Although it is unlikely that this bias would be large, there is a conceptual problem that could be remedied by the use of geometric means for the calculation of an elementary price relative.

Missing prices are carried forward for the tabulation of preliminary indices until complete price data are available. Given that approximately 20 percent of the prices are delayed each month, it would be preferable to impute missing price data using relatives from the next higher level of aggregation.

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

Except for the CPI and the wholesale price index, there are limited price index data for those parts of the economy not covered by the IPRI. Although implicit deflators from the national accounts are not published, they could be derived from published data.

3.3 Assessment and validation of source data

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

Although little statistical analysis is carried out for IPRI source data, the monthly price data are well scrutinized. On the day they are recorded by the price collector, these data are reviewed by the office supervisor. If a potential problem is detected, the price collector is contacted, and if the problem is not resolved, the respondent is contacted a second time.

Non-response is monitored on a regular basis. The principal cause of non-response is a delay in obtaining monthly average price tabulations for the specified transactions by product.

3.4 Assessment and validation of intermediate data and statistical outputs

3.4.1 Main intermediate data are validated against other information where applicable

Monthly IPRI series are compared for consistency with commensurate data from the CPI and the wholesale price index.

3.4.2 Statistical discrepancies in intermediate data are assessed and investigated

The sources of unusual price movements in the index are analyzed thoroughly and corrected when appropriate.

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

This element is not applicable since there are no tabulations by economic activity, and it is not possible to evaluate consistency between tabulations by economic activity and by product.

3.5 Revision studies

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

No analysis of revisions is prepared by the CRBES.

4. Serviceability

4.1 Relevance

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

No formal user advisory group has been established for the IPRI, and no user surveys have been conducted. Except for articles in the press and comments from users requesting non-published IPRI data, there is no established process for determining user needs.

The CRBES personnel responsible for the compilation of the IPRI participate in international meetings and seminars on statistical issues.

4.2 Timeliness and periodicity

4.2.1 Timeliness follows dissemination standards

The IPRI is published on the last working day of the month following the reference month of the index, thus meeting the SDDS standard on timeliness.

4.2.2 Periodicity follows dissemination standards

The IPRI is compiled and published monthly, thus meeting the SDDS standard on periodicity.

4.3 Consistency

4.3.1 Statistics are consistent within the dataset

Since the IPRI is calculated by product aggregation only, and not by economic activity, there is only one typology of aggregation. Hence, this element is observed by definition.

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

Consistent monthly historical series for the IPRI are available from January 1998 when the index was first published. There have been no significant changes in these series since publication began.

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

The IPRI statistics are consistent with the national accounts and other relevant statistical series in so far as the limited scope of the index allows, covering only the manufacturing sector.

4.4 Revision policy and practice

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

The IPRI follows a regular, well-established, and transparent schedule with regard to revisions of the monthly price series.

There is no established schedule for the regular revision of index weight and updating the enterprise sample. Although index publication for the IPRI began in January 1998, the weights and the product sample for the index were derived from the 1993 Economic Census data. The enterprise sample was also partially determined from these same data. The fact that there is no well-established schedule for revisions, it is crucial because of the important changes that have taken place in the Salvadorian economy since the end of the civil war in 1992.

4.4.2 Preliminary data are clearly identified

Preliminary data are clearly identified as preliminary in all publication formats. The principal reason for the data being preliminary is that approximately 20 percent of the price quotations each month are received after the end of the month following the reference month due to problems with completing the necessary accounting to obtain the averages of transaction prices used in the index. As these missing data are eventually collected, they are included in index tabulations and published. However, the monthly indices remain provisional until the end of each year. This procedure is followed since there may be changes in the average prices due to corrections made by the enterprises as part of the annual accounting process.

4.4.3 Studies and analyses of revisions are made public

The CRBES has not conducted revision studies for the revision of the monthly price data.

5. Accessibility

5.1 Data accessibility

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

The IPRI is disseminated in various formats by several types of media including the monthly bulletin (only on the CRBES website) and the quarterly and annual bulletins (both in printed versions and on the CRBES website). The index is published for total manufacturing and at the two-digit level of the ISIC, revision 2. The layout and format of the tables and graphs are professional and facilitate proper interpretation. However, there is very little monthly analysis presented. Separate tables are included for index levels and percent changes for the last three years.

5.1.2 Dissemination media and formats are adequate

Basically the same data released on the CRBES website are included in the quarterly and annual bulletins. Complete historical data are available upon request.

5.1.3 Statistics are released on a pre-announced schedule

The IPRI is published according to quarterly pre-announced calendar.

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

The IPRI is released simultaneously to all users on the last work day of the month following the reference month through the CRBES website and other means of dissemination.

5.1.5 Non-published (but non-confidential) subaggregates are made available upon request

The IPRI is published at the two-digit ISIC, revision 2 level of detail. It is not available at a more disaggregated level of detail due to considerations of confidentiality.

5.2 *Metadata accessibility*

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

Although adequate documentation and descriptive material are available for the IPRI, these metadata are not available on the CRBES website.

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

A brief methodological note on the index is available in the CRBES *Quarterly Bulletin*. A more detailed documentation and methodology was published in the *Economic Bulletin* of the CRBES, No. 128, May-June, 1999, and is available also upon request from the Macroeconomic Accounts Department of the CRBES.

5.3 *Assistance to users*

5.3.1 Contact person for each subject field is publicized

Contact persons are available for statistical series published by the CRBES only in the sense that the organizational head of the offices where the series are compiled are listed on the CRBES website. No telephone numbers or e-mail addresses are given, and all assistance to users is coordinated through the Department of Communications.

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

Catalogs of statistical products are available for CRBES statistical series in the Department of Communications.

Table 3. El Salvador: Data Quality Assessment Framework—Summary of Results for Price Statistics (Industrial Price Index)
(*Compiling Agency: Central Reserve Bank of El Salvador*)

Criteria	Element	NA	Assessment				Comments
			O	LO	LNO	NO	
0. Prerequisites of quality							
0.1	Legal and institutional environment			X			The legal basis for the preparation of the IPRI by the CRBES is not clearly specified. No legal mandate for cooperation by respondents, but there is a tradition of cooperation. Some problems still encountered.
0.2	Resources				X		Very small price collection staff that also assist with other surveys. Unable to upgrade spreadsheet tabulation software to a database system due to a lack of resources.
0.3	Quality awareness			X			There are no formal reviews of the IPRI program with regard to quality. No outside advisory/auditing groups or user surveys. Limited planning for future needs. Few meetings with policy makers and little user feedback.
1. Integrity							
1.1	Professionalism		X				
1.2	Transparency			X			The law and regulations of the CRBES are not on the CRBES website. ¹
1.3	Ethical standards		X				
2. Methodological soundness							
2.1	Concepts and definitions		X				
2.2	Scope			X			Only the manufacturing sector is covered.
2.3	Classification/sectorization				X		The classification system needs to be updated from revision 2 to revision 3 of the ISIC.
2.4	Basis for recording		X				

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

Table 3. El Salvador: Data Quality Assessment Framework—Summary of Results for Price Statistics (Industrial Price Index)
(*Compiling Agency: Central Reserve Bank of El Salvador*)

Criteria	Element	NA	Assessment				Comments
			O	LO	LNO	NO	
3. Accuracy and reliability							
3.1	Source data				X		The business register is not updated. The economic survey was suspended. The economic census is 10 years old.
3.2	Statistical techniques				X		No tabulations by economic activity. Enterprise sample not properly updated. Limited price index data for those parts of the economy not covered by the IPRI. Weights not updated to index reference period. Technical problems with application of index calculation formula.
3.3	Assessment and validation of source data					X	Little statistical analysis is carried out for IPRI source data.
3.4	Assessment and validation of intermediate data and statistical outputs		X				
3.5	Revision studies					X	No analysis is conducted with regard to revisions.
4. Serviceability							
4.1	Relevance				X		No advisory groups and no user surveys.
4.2	Timeliness and periodicity		X				
4.3	Consistency		X				
4.4	Revision policy and practice				X		There is no regular schedule for weight revisions. There are no revision studies.
5. Accessibility							
5.1	Data accessibility		X				
5.2	Metadata accessibility				X		Metadata that are available are not easily found.
5.3	Assistance to users				X		No specific contact person is given.

¹ Since the mission's visit, the CRBES has placed its Law on its own website.

IV. BALANCE OF PAYMENTS

0. Prerequisites of quality

0.1 *Legal and institutional environment*

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

Article 64 of the May 1991 *Law on the Central Reserve Bank of El Salvador* states that the CRBES is authorized to prepare and publish the principal macroeconomic statistics in the monetary, foreign exchange, and balance of payments areas, as well as any other statistics deemed necessary by the CRBES Board of Directors. The Board of Directors has the capacity to establish the nature, content, and periodicity of the data to be released. Although Article 64 of the *Law* mentions that public and financial institutions are required to provide the CRBES in a timely manner with any data it may request, the *Law* does not mandate responses from the non-financial private sector or imposes sanctions on non-reporting institutions.

Working arrangements are consistent with this assignment of responsibility. The BOPD of the CRBES is directly responsible for the data collection, compilation, and processing of balance of payments, international investment position, international reserves, and the data template on international reserves and foreign currency liquidity. Article 8 of the 1955 *Law of the Statistical System* assigns to the DIGESTYC the task of processing and disseminating external trade statistics. However, the CRBES in collaboration with the customs administration has taken over this task due to limited resources in DIGESTYC to produce these statistics.

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

Although there are no formal institutionalized agreements between the CRBES and some other data providers, the CRBES has established informal mechanisms with some public and private sector entities to obtain information for the compilation of the balance of payments statistics. The Customs Office provides, on a monthly basis, import and export data; the Center for Exports Procedures (CENTREX) in the CRBES provides information pertaining to export licenses, the Public Finance Department (PFD) in the CRBES provides data on stocks and flows of external public debt,¹ and the Autonomous Executive Ports Commission (AEPC) provides information on imports and exports through ports as well as data on income derived from services provided in ports. In addition, there is a cooperation agreement with the Salvadoran Corporation of Tourism (CORSATUR) in the ME and the Ministry of the Interior to obtain data on migration flows to compile travel in the balance of payments.

¹ The liaison with the MF for debt data issues is the PDF of the CRBS.

The rest of the information to compile balance of payments is obtained and or complemented from surveys, mainly in the areas of goods, services, assets abroad, direct investment in El Salvador, and private external debt. There is good cooperation with other areas in the CRBES that provide source data, particularly the Accounting Department, the Department of Financial Statistics, and the Department of Public Finance.

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

The *Law on the Central Reserve Bank of El Salvador* does not explicitly establish that the CRBES is required to protect the confidentiality of the individual information provided to it by natural and legal persons. However, Article 68 Section a) of the Internal Regulations of the CRBES states that “A dismissal procedure shall apply to staff that does not maintain absolute confidentiality with regard to the operations and administrative matters to which such confidentiality applies and in general to all issues pertaining to dissemination of information that can adversely affect the institution.” Regarding personal responsibility of council members of the CRBES, Article 16 of the *Law* states that members of the council will be held responsible for the dissemination of confidential information discussed in the council, if the dissemination is in detriment of the Central Bank, the State, or third parties.

In the compilation and validation stages of the balance of payments statistics, only the staff of the BOPD in charge of specific accounts is aware of individual information. After source data are processed, all staff in the BOPD can access the detailed information, although data cannot be modified. The BOPD users of individual information are subject to Article 68 of the Internal Regulations of the CRBES.

The cover letter that accompanies surveys and other requests for statistical information mentions explicitly that the information requested of them will be treated in a strictly confidential manner generally and for the purposes of compiling balance of payments statistics.

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

Article 64 of the *Law of the Central Reserve Bank of El Salvador* clearly specifies the Bank’s obligation to compile and disseminate balance of payments statistics. However, the CRBES does not have legal authority to request information from the non-financial private sector and natural persons or to impose sanctions on those who do not report. In order to neutralize this weakness in the *Law*, staff of the BOPD has established mechanisms to motivate the reporting of data on a voluntary basis. Additional to the cover letter included in all surveys, which mentions the confidentiality of the data reported, there is a statement on the importance of providing, voluntarily, data of high quality for the production of national statistics.

Governmental and financial institutions are required to provide information to the CRBES in accordance with Article 64 of the *Law*, which states that “The Central Government, State

Institutions and Autonomous Corporations, Official Credit Institutions, Banks, Financial Intermediaries, the Salvadoran Institute of Social Security and other institutions of social provision, Insurance Companies, the Stock Exchange, Exchange Bureaus, brokerage businesses, bail offices, and all other institutions and financial enterprises must provide the CRBES with all the information deemed necessary to fulfill its functions.”

0.2 Resources

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

Overall, the number of staff is adequate to compile, validate, and process balance of payments statistics. Nine professionals are in charge of this task. The distribution of assignments is as follows: one professional is in charge of the compilation of the international transactions account, two compile trade statistics, and four compile the rest of the balance of payments statistics, as well as the international investment position and the data template on international reserves and foreign currency liquidity. The two remaining positions pertain to the Chief of the Department and one researcher. In addition, the BOPD has the support of seven external staff hired as part-time employees in charge of conducting surveys. Nevertheless, the CRBES needs more programmers to adapt the database to handle data in the format of the *BPM5* (see below).

Adequate resources are allocated and best efforts are made to make use of the full potential of modern computing technology for compilation and dissemination of statistics. The BOPD has access to personal computers (one per professional) and two data systems, one for trade balance and the other for international transactions reported by banks. However there is a lack of computing resources to produce time series and other important comparisons and analysis. The balance of payments data are stored in Excel, which does not have the adequate flexibility of a data management software (data in the format of the fourth edition of the *Balance of Payments Manual (BPM4)* are current in the database to 2000).

Overall financial resources for compiling balance of payments statistics are adequate to perform required tasks and commensurate with the overall resource allocation of the CRBES.

The CRBES promotes staff training through its participation in external sector courses and seminars organized by the IMF, the Center for Latin American Monetary Studies (CEMLA), and the Central American Monetary Council (CMCA).

0.2.2 Measures to ensure efficient use of resources are implemented

Among the institutional strategies of the CRBES is to strengthen the timely production and dissemination of economic and financial information, through developing research capacity in national topics of interest, improve the dissemination of economic and financial data, and guarantee the quality and dissemination of economic and financial statistics in accordance with international standards. The BOPD has available some procedural manuals documenting management and production of balance of payments statistics.

Recently, the CRBES has requested technical assistance from the IMF, CEMLA, and the CAMC to train officials and to implement the methodology of the fifth edition of the *Balance of Payments Manual (BPM5)*.

0.3 Quality awareness

0.3.1 Processes are in place to focus on quality

The CRBES has shown interest to improve data quality. The CRBES has implemented some processes that focus on quality. Currently, all departments in the CRBES are in an exercise to evaluate through matrix techniques strengths, opportunities, weaknesses, and risks. The authorities in the CRBES have defined clear objectives, through the action plan of the CRBES, to strengthen the compilation and dissemination of statistics. The BOPD includes several criteria on quality at the time of drafting its annual goals. However one of the main problems has been the weakness of the data processing resources to manage databases.

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

After the IMF accepted El Salvador as a subscriber to the SDDS, there have been only partial reviews to identify problems related to the different stages of the compilation, processing, and dissemination processes. There is no other entity in El Salvador other than the BOPD that provides advice on how to improve external sector statistics. There are no surveys of users of statistics that can provide information on the quality of external debt data. However, an internal survey is currently being conducted in the CRBES to monitor the level of satisfaction regarding the balance of payments statistics currently produced by BOPD. In general, the CRBES is aware of any comments on the statistics published in the media, and responds to any requirement from any institution, public or private, in the country.

In recent months, data dissemination has grown because new data on foreign direct investment and workers remittances have been added to the *Quarterly Economic Bulletin* and on the Internet site of the CRBES. Overall there are no integral processes in place to monitor quality of the collection, processing, and dissemination of statistics.

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

Currently there are major efforts to improve the quality of statistics in the BOPD. For example, during recent years there have been some actions taken in the BOPD to improve the coverage of reporters, implement the recommendation of *BPM5* regarding the methodology on insurance services, implement a module on private external debt, and make available an additional data source regarding workers' transfers. In addition there has been close contact with the Customs Office to improve the quality of information. Currently, available data from Customs to compile data on goods for transformation have been evaluated to change the data source. In addition, the source of data for coffee exports has been replaced with

information from the Customs Office. On the financial account, revisions have been made to the surveys regarding data on external debt. All these changes have been implemented as part of the action plan of the BOPD.

There is recognition by the CRBES management of the tradeoffs among the dimensions of data quality. Status of data in publications is clearly specified and, if needed, users are explicitly informed that the data are preliminary.

The preliminary information is clearly identified in the publications. Improvement of data quality is taken into account in planning the forward work program. There are no periodic meetings convened with policy makers or data users unless private institutions, international organizations, or embassies request such meetings. A permanent mechanism to obtain users' feedback on balance of payments statistics is not in place, although comments obtained from telephone calls or e-mails at the time of data requests are considered to improve the service to external users of the balance of payments data. Overall, the presentation of statistics is adjusted to meet users' needs.

1. Integrity

1.1 Professionalism

1.1.1 Statistics are compiled on an impartial basis

The *Law of the Central Reserve Bank of El Salvador* states that the Central Bank is an autonomous institution that by a legislative decree has been given institutional and technical autonomy. In this respect, staff of the BOPD have the necessary autonomy to implement methodologies under international standards. Compilation and classification procedures have been applied under strict technical and methodological criteria. Because the CRBES is the only institution that compiles and disseminates balance of payments statistics, there has not been interference by other public entities.

The level of academic degree, experience, and training are elements that are considered when the CRBES hires or promotes staff in the BOPD. The staff participate in internal and external courses and conferences. Research papers are published in the *Economic Bulletin* of the CRBES. Research topics related with the external sector are reviewed by the Chief of the BOPD and by a drafting body.

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

The consideration of sources and methods made by the CRBES is made under technical considerations only in line with international standards. Analysis and reports on external sector variables are structured with methodological objectivity and independence. There are other data sources that are unique to the CRBES, such as data from CENTREX and the external private debt statistics database. Important changes like the transition to *BPM5* have

been published in the *Quarterly Bulletin* of the CRBES. A brief technical note on balance of payments statistics is also disseminated on a quarterly basis in the same publication.

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

Within the section of economic indicators, external sector data are disseminated on the webpage of the CRBES, however no explanatory notes accompany the data. The President of the CRBES and the Manager of the Studies and Economic Statistics are the officials that comment publicly on the behavior of economic indicators including data on external statistics. On some occasions, there have been clarifications on statistics made publicly by officials of the CRBES. The BOPD keeps track of any comments on balance of payments data and, if needed, a report is prepared for the Manager of Studies and Economic Statistics. In addition, there are monthly press notes regarding trade and workers remittances.

1.2 Transparency

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

The *Law of the National Statistics System* and the *Law on the Central Reserve Bank of El Salvador* provide information to the public on the terms and conditions under which data are compiled processed and disseminated. The *Law of the National Statistics System* is disseminated on the ME's webpage and the *Law* is disseminated on the webpage of the SFS.² A methodological summary in the form of a technical note is disseminated in the *Quarterly Bulletin* of the CRBES. In addition, a more detailed methodology on balance of payments statistics is published in the IMF's *Balance of Payments Statistical Yearbook (BOPSY)*.

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

Only officials and staff of the CRBES have access to external sector data prior to their dissemination and no other governmental agency has access to these data before it is disseminated. The dissemination is made to all users through the webpage of the CRBES.

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

The logo of the CRBES is used in all the publications and electronic pages that disseminate external sector data compiled and produced by the CRBES. The CRBES does not have joint publications with other institutions.

² Since the mission's visit, the *Law* has been disseminated on the website of the CRBES also.

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

The public was informed, in advance, of the change in methodology to *BPM5* in the *Quarterly Bulletin* of the CRBES. However, no advance notice is given before a change in sources or methodological techniques are implemented.

1.3 Ethical standards

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

BOPD staff behavior is specified in the Labor Regulations of the CRBES, which also apply to all staff in the CRBES. The Article on the Labor Regulations clearly states the rights and obligations of all staff.

2. Methodological soundness

2.1 Concepts and definitions

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

Key concepts and definitions follow the guidelines of the *BPM5*. Balance of payments statistics are disseminated under the above-mentioned methodology for 1997 and 1998 on an annual basis and from 1999 onwards on a quarterly basis. In the *Quarterly Bulletin* of the CRBES are included the details of the change in methodology. The international investment position, which is also compiled and classified according to the *BPM5*, has been disseminated on a quarterly basis since 2001. The data template on international reserves and foreign currency liquidity is compiled in accordance with the *Operational Guidelines*.

2.2 Scope

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

Most resident-nonresident transactions as specified in *BPM5* are covered in the balance of payments statistics. However transactions of the banking sector in the financial account are not identified according to the residency criteria. There are some limitations in the compilation of data for the financial account, in particular, in external assets of other sectors. The account of invested income and data for the general government are compiled on a cash basis, while for banks and other sectors estimates of credits and debits are made from the stock data of assets abroad and external debt. In both cases, the BOPD is not able to follow accrual accounting as suggested in the *BPM5*. Concerning direct investment, debt transactions are properly compiled and classified under other investment in the direct investment account, and there are no discrepancies identified with respect to the

recommendations of the *BPM5*. Concerning workers remittances, there are some estimates for remittances in cash that complement the banking sources.

2.3 Classification/sectorization

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

El Salvador has adopted the methodology of the *BPM5*. The data are obtained and published in U.S. dollars. The main sources are foreign trade statistics, the balance of international transactions, monetary and external government debt statistics, and surveys of the private sector, embassies, international organizations, and public sector institutions. The detailed balance of payments is compiled on a quarterly basis.

The CRBES records general merchandise exports and imports on a f.o.b. basis on the basis of customs clearance documents and forms. Electricity exports and imports are also included, with data provided by the Executive Hydroelectric Commission. To derive the f.o.b. value of imports, the CRBES obtains data on expenditure on freight and insurance and other expenditures from the foreign trade system. Like most merchandise trade, the survey of petroleum imports is based on customs clearance documents. Figures on goods for processing are obtained from export authorizations issued by CENTREX, which breaks down the value of exports into the value added and imported value. This is not in line with the guidelines contained in the *BPM5* with regard to the time of recording. Repair on goods covers work carried out by residents on movable goods by nonresidents. The data are obtained from customs forms supplemented by surveys of enterprises operating in this field. Regarding goods procured in ports by carriers: for credits, customs forms are used, supplemented with information from resident enterprises that sell to nonresident carriers; for debits, the data are obtained from business surveys.

Regarding services, transportation includes freight and all modes of passenger transportation, including rental of transportation equipment with crew. For freight transportation, the credit data are derived from surveys of enterprises operating in this field. Debit data are obtained from customs forms, after deducting freight transportation carried out by resident enterprises. For other forms of transportation, the credit data correspond to expenditure in the country by nonresident carriers, and these data are obtained by means of surveys of these enterprises supplemented with information from the Autonomous Executive Port Commission (CEPA). The debit data record expenditure abroad by resident enterprises. For passenger transportation, air transport data are obtained from a special survey. Land transportation data are obtained from various resident and nonresident enterprises surveyed.

On travel, credit and debit entries are based on travel surveys, conducted by a private enterprise, which, in turn, are based on the number of foreign visitors to the country and average stay and expenditure, obtained from surveys in border points, bus terminals, and airports.

Regarding the income account, compensation of employees, on the credit side, figures are obtained from surveys and cover the earnings of Salvadoran personnel working in embassies, foreign transport companies, and international organizations. On the debit side, data are obtained from enterprise surveys, in particular of enterprises dedicated to goods for processing and transport businesses. Income from direct foreign investment is obtained from business surveys. Other investment income is recorded from the CRBES balance sheet, administrative records of external public debt, and estimates of commercial banks' income, as well as income estimates of other sectors using a reference interest rate applied to the appropriate stocks. For the public sector, the CRBES provides figures based on foreign exchange flows. For the private sector, the figures are compiled from data obtained by the business surveys and are occasionally supplemented with the balance of international transactions data

Data for workers' remittances are based on the balance of international transactions records and the trade balance and additional estimates from the BOPD. Data for other transfers are based on data provided by embassies, consulates, and official organizations (AID) through surveys.

On direct investment, the capital registered with the ME by enterprises with foreign capital participation is used to identify the enterprises subject to surveys on this category. Data are also obtained from enterprise surveys of direct investment enterprises, included in the CRBES database. The list of enterprises is regularly updated. Data sources for portfolio investment are business surveys, information from the Stock Exchange and Superintendency of Securities, and administrative reports of the CRBES.

Net data on trade credits are obtained from business surveys, and data on loans received and amortizations are obtained from information collected by the CRBES about foreign debt; these data are from the bank itself and from the public sector, banks and financial institutions, and surveys of the private sector. Data on currency and deposits are obtained directly from the CRBES's monetary statistics. These data come from the financial statements of banks and financial institutions located in the country.

The figures represent the change in CRBES foreign assets and are obtained from the bank's analytical balance sheet. The data template on international reserves and foreign currency liquidity is generally compiled in accordance with the *Operational Guidelines for the Data Template on International Reserves and Foreign Currency Liquidity*. However, Section II on predetermined short-term net drains includes items not related to Section II, such as revenues from future placements of bonds in the international markets and future loan disbursements from international financial organizations. In addition, liquidity requirements on foreign currency deposits held with the CRBES by resident banks do not fully follow the concepts and definitions of the *Operational Guidelines*. The CRBES includes the full amount of the liquidity requirement in gross reserves and does not register the contingent net drain, as specified in Section III of the data template.

Sources of information and methodology on international investment position data are the same as those used for the balance of payments.

2.4 Basis for recording

2.4.1 Market prices are used to value flows and stocks

In the balance of payments statistics, transactions are valued at market prices. Stocks in the international investment position are valued at nominal prices. The currency unit in El Salvador is the U.S. dollar and, according to the *Law of Monetary Integration*, both financial and non-financial entities of the private sector should use this currency in their accounting and balance sheets.

2.4.2 Recording is done on an accrual basis

In general, change of ownership as specified in *BPM5* is the principle governing the recognition of transactions and their time of recording. Where possible, the accounting of balance of payments is made on an accrual basis. Interest in the income account regarding general government, banks and other sectors is compiled on a cash basis and there is no adjustment made to convert them to accrual. Data on external debt and some are not recorded on an accrual basis. The accounting of international reserves of the CRBES is made on an accrual basis.

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

According to *BPM5*, current account data are to be compiled on the basis of gross figures. Data regarding the financial account are recorded in the balance of payments on the basis of net figures, although the detail of transactions is known on a gross basis. This detail is available for internal use in a series of annex tables.

3. Accuracy and reliability

3.1 Source data

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

Overall data sources are considered to be adequate to compile balance of payments statistics. In some cases, data from primary sources are supplemented with information from secondary data. The following are the main data sources: (1) in the case of the trade balance, data from Customs, CENTREX, CEPA, and surveys of the non-financial private sector are the main sources; (2) services are compiled using enterprise surveys, the international transaction registry of the CRBES, the survey on travel, data from the port authority CEPA, Customs, and foreign exchange flows of the CRBES; (3) source data for the income account come from the public finance department of the CRBES, balance sheet data from the CRBES, and

enterprise surveys. Estimates on interest are made based on stocks provided by reporters, in particular banks and other sectors; (4) for current transfers, data are obtained from the international transactions registry, surveys to natural and private entities, ONGs, and churches; (5) regarding capital transfers surveys are targeted to donors and recipients; (6) external credits and debits of the monetary authority are provided by several departments in the CRBES, while for those of the general government and banks, data are provided by the Departments of Public Finance and Financial Statistics respectively. Regarding credits and debits of other sectors, the information is obtained from enterprise surveys. Flow data are obtained from stocks. The source for international reserves is the balance sheet of the CRBES. Public external debt is compiled by the Department of Public Finance with information provided by the MF. There are monthly meetings to cross check figures.

The BOPD constantly updates the directory of enterprises with information based on the registry of importers and exporters as well as with the press. The ME is the source to update the registry of direct investment reporters. There is no sampling of enterprises and the universe is surveyed. There is a review exercise through the quarterly survey that has facilitated the elimination of enterprises that are not relevant for balance of payments purposes. The survey directory covers more than 600 enterprises. Coverage in the sectors of transportation, energy, communications, and construction has proven to be partial due to the reluctance of the largest companies in each sector to report data to the CRBES. Those few enterprises that do respond to the survey do not comply with the timelines given by the CRBES to submit the survey back to BOPD.

The system of international transactions is used to compile current transfers, in particular workers remittances and construction, and government services. Finally, the recording of international reserves in the balance of payments statistics excludes, as suggested by *BPM5*, valuation changes.

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

Overall, source data has been developed to follow the definitions, scope, classifications, valuation, and time of recording. However, for some other source data, specific procedures have been developed to adjust data according to the guidelines of *BPM5*. Business surveys were implemented in 1998, under consistent criteria that take into account definitions, scope, classification, valuation, and time of recording. Starting 1999, surveys have been conducted on a quarterly basis. The survey conducted in January of each year requires information on stocks and flows of the previous year in order to verify and make the corresponding adjustments to the annual balance of payments. The design of the surveys was made with technical assistance from the IMF and the CMCA, in line with the *Compilation Guide for Balance of Payments Statistics*.

Regarding data on public external debt, the flows for balance of payments are not reconciled with the stocks of the international investment position. Information on private external debt

as obtained by the CRBES is subsequently compiled and processed specifically for balance of payments needs.

3.1.3 Source data are timely

The cover letter that is attached to the surveys reminds respondents of the deadlines set for reporting. The cover letter emphasizes the importance of the timeliness of information and its impact on statistics. Respondents are made aware of the deadlines set for reporting. The response level is high, around 85 percent to 90 percent of the universe, although there are still some problems regarding the timeliness of reporting of some major reporters in the telecommunications, construction, and energy sectors. In all cases, staff of the BOPD follow up by telephone or e-mail with the respondent to ensure the timely receipt of respondents' data. In addition there are still problems to obtain timely data from direct investment companies in El Salvador. A single major company has proved to be the most reluctant.

3.2 Statistical techniques

3.2.1 Data compilation employs sound statistical techniques

In general, the statistical techniques to compile balance of payments statistics are solid. The surveys are designed for easy completion and electronic processing. The surveys have their own instructions set to guide the enterprises to fill the formats. A series of measures have been established to control quality and conduct appropriate and timely verification of the information provided in the surveys, before and after their electronic processing. For surveys these include the universe of enterprises identified through the registry of importers and exporters and the registry of new investors in the ME.

The sample used to estimate data on travel is validated by a private consultant firm. The survey has recently been conducted twice a year. Regarding data on external debt statistics, the BOPD has constructed a sample that includes private sector enterprises identified with considerable balances of external debt.

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

The BOPD makes quarterly adjustments to trade data in order to adjust imports on a c.i.f. basis to a f.o.b. basis through data provided by the Customs Office, which details values of insurance and freight provided by the reporter. For compilation purposes, the reporting of these two items follow the guidelines of *BPM5* and are classified in the services account of the balance of payments.

There are no adjustments to the trade database on the basis of direction of trade, and there are no estimates of non-recorded trade. In cases in which data are not available for a particular quarter, the BOPD estimates data for the current quarter on a preliminary basis, which is based on a simple average of the last four quarters or in some other cases the trend of the last

observation is reported and later substituted for the actual observation. The consistency of the source data with the balance of payments is checked, particularly regarding definitions, valuation, reference periods, and classifications.

3.3 Assessment and validation of source data

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

The BOPD does not conduct exercises on sample and non-sampling errors. However, the sample coverage is evaluated and, where necessary, extended. In some circumstances there have been classification errors regarding data on short-term debt and commercial credits. These misclassifications have been corrected requesting further information from the reporter. Other than on the case of the data on external assets of the private sector, it is considered that there are no major errors in the recording that could have a significant impact on balance of payments statistics. Only in cases in which the reporter refuses repeatedly to complete the survey, the BOPD exclude the reporter from the directory database.

If there is a major transaction that is detected outside current compilation procedures, the BOPD investigates the nature of the transaction and requests a visit to the company involved in the transaction to assure correct classification in the balance of payments statistics. Most of these transactions are related to foreign investment and/or external debt.

Although the BOPD does not validate the international transactions registry, the CRBES has been updating the classification of the registry to keep up with the methodology of *BPM5*.

The private company hired by the BOPD to conduct the travel survey makes use of sample surveys that validate the size of the sample to modify it each time the survey is implemented. With the validation process, a sampling error of no more than 3 percent has been estimated.

3.4 Assessment and validation of intermediate data and statistical outputs

3.4.1 Main intermediate data are validated against other information where applicable

In the case of external debt of other sectors, which is intermediate data, data compiled from the survey of enterprises are validated with the administrative registry in the CRBES called qualified debt, which is provided by nonresident creditors, mostly banks.

There are no validations of data provided by the MF and other ministries regarding retained taxes. Information from the financial press is used as a data source that later is validated with the actual reporting. The balance of international transactions in the CRBES is also used to validate some intermediate data in some specific cases.

3.4.2 Statistical discrepancies in intermediate data are assessed and investigated

Freight data are analyzed taking into account the value and volume of international trade. Data from the Office of Migration are source for the estimation of the travel account. Regarding financial data from the banking and other sectors, both stocks and flows are not currently reconciled. In addition, information obtained from the Customs Office is not validated with the financial flows compiled from the international transactions registry. Direct investment data are compared with information provided by the ME.

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

BOPD staff monitor and analyze developments in the errors and omissions item, e.g., by crosschecking between entries in the current, capital, and financial accounts. The behavior of the errors and omissions in the balance of payments of El Salvador shows a quarterly compensatory fluctuation between credits and debits. The amount of errors and omissions through a long period of time has fluctuated around 5 percent of total credits and debits of the current account. However it has not been possible to identify which accounts in the balance of payments generate such errors and omissions, although analysis has contributed to reducing their size.

There is no reconciliation of trade data with the direction of trade taking into account trade data from third countries.

3.5 Revision studies

3.5.1 Studies and analyses of revisions are carried out routinely and used to inform statistical processes (see also 4.4.3)

In general, substantial differences do not arise between preliminary and definitive data. However, routine validations are part of internal quality control exercises. The main revisions are made to goods for transformation, goods for repair, and goods acquired in ports. Research into statistical adjustments is taken into account for the improvement of future compilation processes. Studies are not usually prepared.

4. Serviceability

4.1 Relevance

There are no established formal processes of periodic consultation with policy makers, representatives of the private sector, academia, and other users of statistics. Nevertheless, the presentation of the balance of payments statistics is continuously reviewed in order to evaluate its relevance, consistency, and practical utility. There are numerous requests for additional breakdowns on workers' remittances, external trade, and direct investment. The CRBES has reacted to these requests to evaluate the relevance of its statistics.

4.2 Timeliness and periodicity

4.2.1 Timeliness follows dissemination standards

Timeliness of the balance of payments statistics, international investment position, and the data template on international reserves and foreign currency liquidity is in line with the prescriptions of the SDDS. Monthly timeliness of the trade balance exceeds SDDS requirements being available to the public within 24 days after the end of the previous month.

4.2.2 Periodicity follows dissemination standards

Periodicity of the balance of payments statistics follows the IMF's SDDS dissemination standards.

- Balance of payments statistics are disseminated quarterly (SDDS).
- International investment position is disseminated quarterly (exceeding SDDS).
- Data template on international reserves and foreign currency liquidity is disseminated monthly (SDDS).

4.3 Consistency

4.3.1 Statistics are consistent within the dataset

Concepts, definitions, and classifications for producing quarterly and annual statistics are the same. Any discrepancy between quarterly data and annual data obtained from the annual surveys is corrected in the quarters. Over the long run, net errors and omissions have been considerable but stable.

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

There are time series for six years that follow the recommendations of *BPM5*. However, data prior to 1996 have not been reconciled with most recent data. Balance of payments time series are available since 1988. When more than six years are disseminated, the BOPD mentions to the user that there is a change in methodology in 1997.

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

The goods item is reconciled, to a large extent, with trade data. The balance of payments statistics are consistent with national accounts statistics due to the fact that the BOPD is the source of information for the national accounts regarding these data.

The banking sector transactions in the balance of payments statistics are consistent with the monetary and financial statistics. Flows in balance of payments are consistent with external debt data. Monetary accounts related to international transactions are identified (international

assets and liabilities). In spite of the fact that balance of payments data show some differences in the sectorization of the general government with public finance statistics, both sets of statistics can be reconciled. International position are valued on a nominal basis.

4.4 Revision policy and practice

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

The implicit revision cycle is 24 months and reasonably stable from year to year. At the end of each year, the BOPD declares data for the previous year definitive. New source data are incorporated after evaluating their characteristics and compatibility with balance of payments needs. The revision schedule takes into account the timing for producing important economic documents of the CRBES.

4.4.2 Preliminary data are clearly identified

Users are alerted that the initially published data are preliminary and subject to revision. Data is not kept on a preliminary basis more than 24 months. The revised data are disseminated with the same level of detail as previously published.

4.4.3 Studies and analyses of revisions are made public (see also 3.5.1)

There is no dissemination of analysis of revisions, no reasons for revisions are provided to the public.

5. Accessibility

5.1 Data accessibility

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

The balance of payments statistics are published in a clear format and charts and tables are disseminated with the data to facilitate analysis. Datasets are published with various levels of detail and analysis of current-period developments is included in each publication.

The balance of payments statistics are published according to the standard components of the *BPM5* and with time series. Some additional series are published to meet users' needs.

5.1.2 Dissemination media and formats are adequate

Data are disseminated on the CRBES website with the required timeliness as specified in the advance calendar of statistics and according to SDDS prescriptions on timeliness. Later, the same data are published in the *Quarterly Bulletin* of the CRBES, in which additional time series and further detail are provided to the user. Both means of dissemination are free to the public.

5.1.3 Statistics are released on the pre-announced schedule

The balance of payments statistics are released according to a pre-announced schedule following the prescription of SDDS.

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

The data are released simultaneously to all interested users on the date and/or time specified in the pre-announced schedule.

5.1.5 Non-published (but non-confidential) sub-aggregates are made available upon request

In addition to the balance of payments statistics that are published, unpublished (but non-confidential) specialized tabulations can be provided at no charge. However, the availability of non-published statistics is not publicized.

5.2 Metadata accessibility

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

Metadata on concepts, definitions, classification, other methodology, data sources, and statistical techniques are prepared and disseminated to the public on the IMF's DSBB. An internal document with sources and procedures of each account of the balance of payments has been drafted but it is only for internal use of the BOPD.

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

Based on particular requests by users, data is processed to fulfill their needs. Only non-confidential data are provided on a request basis.

An additional data set with general information on particular sectors is attached to the survey letter sent to reporters. Such set of statistics contains balance of payments data, trade statistics, and information on services, direct investment, and international reserves.

5.3 Assistance to users

5.3.1 Contact person for each subject field is publicized

Prompt and knowledgeable service and support is available to users of statistics. All statistical releases in the SDDS website identify specific individuals who may be contacted by mail, telephone, facsimile, or e-mail. This information, however, is not available on the national website, which includes only one contact for all issues related to the CRBES. The

BOPD receives inquiries on balance of payments statistics mostly through telephone calls and e-mail messages.

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

A catalog of publications, documents, and other services to users is available and updated each year on the CRBES website.

Table 4. El Salvador: Data Quality Assessment Framework—Summary of Results for Balance of Payments Statistics
(*Compiling Agency: Central Reserve Bank of El Salvador*)

Element	NA	Assessment				Comments
		O	LO	LNO	NO	
0. Prerequisites of quality						
0.1 Legal and institutional environment			X			The law does not authorize the CRBES to request information from municipalities and the non-financial private sector. Agreements on collaboration with the public sector are not formalized.
0.2 Resources			X			A well-structured and functioning data management repository system is not in place.
0.3 Quality awareness			X			An external auditing process to deal with quality considerations is not in place.
1. Integrity						
1.1 Professionalism		X				
1.2 Transparency			X			The law and regulations of the CRBES are not on its website. ¹
1.3 Ethical standards		X				
2. Methodological soundness						
2.1 Concepts and definitions		X				
2.2 Scope			X			Scope of external assets of the non-financial private sector is limited. Some transactions of the banking sector are not captured through non-use of the residency criteria.
2.3 Classification/sectorization				X		Transactions of the general government are not sectorized following <i>BPM5</i> . Contingent and predetermined net drains are not classified according to the <i>Guidelines for the Data Template</i> .
2.4 Basis for recording			X			Market prices are not used to value IIP data. Interest on private and public debt is not recorded on an accrual basis.

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

Table 4. El Salvador: Data Quality Assessment Framework—Summary of Results for Balance of Payments Statistics
(*Compiling Agency: Central Reserve Bank of El Salvador*)

Element	NA	Assessment				Comments
		O	LO	LNO	NO	
3. Accuracy and reliability						
3.1 Source data			X			There are limitations in the sources used to compile data on assets of non-financial resident units and on construction, communication, and transportation services. There are no estimates for non-reported trade and trans-border trade.
3.2 Statistical techniques			X			
3.3 Assessment and validation of source data		X				
3.4 Assessment and validation of intermediate data and statistical outputs		X				
3.5 Revision studies			X			
4. Serviceability						
4.1 Relevance			X			External users' needs are not monitored in a systematic way.
4.2 Timeliness and periodicity		X				Transactions of the public banking sector are inconsistent with balance of payments statistics.
4.3 Consistency			X			
4.4 Revision policy and practice			X			Studies and analyses of revisions are not made public.
5. Accessibility						
5.1 Data accessibility		X				Available metadata are limited in some respects. The methodology of balance of payments and external debt statistics is not available in national publications. The name of a contact person responsible exclusively for balance of payments is not disseminated.
5.2 Metadata accessibility			X			
5.3 Assistance to users			X			

¹ Since the mission's visit, the CRBES has placed its *Law* on its own website.

V. GOVERNMENT FINANCE STATISTICS

0. Prerequisites of quality

0.1 *Legal and institutional environment*

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

Government Finance Statistics (GFS) in El Salvador are governed by the following laws that have undergone various amendments and additions: the *Law on the Central Reserve Bank of El Salvador* of 1991 (Decree No. 746); the *Law on Public Financial Administration* of 1996 (Decree No. 516); and the *Political Constitution* of 1983 (Decree No. 38).

In accordance with Article 64 of the *Law on the Central Reserve Bank of El Salvador*, the CRBES is authorized to compile and disseminate, in a timely manner, the main macroeconomic variables statistics in the areas of monetary, exchange rate, balance of payments, and other statistics. Under this legal framework, the Government Finance Department (GFD) of the CRBES has been given responsibility to compile and disseminate GFS in El Salvador.

Although the CRBES is directly responsible for the compilation and dissemination of GFS, the MF also compiles these data, not for domestic dissemination but for fiscal policy purposes and for reporting to the IMF. In the MF, two units are involved in GFS compilation, the Advisory Macroeconomic and Fiscal Unit (AMFU) and the General Directorate of Government Accounting (GDGA). The AMFU reports GF data to the WHD and the GDGA compiles and reports GFS to STA for publication in the *Government Finance Statistics Yearbook (GFSY)*.³

The MF has an adequate legal framework, in the *Law on Public Financial Administration* and its associated regulations, for the compilation of public sector accounts and public sector debt statistics but not for the compilation and dissemination of GFS according to international standards. The *Law* establishes an Integrated Financial Administration System (IFAS) with treasury, budget, public investment and credit, and government accounting subsystems. This *Law* endows the GDGA with the power to determine general accounting rules for the public sector and the format and content of all financial statements. It also

³Although this detailed assessment mainly assesses the institution responsible for compilation and dissemination of GFS, namely the CRBES, it also covers the assessment of the AMFU and the GDGA in several dimensions.

requires the GDGA to consolidate the data on the public sector for subsectors and the sector as a whole and to facilitate the integration of these data into the national accounts. It requires the Public Investment and Credit subsystem to maintain the official register of public debt.

The MF is responsible under the *Political Constitution* (Article 168) and the *Law on Public Financial Administration* to keep the Legislative Assembly informed concerning budget execution, treasury, and public net worth.

0.1.2 Data sharing and coordination among data producing agencies are adequate

Article 6 of the *Law on Public Financial Administration* prescribes that the MF and CRBES will collaborate closely in monetary and financial programming. In practice the MF and the CRBES maintain a close ongoing relationship between themselves and with other public agencies in terms of sharing statistical information. However, more formal coordination between these institutions would facilitate reconciliation of financing data and longer-term improvement in public sector statistics, including the elimination of duplication in data gathering and compilation efforts. Currently the compilation of financing data is prepared by the CRBES and it is to be included in the GFS publication of the GFD. An adequate reconciliation between monetary and fiscal data will require using a complete sectorization of public sector by the financial system. Additionally, a closer internal coordination in the MF between the GDGA and the AMFU would ensure publication of consistent GFS data. Currently, these two units of the MF compile GFS that differ in terms of coverage, classification, and basis for recording.

In addition, the GFD collects data needed to compile GFS from different units within the MF such as the General Directorate of Treasury (GDT), the General Directorate of Public Investment and Credit (GDPIC) and the other public entities. Although this information is provided in a timely manner, it is not reported in computerized formats.

The staff of the GFD provides upon request methodological and statistical information, although there are no formal mechanisms in place to maintain close liaison between GFS compilers and users. The GDGA and the AMFU maintain routine communications with the departments of the Fund that use their statistics.

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

Article 68 of the Internal Regulations of the CRBES states that a dismissal procedure shall apply to staff that does not maintain absolute confidentiality with regard to the operations and administrative matters in which such confidentiality is required and, in general, to all issues pertaining to dissemination of information that can adversely affect the institution.

Article 214 of the Regulation of the *Law on Public Financial Administration* states that all public servants of the financial administration have the obligation to keep confidential the operations undertaken at the institutional level, and the information to which they have access. The civil servants cannot disseminate this information without the authorization of

the official responsible. In addition Article 31 of the *Civil Service Law* of 1962 (Decree No. 507) states that the civil servants should keep confidentiality and discretion needed with regards to their duties in the work place.

GFS data is collected specifically for statistical purposes used solely for calculation of statistical aggregates.

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

The arrangements for ensuring the flow of information between public entities and institutions and the CRBES are established in Article 64 of the *Law on the Central Reserve Bank of El Salvador*, which makes it mandatory for all government and public agencies, except local governments, to report data to the CRBES. In addition, Article 72 requires the CRBES to act as financial agent of the government, and Article 74 requires all the public entities, institutions, and public enterprises, with the exception of the Court of Accounts, to report to the CRBES such information as the latter needs to fulfill its functions.

The arrangements for ensuring the flow of information between the public entities and institutions and the MF are stated in the *Law on Public Financial Administration*. Article 33 establishes that the public entities and institutions should elaborate their budgets and send them to the MF through the General Directorate of Budget; Article 97 states that the public entities and institutions should record in the GDPIC, the annual investment programs; and, Article 109 establishes that each public institution should have a financial unit which prepares financial reports among others to send to the GDGA.

0.2 Resources

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

In the CRBES, the GFD, which compiles and disseminates GFS, comprises 11 staff members (a chief, five economists, and five business administrators). All of them are fixed-appointment staff. The current staffing number and turnover allow a critical mass of staff for GFS compilation. There are measures in place to encourage expert staff to remain in the GFS area such as training programs, improvements in the organizational environment, and staff compensation arrangements. The staff members of the GFD who are involved in the GFS compilation have sufficient knowledge of GFS concepts and practice of *A Manual on Government Finance Statistics 1986 (GFSM 1986)*. Each official of this department is responsible for a specific activity such as follow-up of the fiscal cash statement, fiscal forecasting, public and private debt, public investment, GFS compilation among others. As stated in Article 84 of the *Law on the Central Reserve Bank of El Salvador* “the bank should promote staff training...and provide financial support for CRBES staff pursuing graduate studies domestically and abroad.” Training in the methodological aspects of GFS compilation is provided internally and complemented by external and domestic courses. Currently internal training has been reduced due to financial constraints.

In terms of computing resources, each economist in the GFD has been assigned a computer and the department has been assigned two printers. Although in the CRBES resources are available to allow reasonable access to modern computer systems, some government agencies of the rest of general government do not report source data available to the CRBES in standard computer readable forms.

The links between treasury and other source data and GFS aggregates (bridge or derivation tables) are stored electronically in a form that makes it easy to access and update. Software for protection against computing viruses and back-ups of datasets are available. An initiative to create historical datasets of the different economic sectors has been developed through the Economic and Financial Information System. However, a database with GFS historical data has not yet been developed in this system, except for public debt.

The financial resources for compiling GFS in the GFD are broadly adequate to perform required tasks but they are not commensurate with the overall resource allocation for the CRBES. There are no plans to allocate budgetary resources of the CRBES for future statistical development based upon identified statistical needs for compiling GFS. However, there are initiatives to provide financial and computing resources to the GFD for creating a GFS database.

In the MF, the AMFU has faced budget constraints that have affected the staff permanency and productivity. The members of staff of this unit have been reduced during recent years. However in the GDGA, the resources, staff, and computer equipment are sufficient for its relevant activities including GFS compilation. The staff in charge of GFS compilation in this directorate is well trained in the new GFS analytical framework, *Government Finance Statistics Manual 2001 (GFSM 2001)*. Two economists of the GDGA participated in the last GFS Spanish course organized by STA at the beginning of 2003. The *Law on Public Financial Administration* (Article 4) mandates that the MF should promote training in all the areas under the competency of financial administration to the staff involved in the IFAS.

0.2.2 Measures to ensure efficient use of resources are implemented

The CRBES promotes a mission statement, "Generate and disseminate economic information," that expresses its efforts in compiling and disseminating a complete set of macroeconomic statistics. Although the CRBES currently does not have internal processes to measure resources used to compile GFS, it has developed a cost assessment of some statistical products through the Planning and Processes Department. This cost assessment project is currently suspended. There are in place some measures aimed at increasing the efficient use of resources and the quality of the statistics such as GFS database development, improvements in the recording and dissemination of public external debt and public investment data, and enhancement of the quarterly and monthly publications including those disseminated in the CRBES website.

Also the CRBES undertakes sporadic reviews of work processes to ensure they are improved. The CRBES makes the best use of newly emerging opportunities, such as computing technologies for data processing and dissemination, to effect resource savings.

0.3 Quality awareness

0.3.1 Processes are in place to focus on quality

The CRBES is fully aware that quality is the cornerstone of the statistical process and can increase the credibility of GFS as an economic indicator of fiscal policy. The staff of the GFD is sensitive to issues of data quality. The CRBES has put in place some efforts focused on quality such as compiling and disseminating a more complete set of GFS and implementing total quality management. The CRBES provides an infrastructure for quality by the use of economies of scale among the departments in the CRBES that compile economic information.

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

There are mechanisms in place to ensure the consistency of the primary information with the final data such as regular coordination between the MF and the CRBES. However, there are no mechanisms to enforce the provisions of the legal framework about reporting detailed and timely financial information on local governments. Also, there is no body, distinct from the data-producing unit, that provides guidance on the quality of the GFS and on strategies for improving data production.

The GFD and the GDGA make efforts to follow international guidelines for GFS compilation, *GFSM 1986*, and accounting recording, respectively. Although the fiscal data disseminated by the GFD are not compiled directly from accounting data, the GFS compiled by the CDGA use accounting records for compiling *GFSY* data. The link between GFS and accounting standards will be an important source for the migration to and implementation of the *GFSM 2001*.

Although there are no systematic arrangements in place to obtain feedback from users of GFS, there are informal channels to receive it, such as direct communication with the GFD staff and through the Communications Department of the CRBES.

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

In the GFD, formal processes have not been put in place for assessing the quality of the GFS. Although no medium-term plan has been developed to specifically improve quality, some actions regarding quality improvement have been included in the operational plan of the GFD. Also, some efforts have been undertaken to ensure internal consistency and quality control, such as meetings with the economists of the monetary department in the CRBES and

with officials of the SFS to discuss issues related to financing data and public institutional sectorization, respectively. There are no mechanisms aimed at addressing new and emerging data requirements of GFS users, for instance, requests for time series or new formats. In the MF, some improvements have been made with the objective of increasing the number of public institutions reporting financial data to the IFAS and developing computing systems for data recording.

Tradeoffs between quality and timeliness are acknowledged in the CRBES by publishing preliminary data and updating these data to final in the next publication.

1. Integrity

1.1 Professionalism

1.1.1 Statistics are compiled on an impartial basis

The CRBES was created as an autonomous public institution by Decree No. 116, dated April 1961, and it is currently regulated by the *Law on the Central Reserve Bank of El Salvador*, dated April 1996. Article 10 of the *Law on the Central Reserve Bank of El Salvador* entrusts the management of the CRBES to a Board of three⁴ directors, one of which is elected from a group of nominees provided by the Executive Branch. Also the impartial basis for compilation and dissemination of GFS is supported by a tradition and culture of professional independence in the CRBES. There is no evidence of political interference in GFS compilation and dissemination.

Professionalism is reflected in recruitment and promotion policies established in the Internal Labor Regulation of the CRBES. The recruitment process starts with posting inside the CRBES the position to be filled. If this position is not filled with one of the members of the current staff, the position is posted publicly. Additionally, the promotion process is based on the following professional path: analyst, specialist, and senior specialist.

Professionalism is also reflected by the publication of research papers and by providing seminars, workshops, and meetings with other professional groups. Research and analysis undertaken by CRBES staff for publication are subject to internal review to maintain the CRBES's reputation of professionalism. These research papers are published in the bimonthly publication, *Boletín Económico* of the CRBES.

⁴ This number of directors was modified from four to three.

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

Collection and compilation of GFS are governed by technical considerations. There is no evidence of political interference in the choices of data sources and statistical methods for GFS compilation. Data sources are selected according to how useful and available the information they provide is to compile and disseminate sound GFS. Also, changes to the current analytical framework are established solely on the basis of statistical considerations, but implementation of the *GFSM 2001* would require the support of different directorates in the MF, which provide the primary data source.

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

GFS compilers can and do provide expert advice on technical (not policy) aspects of GFS. The MF is entitled to make a public response to misinterpretation and misuse of GFS. In addition to this public response, the MF disseminates explanatory notes to correct misuses of GFS. Also, the CRBES seeks to prevent misinterpretation of data by providing an explanation of recent developments in its annual and quarterly publications.

1.2 Transparency

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

Comprehensive terms and conditions under which the CRBES collects, compiles, and disseminates GFS are not available to the public. The *Law on the Central Reserve Bank of El Salvador* is not made public through its website and its hardcopy publications but may be found on the website of the SFS. However, there are no restrictions on public access to GFS. In the case of the MF, its website makes public relevant legislation and manuals related to the collection and compilation of the financial public data, but it does not include compiled GFS.

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

In principle, no official agency outside of the CRBES has access to data prior to publication. However, in the role of the financial agent of the government and GFS compiler, the CRBES validates the data with the AMFU (but not with the GDGA) at the working level prior to publication. This procedure is not publicly identified. The procedures for authorizing dissemination of GFS are deemed internal arrangements and are not made public. The chief of the GFD authorizes the release of GFS.

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

All GFS products disseminated, whether through hard copy publications or through the CRBES website, clearly identify producing agencies and data sources. Analytical comments are included in the publication on the occasion of statistical releases.

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

No advance notice of major changes in the methodology or other relevant changes that materially affect the GFS is given to the public. No explanatory notes are provided when the changes are introduced in publications. Changes that cause a break in the time series are not identified.

1.3 Ethical standards

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

Article 19 of the Internal Labor Regulations of the CRBES states the duties for all officials and employees of this institution. Among these duties, it is established that every official and employee should behave following the provisions stated in the Internal Labor Regulations and that special attention should be paid to institutional values.

Staff is aware of ethical provisions that regulate its work. Sanctions are imposed on staff who do not comply with ethical standards, especially those established in the Title VII, Discipline Provisions and its implementation.

2. Methodological Soundness

2.1 Concepts and definitions

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

The concepts and definitions used for GFS compilation and dissemination by the GFD are based on the recommendations of *GFSM 1986*. Although the CRBES authorities have not prepared a migration plan to move from *GFSM 1986* to *GFSM 2001*, officials of the GDGA have started to prepare the questionnaire for reporting GFS data for publication in *GFSM 2001* format and initiated an assessment of needed changes for the implementation of the new analytical framework.

2.2 *Scope*

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

The scope of the GFS data disseminated in the CRBES quarterly publication covers the non-financial public sector (thus exceeding the recommendations of GFS manuals), general government, “consolidated central government”⁵ (which excludes most of the extrabudgetary units and the social security institution), rest of the general government (which includes the extrabudgetary units, the social security unit, and the local governments) and non-financial public enterprises (see the table below). In the CRBES monthly publication, the GFS data disseminated cover the same levels of government as those included in the quarterly publication except for the general government. Also, this publication includes data for central government revenue that take into account the information provided by the Ordinary Budget⁶.

National Institutional Sectorization

I. Consolidated Central Government

1. Central Administration
 - Executive Branch
 - Legislative Branch
 - Judicial Branch
2. Extraordinary Budget
3. Special Funds

II. Rest of General Government

4. Decentralized Units
5. Social Security Institution
6. Local Governments (municipalities)

III. General Government

7. Consolidated Central Government (I)
8. Rest of General Government (II)

III. Non-financial Public Enterprises

IV. Non-financial Public Sector

⁵ The national definition of consolidated central government differs from that established in the GFS manuals (for details, see 2.3.1.).

⁶ The Ordinary Budget does not include interest on deposits of the TSEF and the FSILDES.

Consolidated Central Government comprises the Central Administration, the Extraordinary Budget and the Special Funds. The Central Administration includes the Executive, Legislative, and Judicial branches. The Executive branch is mainly comprised of the ministries, the legislative branch is comprised of the Legislative Assembly, and the judicial branch is comprised of Judiciary, Judiciary National Council, General Prosecutor's Office, and other entities. The Extraordinary Budget is composed of the Technical Secretariat of External Financing (TSEF), and the Special Funds are the Fund for Social Investment in Local Development of El Salvador (FSILDES) and the Road Maintenance Fund.⁷

Rest of General Government comprises the Decentralized Units (extrabudgetary units as defined in the *GFSM 1986*), the Social Security Institution and the local governments. There are 69 decentralized units, including 30 public hospitals and three public health units. The Salvadoran Social Security Institute (SSSI) is the social security institution, and the local governments are comprised of 262 municipalities. The Salvadoran Institute of Municipalities⁸ is not included in general government; this institution is classified as a financial public enterprise.

General Government consolidates the two previous levels of governments, the consolidated central government and the rest of general government.

Non-financial Public Enterprises comprise four enterprises, the National Lottery, the Autonomous Executive Ports Commission, the Autonomous Executive Commission for the Rio Lempa Hydroelectric System, and the National Administration of the Aqueducts and Sewers System.

Non-financial Public Sector consolidates the two previous levels of government, the general government and the non-financial public enterprises.

The AMFU uses the same institutional scope and data sources as the GFD. Although both units compile GFS independently, they reconcile these two sets of information before publication. The GDGA differs from the AMFU and the GFD institutional scope because it compiles GFS for consolidated central government following the *GFSM 1986* (i.e., consolidated central government includes budgetary, extrabudgetary, and social security accounts).

⁷ The resources for the Road Maintenance Fund come from gasoline sales (25 cents per gallon).

⁸ The main functions of this institution are to provide technical, administrative, financial, and planning assistance to the municipalities. Also, it provides some financial resources by loans but they are in a reduced amount of the total operations of this institution. The principal financial sources of this institution are those that come from the central administration.

The presentation format for GFS compiled by the GFD closely follows the Summary Table of Major Components in the *GFSM 1986*⁹ for all the levels of governments compiled. In addition, for consolidated central government, a revenue table is disseminated that follows the format of table A (only government revenue for the Ordinary Budget excluding grants). The economic classification of expenditures and lending minus repayments is included in the tables for each level of government and follows the format of table C. There are no tables for functional classification of expenditures¹⁰ (table B) or for financing data by type of debt holder and by type of financial instrument (tables D and E, respectively). Tables classifying expenditure by functions for the budgetary central government and financing by type of debt holder and financial instrument are compiled by the GDGA and sent to STA for publication in *GFSY*.

The tables on debt prepared by the GFD cover total external and domestic debt of the public sector and consolidated central government. Domestic debt is presented by type of debt holder (non-financial and financial public sectors) and data for each of the debt holders are further broken down by drawings, amortizations, and interest in the quarterly publication. Also, the external debt is presented by type of debt holder (public sector and the CRBES), and data for each of the debt holders is further broken down by creditors in the quarterly publication. In the monthly publication, the domestic and external debt is disseminated by type of debt instrument (securities, loans, and guaranteed debt). Additionally each debt instrument is broken down by maturity (debt instrument with a maturity of up to one year and debt instrument with a maturity of more than one year). The tables on debt prepared by the MF differ in scope from those prepared by the GFD in two important ways: they include the total amount of Eurobonds as an external debt; and they do not include Treasury bonds (Letras de Tesorería). Lack of access to debt information by the MF could explain these differences (currently the CRBES and the MF are discussing an appropriate way to share this information).

Preliminary GFS data in the GFD are compiled based on partial coverage and estimated data and are subsequently replaced by final data with comprehensive information coverage.

2.3 Classification/sectorization

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

The GFD prepares consolidations for each of the levels of government mentioned in paragraph 2.2.1 (i.e., non-financial public sector, general government, rest of general

⁹ For additional details about the contents of the tables A to E see *GFSM 1986*.

¹⁰ A table classifying the expenditure by functions for the budgetary central government is compiled by the GDGA and sent to STA for publication in the *GFSY*.

government and central government). However, the sectorization of public entities is different from that established in the international standards. According to both the *GFSM 1986* and *GFSM 2001*, GFS should be compiled for the general government sector and its subsectors, i.e., consolidated central government, which includes the extrabudgetary units and social security institution, and local governments. In the case of Salvadoran GFS, the consolidated central government does not include all extrabudgetary units and the social security institution, which are treated as part of the rest of general government. On the other hand, the GDGA prepares a consolidation for consolidated central government according to the *GFSM 1986*.

The classifications of revenue and expenditure used by the GFD are broadly in accordance with the recommendations of the *GFSM 1986*. Some exceptions, relating to expenditure reimbursement resulting from entities not using all government transfers, are not netted from total expenditure; pension payments and redemptions of recognition bonds¹¹ (including its administrative costs) are incorrectly classified as financing items; interest does not include that related to the pension debt; and inflows resulting from the privatization process are sometimes treated as capital revenues and other times as a financing item

Three analytical balances are derived in the statements of each level of government presented by the GFD, the Current Balance, the Primary Balance (Current Balance minus interest) and Surplus/Deficit Balance. The last balance is prepared in two versions, one including grants and the other excluding them.

In the GFD, revenues of the non-financial public sector, general government, and consolidated central government are classified into: current revenue, capital revenue, and grants. Further, current revenue is classified into tax revenues, non-tax revenues, and operating surplus of public enterprises. Tax revenues are divided into taxes on income, taxes on property transfers, taxes on consumption of goods, taxes on use of services, value-added tax, and others. The non-tax revenues are divided into assets income, public enterprise transfers, fees for public services, fines, and others. Revenues of the rest of general government are also classified into current revenue and capital revenue. Additionally these revenues are broken down into social security contributions, goods and services sales, and central government and public enterprise transfers for current revenues; and asset sales and central government and public enterprise transfers for capital revenues.

The grants include grants in cash and part of grants in kind sold (the cash obtained for this sale is recorded in this category). The *GFSM 1986* establishes that grants in kind should be recorded as a memorandum item in the GFS.

¹¹ El Salvador has embarked on social security reform, which involves the replacement of the public defined-benefits system by a privately managed defined-contributions system. Government obligations to workers (former contributors) have been recognized in the form of recognition bonds.

Expenditures of the central administration are classified into: (a) current expenditure, (b) capital expenditure, and (c) lending minus repayments. Current expenditure is broken down into: (1) wages, (2) goods and services, (3) interest, and (4) transfers. Capital expenditure is divided into: (1) gross investment and (2) transfers. Finally, lending minus repayments is divided into: (1) the rest of general government, (2) public enterprises, (3) public financial institutions, and (4) private sector.

Financing is classified as external and domestic. External financing is divided into: drawings, amortizations, refinancing of the current service, payments of arrears, and external deposits.¹² Domestic financing is classified by type of debt holder: (a) central bank, (b) commercial banks, (c) financial institutions, (d) bonds outside of the banking system, (e) central government loans to public enterprises, (f) financing of other financial sector in the case of public enterprises, and (g) "others." Additionally, a, b, and c are broken down into credit and deposit. The "others" include all or some of the following categories:¹³ net lending from the central government, consolidation of domestic debt, pension system fund, pension system payment, repayment of "subsidiarios" loans, payments of domestic debt, privatization and asset sales, and others.

The classification of financing and debt as domestic or external is determined by the residency criterion, applied on the basis of location rather than of nationality. Accordingly, domestic financing or debt is the debt contracted on the local market and payable within El Salvador, while external financing or debt is that contracted abroad and payable abroad in foreign currency. Guaranteed debt is recorded as a debt of the consolidated central government, whereas it should be excluded, along with any other contingent liabilities.¹⁴ Subsequently, the domestic financing data are broken down by financial creditors.

2.4 Basis for recording

2.4.1 Market prices are used to value flows and stocks

All cash transactions reflect actual prices. In accordance with the *GFSM 1986*, debt is recorded at face value (i.e., the amount to be repaid at the end of the contract), rather than market value. Also the amounts denominated in foreign currency are converted to U.S. dollars¹⁵ using the exchange rates at the end of the corresponding month, as provided by the CRBES.

¹² El Salvador is not in arrears and does not require debt refinancing.

¹³ From this list of variables, only some of them are included in a specific level of government.

¹⁴ However, guaranteed debt should be shown as a memorandum item.

¹⁵ El Salvador has adopted the U.S. dollar as the national currency since January 2001.

2.4.2 Recording is done on an accrual basis

For the data compiled and disseminated by the CRBES, revenues are recorded on a cash basis and expenditures are recorded on a “check issued” basis (a close proxy for cash basis). All financing data are recorded on a cash basis, according to the *GFSM 1986*. For the data compiled by the GDGA for publication in the *GFSY*, revenues are compiled on a cash basis and expenditures are recorded on a payment order basis (a close proxy for accrual basis) and adjusted to obtain the aggregates on a cash basis.¹⁶ Interest is shown on a cash basis. As a result of the differences between the recording of above- and below-the-line data in both institutions, a statistical discrepancy exists between the overall deficit/surplus and total financing data.

Although the IFAS records revenues and expenditures using accrual and cash bases, this system has delays in recording information on a cash basis. Currently the GDGA is looking for mechanisms to improve the recording of payment of checks issued by the government.

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

Most transactions are shown on a gross basis, except for tax revenues and lending minus repayments, in line with the *GFSM 1986*. Tax revenues have tax refunds netted out. Although financing in the GFD is not presented on a net basis, it includes the elements to obtain the necessary data on a net basis. The GDGA prepares financing data on a net basis for the *GFSY*.

3. Accuracy and Reliability

3.1 Source data

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

The main data sources for compilation of the GFS on central administration by the CRBES are the information provided by the administrative systems, for monitoring the treasury operations in the GDT, for monitoring the credit and investment operation in the GDPIC, and for debt management in the CRBES and the MF, respectively. The subsystem of treasury is included in the IFAS, which is described below, and the debt management system in the MF is the Integrated System of Management of the External Debt Administration. The GDT keeps its own accounting records, which are developed in parallel with those in the GDGA.

¹⁶ This information is only available for budgetary central government.

The IFAS comprises the budget (Title III of the *Law on Public Financial Administration*), the treasury (Title IV of the *Law*), the public investment and credit (Title V of the *Law*), and the government accounting (Title VI of the *Law*) subsystems. The general directorates of Budget, Treasury, Public Investment and Credit, and Government Accounting in the MF are in charge of each subsystem, respectively. Article 7 of the *Law* states that the IFAS is created with the purpose of developing, implementing, and maintaining in all the entities in the public sector, the group of principles, norms, organization, programming, management, and coordination of the budget, treasury, public investment and credit, and government accounting procedures. Article 8 also states that the objectives of IFAS, among others, are to establish the procedures to generate, record, and provide financial information for decision making and monitoring of all administrative areas.

Currently, the data sources in the IFAS cover detailed financial information of all public units except for local government. These sources provide information on the whole range of economic flows and stocks. The data sources in the debt management system in the CRBES cover detailed information about domestic and external debt, public and private, which is shared by the GFD and balance of payments departments. The data sources for compiling financing data prepared by the CRBES are mostly in accordance with the *GFSM 1986* definitions and classifications. The recording of foreign loans and services are on a cash basis.

Budget

The budget subsystem comprises the principles, techniques, methods, and procedures used in the different stages of the budget process. The Non-financial Public Sector Budget comprises the General Budget, the Extraordinary Budget, and the Special Budget (Article 24 of the *Law*). The General Budget of the Republic and Special Budgets are presented to the Legislative Assembly at least three months before the new fiscal year, together with the Audit Report prepared by the Comptroller General's Office. The budget data are not used to prepare GFS. However the budget classification of all fiscal variables and institutions is used for classifying the operations in the other subsystems of the IFAS.

Treasury

The treasury subsystem comprises the reception, deposit, outlays, transfer, and recording processes of the financial sources. These financial sources are used by the public entities to pay off financial liabilities set up with the General Budget. The main characteristic of this subsystem is the centralization of financial source collection through a unique fund and the decentralization of payments performed for each public sector entity or institution which belongs to the General Budget (Articles 60, 61 and 62 of the *Law*). The information prepared by the accounting office of the GDT is used for GFS preparation by the GFD.

Public Investment and Credit

The public investment and credit subsystem was created to follow-up and control the domestic and external resources coming from public lending. These resources could be only used for investment projects, unforeseen situations, or a national emergency. In the case of local government, Article 83 establishes that all debt guaranteed by the central government should be recorded taking into account the provisions of the *Law*. For the rest of local government financial liabilities no requirements are established under this *Law*. The data provided for this subsystem are used for validating and complementing, especially with the information of direct payments to external creditors, the data on debt prepared by the CRBES. The GDGA uses this information for producing GFS debt tables.

Accounting

The government accounting subsystem is the key component of the IFAS. This subsystem is made up of a group of principles, norms, and technical procedures for collecting, recording, processing, and monitoring in a systematic manner all the information regarding public sector transactions with the purpose of providing information about financial and budget management (several articles of the Title VI of the *Law*). Among its fundamental objectives are to establish, implement, and maintain in each public entity and institution, a specific and unique accounting scheme and information format. Both accounting scheme and information format should record the financial operations of the budget and public net worth. The accounting information is used by the GDGA to prepare the GFS data to report to the IMF for publication in *GFSY*.

For decentralized institutions, local governments, and non-financial public enterprise data, the GFD collects or receives from them the annual executed financial information. This financial information is provided in hardcopy. The coverage of the financial information for decentralized institutions and non-financial public enterprises is complete. This is not the case for the information on local governments. Only 70 of the total of 262 municipalities report to the MF, and information on the rest is obtained from the transfers of the central administration to local governments. No local government data are captured by surveys. Additional information for local government could be obtained from the Court of Accounts and the Salvadoran Institution of Development.

The consolidation of the information is prepared by the GFD for the following levels of government: (a) the central government administration (national definition); (b) the rest of the general government, including decentralized institutions, the social security institute, and local governments; (c) the general government, and (d) the non-financial public sector.

Table 5. Summary of Data Sources for the GFS

Level of government/ public entity	Main source	Comment
Central administration	Treasury (Ordinary Budget), public funds, and some decentralized institutions	Timely report
Decentralized units	Decentralized institutions	Timely report
Social security institutions	Salvadoran Social Security Institution	Timely report
Local governments	70 local governments	Some delays
Non-financial public enterprises	Four non-financial public enterprises	Timely report

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

Scope

Article 2 of the *Law on Public Financial Administration* establishes the institutional scope of the public administration to include all centralized and decentralized entities of the public sector, autonomous institutions, and public enterprises (including the Autonomous Executive Commission of Rio Lempa Hydroelectric System and the SSSI). Also the entities and institutions which receive transfers, subsidies, and subventions from the public sector are mandated to enforce this *Law*. The exception to this *Law* is the local governments. They, without affecting their autonomy established by the Constitution, are only governed by provisions in the *Law* related to public investment and credit and accounting procedures. Article 16 states that each entity and institution mentioned in Article 2 should establish a financial unit responsible for its financial management. This financial management includes all the activities related to budget, treasury, and accounting areas. Article 17 states that each unit should be the link between the general directorates and the institution which is representing it, and Article 18 states that each institution should report financial information to the correspondent general directorate.

For budget formulation, all entities and institutions should elaborate their draft budget taking into account the provisions requested by the MF and previous year financial and non-financial outcomes.¹⁷

¹⁷ The Legislative and Judicial branches are required to elaborate and approve their own budgets and remuneration systems. After consultation with the Salvadoran President, these budgets should be incorporated into General Budget (Article 35 of the *Law*). Also the Court of Accounts should elaborate its own budget enforcing its creation *Law*.

Classifications

Budget comprises all the revenues and expenses independently of their economic, financial, and institutional nature (several articles of the Title III of the *Law*). The revenue budget comprises financial sources coming from the tax system, production of goods and services, transfers, grants, and other revenues. The expenses budget comprises all the expenses required for reaching government economic objectives, administrative maintenance of the public sector, public debt service, and others. Finally, the financing sources comprise the financial sources coming from internal and external sources. The General Budget should reflect a financial equilibrium among the revenues, expenses, and financing sources. The same should be reflected in the Extraordinary and Special Budgets. The budget process comprises the formulation, approval, execution, follow-up, and assessment stages. The budget execution comprises the following budgetary steps: credit, commitment, and accrual. The general budget classification for revenue and expenditure broadly aligns with the *GFSM 1986*.

Treasury should keep a unique current account (several articles of the Title IV of the *Law*). To this account, all the financial resources linked to any category of the General Budget and special fund should be recorded. The current account is comprised of two accounts, the principal and secondary accounts. These secondary accounts are responsible for financial units of the entities and institutions that depend upon the General Budget. The current account and other accounts of central government should be kept in the CRBES or, with the authorization of the central bank, in accounts of commercial banks and financial institutions. Withdrawals from these accounts are required to be made by checks (check issued basis), payment orders, or transfers with authorized validation. Each public entity or institution is required to pay its financial liabilities to its creditors and employees using checks, fiscal bills, or others means. These payments are undertaken debiting the correspondent account. The information from the treasury used for GFS preparation by the GFD is the data recorded on a check issued basis. Based on this treasury classification the compiler unit converts treasury data to GFS.

Public Investment and Credit subsystem governs all the public entities and institutions of the public sector (including the local governments when the central government is the financial guarantor). This subsystem is required to keep an updated record of: domestic and external debts; and non-reimbursable financial resources provided by international organizations; and public investment programs. Article 92 of the *Law* states the public debt service comprises of amortization and interest. Regarding guaranteed debt by the central government, the MF should perform a follow-up of the use and payment of credit obtained. The information recorded in this subsystem is prepared on an accrual basis.

Government Accounting subsystem works under a decentralized approach for recording the basic information at an institutional level (i.e., each financial unit collects basic financial information of the institution to which it represents) and a centralized approach for consolidating of the accounting information (i.e., the GDGA consolidates financial information provided by financial units) (several articles of the Title VI of the *Law*). The

GDGA is required to prepare the consolidation of financial information and analytical financial and accounting reports.

The IFAS has improved the recording of financial data of the non-financial public sector, specifically by revamping the accounting units and by decentralizing the recording process; currently any ministry is directly recording the financial information in the IFAS by computer terminals provided. Also this system has allowed improving the management of the payroll of public employees. Although there were many improvements reached during the implementation of IFAS, some additional improvements are required, such as:

(a) the development of the payroll statement module for Legislative Assembly and Judicial Branch; (b) the development of the GFS module in the IFAS; and (c) the linking of treasury accounting activities with the accounting subsystem.

3.1.3 Source data are timely

Accounting and budgetary records provide comprehensive, up-to-date data on budgetary and extrabudgetary central government and non-financial public enterprises. The detailed information on local government for the GFD is available only for a sample of 70 municipalities, and their preliminary information is available for GFS compilation one quarter after the end of the year. Thus, information is available for extrabudgetary agencies and local governments with sufficient timeliness for GFS compilation.

3.2 Statistical techniques

3.2.1 Data compilation employs sound statistical techniques

Accepted statistical techniques, including extrapolations for missing data and data consolidation, are applied in the set of preliminary data. When the GFD does not receive the detailed information of some particular public entity, it uses the average of the three last periods of the historical data or the budget data aggregates. If the GFD used the budget data aggregates, it applies the structure for revenue and expenditure of the previous sets of data reported, which is the case in some decentralized institutions.

For local government, the data of 262 municipalities are obtained from central government transfers.¹⁸ Subsequently, the GFD allocates these transfers taking into account the following expenditure structure: 66.4 percent in current expenditure and 20 percent in capital expenditure.¹⁹ Current expenditure is also divided into wages and salaries (70 percent), and goods and services (30 percent). From 70 municipalities that report detailed financial

¹⁸ These transfers represent 6 percent of the current revenue of the central government.

¹⁹ Current and capital expenditures add up to 86.4 percent meaning an implicit surplus of 13.6 percent in the operations of local governments.

information to the MF,²⁰ the CRBES takes the data of other revenues and other expenditures that differ from the central administration transfers to local governments and adds them to the allocation of central administration transfers. There are no surveys used for local government data.

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

For adjusting accrual data to cash data for publication in the *GFSY*, the GDGA includes lines in the revenue and expenditure datasets. These adjustments are obtained from the difference between the data record in a cash basis and an accrual basis. Additional statistical procedures are not employed in compiling GFS.

3.3 Assessment and validation of source data

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

Article 7 of the *Law on Public Financial Administration* states that the IFAS is closely related to the National System of Control and Audit of Public Management, and Article 19 states that financial units should store all the documentation, reports, communications, and other information regarding the financial activity that support the presentation of financial information and validate the financial activities to facilitate internal and external auditing processes. The external auditing process should be provided by the Court of Accounts. The accounting information should be stored for a period of at least 10 years and other documentation for a period of at least five years. In the case of data prepared by the GDT and other public entities, there are no procedures that allow assessment of the accuracy of the GFS.

No systematic procedures are in place in the GFD to assess the accuracy of the GFS, but this department develops mechanisms for assessing and validating source data. Mainly these mechanisms are the observance of trends in historical data and crosschecking external financing recording in the CRBES and MF records. The results of these reviews are not monitored and made available to guide planning. There is an appropriate balance between accuracy and timeliness for the GFS data; some delays are observed in the local government data. The GFD compiles and publishes preliminary data as soon as reasonably complete and accurate data become available. These missing data are estimated, and the estimates are then

²⁰ The GDGA also records information of 70 municipalities. Currently, the AMFU and the GDGA are coordinating the data available for local governments.

replaced by final data. The status of the data used for each period is not indicated in the GFS publication.

3.4 Assessment and validation of intermediate data and statistical outputs

3.4.1 Main intermediate data are validated against other information where applicable

The GFD validates GFS data, before their dissemination, with those compiled by the AMFU, and any discrepancies between these datasets are resolved. The GFD and AMFU GFS datasets are not validated with GDGA data, the intermediate data, or the accounting data. However, the main statistical outputs of the GFS are validated against other macroeconomic variables, especially for the formulation of fiscal data estimates.

3.4.2 Statistical discrepancies in intermediate data are assessed and investigated

Significant discrepancies between GFS data compiled by the AMFU and GFD are assessed and investigated. Once detected, the discrepancies are corrected, when appropriate. Discrepancies between data produced by the GFD and GDGA are not investigated.

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

Statistical discrepancies between the deficit/surplus and financing, and between financing and changes in gross debt, are not investigated. Efforts are made in occasional meetings to resolve the reconciliation issues with the monetary sector and balance of payments.

3.5 Revision studies

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

For annual data, revisions mainly result from routine replacement of preliminary data by final data. The revisions are not documented and no studies and analyses are made of this revision process.

4. Serviceability

4.1 Relevance

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

The GFS timeframe is aligned with the budget and accounting cycle. The fiscal year is from January 1 to December 31 of each year. Budget preparation begins in April and should include the consolidated reports of the financial statements and balance sheet of the entire

public sector. Monthly GFS are used to monitor fiscal performance domestically and under the Fund's Article IV consultation with El Salvador.

The level of detail and coverage of the GFS could be improved to enable users to assess in better conditions the government's social and fiscal policies. For instance the financing of different international donors for social expenditures is not available.

The feedback from users about the relevance and practical utility of GFS for analysis purposes is not obtained on a regular basis, although some users request GFS in formats different from those disseminated. There are no surveys prepared and implemented for obtaining feedback.

Although currently a methodological change in the GFS and improvements in the compilation system have affected the timeliness of the annual and monthly publications, it will increase their relevance to users.

4.2 *Timeliness and periodicity*

4.2.1 Timeliness follows dissemination standards

The national dissemination of the fiscal data follows the SDDS recommendations for timeliness, although annual and monthly data of consolidated central government operations in accordance with *GFSM 1986* are not compiled and published. The monthly and annual data for the non-financial public sector are published one month after the end of the reference month and three months after the end of the reference year for preliminary data and six months for final data, respectively. The monthly and annual data for the general government are published one month and six months after the end of the reference month and year, respectively. The monthly and annual data of central government (according to the national definition) are currently published one month and three months after the end of the reference month and year, respectively. The monthly data on domestic public and external debt are published one month after the end of the reference month and monthly data for the central government (national definition) are published one month after the end of the reference month.

4.2.2 Periodicity follows dissemination standards

The national dissemination of the fiscal data follows the SDDS recommendations for periodicity. In the monthly publication, the data for any particular month are published in cumulative fashion. See table below.

Table 6. Coverage, Periodicity, and Timeliness of Fiscal Data

Data Category	Coverage Under <i>GFSM 1986</i>	Periodicity		Timeliness
		Month	Annual	
Non-financial public sector	Yes	Yes	Yes	M:1 month A:3 months
General government operations	Yes	Yes	Yes	M:1 month A:3 months
Central government operations ¹	No	Yes	Yes	M:1 month A:3 months
Rest of general government debt	Yes	Yes	Yes	M:1 month A:3 months
Public sector debt	Yes	Yes	Yes	M:1 month A:3 months
Central government ¹ debt	No	Yes	No	M:1 month

¹National definition.

4.3 Consistency

4.3.1 Statistics are consistent within the dataset

The overall deficit/surplus and financing data in the CRBES are not consistent for several reasons. First, revenue and expenditures are recorded using different bases for recording (revenues are on a cash basis and expenditures are on a checks issued basis). Domestic financing data relating to these operations (prepared by the CRBES), on the other hand, reflect the actual cash receipts and payments, thus resulting in a “float.” Second, the recording basis of public investment data is on an accrual basis. Third, the different sectorization of the non-financial public sector between the monetary and fiscal sectors adds an important element of inconsistency within the dataset.

The major aggregates = sum of the components identity is observed. Domestic and external financing is consistent with changes in domestic and external debt, respectively. Since the functional classification of expenditure is not compiled, the identity functional classification of expenditure = economic classification of expenditure does not apply. The transfers of the central government to other levels of government are reconciled.

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

GFS are consistent with expected trends and reflect discretionary changes, external shocks, and developments in economic activity. Historical data are revised to reflect methodological changes and modifications in the statistical system. Breaks in time series are not identified or documented, but the GFD is aware of the need to explain and document changes to the time series.

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

Article 5 of the *Law on Public Financial Administration* mandates that the monetary and financial programming process coordinate the monetary flows of the balance of payments, fiscal sector, and financial sector with trends in prices and real production within a framework of macroeconomic stability. Also, Article 6 of the *Law* mandates that the CRBES and the MF should coordinate annually monetary and financial programming. Economic programming is required to include economic targets regarding inflation, international reserves, and saving and investment/GDP rates. Also, it is established that the MF will be responsible for preparation and follow-up (this monitoring should be monthly) of the financial programming of the public sector.

Although GFS can in principle be reconciled with the data of the other economic sectors, these reconciliations are not undertaken with national and balance of payments accounts. The GDGA prepares detailed information for the national accounts division in the CRBES; however, there are some discrepancies due to differences in the data sources and institutional coverage. The national accounts use an accrual basis.

Although the balance of payments statistics and GFS use the same data source recorded in the management debt system in the CRBES, those sectors do not reconcile their datasets. Some variables to be considered for this reconciliation should include data of the current (current public sector transfers—net) and capital (public sector loans—net) accounts of the balance of payments.

GFS use monetary statistics, in place of treasury records, as the source for data on domestic financing; thus no issue of reconciliation arises. The GFS on domestic debt is produced by the General Directorate of Public Credit of the MF and is reconciled with those in the CRBES.

4.4 Revision policy and practice

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

GFS published for the first time by the GFD are preliminary. Later the data are reviewed and revised, and then they become the final data. Generally, the revised data are published in the

next publication of the GFS. These revisions follow a specific schedule and they are completed when all the institutions provide revised data.

4.4.2 Preliminary data are clearly identified

Preliminary and final data are not adequately distinguished in the GFS hardcopy publications. However, the CRBES website makes the distinction. Both dissemination formats provide the same degree of detail and are consistent for policy analysis.

4.4.3 Studies and analyses of revisions are made public

No revision studies and analyses are made public.

5. Accessibility

5.1 Data accessibility

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

GFS are presented in the hardcopy monthly *Boletín Estadístico Mensual* and quarterly *Revista Trimestral*, as well as on the CRBES website. Also, an annual publication is prepared, which includes a short summary of fiscal developments. The quarterly publication presents nominal data in relevant balance terms and other aggregates and includes annual data for the last three years and monthly data for the last six months. Also, the deficit/surplus is presented in terms of percentage of GDP. The publications provide equivalent coverage and classification to those recommended in the *GFSM 1986*. Monthly reports publish cumulative data for the current and previous year. Also information about the nominal and percentage change between the corresponding periods of the two years is included. The quarterly and monthly publications include, in addition to data tables, some graphs for the major aggregates.

Although the publication formats present the identification and comparison of the major aggregates and balancing items for policy monitoring, they are dissimilar for all the levels of government disseminated, especially for financing categories. Some identical items in the financing categories have different titles. Some titles do not represent adequately the correspondent level of government—for instance consolidated central government is only central administration (budgetary central government). Long time series are not published, although the GFD constantly receives requests for GFS time series. Some misspellings are present in publications, and editorial efforts in this respect could be implemented. Time series on the fiscal variables could be presented in the hardcopy as well as in the CRBES website. For the next quarterly report, the GFD will introduce some improvements in the formats, especially in public debt. The publications do not indicate the date when they were disseminated.

5.1.2 Dissemination media and formats are adequate

The main statistical publication of the GFD is the *Revista Trimestral*, which includes an important segment dedicated to GFS. This segment includes annual GFS with tables and graphs. The tables include detailed information on the main aggregates. There are also GFS electronic publications in the CRBES website.

The GDGA reports GFS data for publication in the *GFSY* for the budgetary central government. For *GFSY 2003*, these GFS are based on the new analytical framework, *GFSM 2001*.

5.1.3 Statistics are released on a pre-announced schedule

The GFS disseminated in the monthly publication follow a pre-announced calendar, but GFS disseminated on an annual and quarterly basis do not. The date of release of GFS aggregates is announced in the preceding GFS publication. The actual date of publication usually meets the pre-announced date. For the next quarterly publication, some delays are expected due to editorial improvements. Also, this pre-announced calendar is released to the press including a note informing the public that the calendar is available on the CRBES website.

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

Data are released simultaneously to all users by posting on the CRBES website under *Short-term Economic Variables (Indicadores de Corto Plazo)*. This release is made before the GFS are disseminated through the hardcopy publications. The GFS monthly data are reported to WHD for Article IV Consultation.

5.1.5 Non-published (but non-confidential) subaggregates are made available upon request

Non-published, non-confidential, disaggregated data are made available upon request. The availability of non-published data and the terms and conditions on which they are made available are not publicized in GFS publications.

5.2 Metadata accessibility

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

The concepts, scope, classifications, basis of recording, data sources, and statistical methods are documented and disseminated by the CRBES. However, there are no bridge tables showing the links between source data and GFS, no revisions to metadata, and no identification of differences from international standards. Information on methodology can be obtained on request from the GFS contact person.

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

The metadata suited for expert use are not available but can be obtained upon request. Detailed technical descriptions are not sufficient and need to be improved to allow expert users to assess the strengths and weakness of GFS. Less detailed metadata are provided to general users in the quarterly publication.

5.3 Assistance to users

5.3.1 Contact person for each subject field is publicized

A contact person is not identified in the hardcopy or media disseminations. The GFD provides support in technical matters to users by informal communications. A contact person is identified on the DSBB on the IMF website.

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

The CRBES website presents a list of available publications.

Table 7. El Salvador: Data Quality Assessment Framework—Summary of Results for Government Finance Statistics
(*Compiling Agencies: Ministry of Finance and Central Reserve Bank of El Salvador*)

Element	NA	Assessment				Comments
		O	LO	LNO	NO	
0. Prerequisites of quality						
0.1 Legal and institutional environment			X			Responsibility for compiling and disseminating GFS is not clearly assigned. The comparison of financing data of the MF and CRBES is partially coordinated, and inadequate data sharing leads to duplication of efforts.
0.2 Resources		X				No systematic processes are in place to monitor quality of data collection and processing and to obtain feedback from GFS users. Fiscal data disseminated are not compiled against published accounting standards. No external audit of quality is in place.
0.3 Quality awareness			X			
1. Integrity						
1.1 Professionalism		X				Law and regulations of CRBES are not on its website. ¹ No advance notice is given of changes in methodology, source data, and statistical techniques, and no explanations are provided at time of dissemination.
1.2 Transparency			X			
1.3 Ethical standards		X				
2. Methodological soundness						
2.1 Concepts and definitions			X			No migration plan to <i>GFSM 2001</i> .
2.2 Scope			X			The Salvadoran Institute of Municipal Development is not included in the general government coverage and some financial public institutions are included. Functional classification and financing by type of debt folder and financial instrument are not compiled.

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

Table 7. El Salvador: Data Quality Assessment Framework—Summary of Results for Government Finance Statistics
(*Compiling Agencies: Ministry of Finance and Central Reserve Bank of El Salvador*)

Element	NA	Assessment			Comments	
		O	LO	LNO		NO
2.3 Classification/sectorization				X		<p>Sectorization is not consistent with <i>GFSM 1986</i> and <i>GFSM 2001</i>, as central government is not consolidated. Expenditure reimbursements are not deducted from total expenditures. Interest does not include that related to pension debt. Pension payments and redemptions of recognition bonds are incorrectly classified as financing. Inflows from privatization process are not treated homogeneously. Guaranteed debt is included in central government coverage.</p> <p>A mixed basis of recording is used, revenues on a cash basis and expenditure on a checks issued basis.</p>
2.4 Basis for recording			X			
3. Accuracy and reliability						
3.1 Source data			X			No provisions for automatic derivation of GFS. Some expenditure data sources are on an accrual basis, the rest on a checks issued basis. Compilers are not fully aware of differences between source data and GFS concepts.
3.2 Statistical techniques		X				Incomplete procedures to assess the accuracy of the GFS provided by the treasury and other public entities.
3.3 Assessment and validation of source data			X			No reconciliation with data compiled by the accounting office for <i>GFSY</i> .
3.4 Assessment and validation of intermediate data and statistical outputs			X			No revision studies and analysis are performed.
3.5 Revision studies					X	
4. Serviceability						
4.1 Relevance			X			External user needs are not monitored in a systematic way. Better fiscal and social policy analysis could be undertaken with more detailed GFS data.
4.2 Timeliness and periodicity						Reconciliation of data above/below the line is not achieved and GFS cannot be reconciled with balance of payments and national accounts.
4.3 Consistency		X			X	

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

Table 7. El Salvador: Data Quality Assessment Framework—Summary of Results for Government Finance Statistics
(*Compiling Agencies: Ministry of Finance and Central Reserve Bank of El Salvador*)

Element	NA	Assessment			Comments
		O	LO	LNO	
4.4 Revision policy and practice			X		Hardcopy publications do not distinguish between preliminary and final data.
5. Accessibility					
5.1 Data accessibility			X		The formats are adequate but some improvements are required such as explanatory notes and changes in titles. The nomenclature for some variables is inconsistent across different levels of government. There is a pre-announced schedule only for monthly data but not for annual and quarterly data. Non-published (but non-confidential) subaggregates are made available upon request but this availability is not publicized.
5.2 Metadata accessibility				X	There are no bridge tables showing links between source data and GFS, no identification of differences from international standards, no revisions to metadata. Technical descriptions are not sufficient—more details are required. The name of a contact person exclusively for GFS is not disseminated.
5.3 Assistance to users			X		

¹ Since the mission's visit, the CRBES has placed its *Law* on its own website.

VI. MONETARY STATISTICS

0. Prerequisites of Quality

0.1 *Legal and institutional environment*

0.1.1 *The responsibility for collecting, compiling and disseminating statistics is clearly assigned*

The CRBES, which is established as a *public autonomous institution of a technical nature*, is in practice responsible for compiling and disseminating monetary statistics. Article 64 of the organic *Law on the Central Reserve Bank of El Salvador* requires the CRBES to compile and disseminate in a timely manner balance of payments, monetary, and exchange rate statistics, as well as other macroeconomic statistics that the CRBES Council may deem necessary, and provides for the Council to determine the nature, content, and frequency of these statistics. The same article makes it mandatory for all government and state agencies and all financial institutions to report to the CRBES in a timely manner any statistics that the CRBES requires to fulfill its functions and provides not insignificant sanctions—which, however, are not inflation-proofed—for non-compliance. The FSD of the CRBES has the responsibility for the collection, compilation, and dissemination of monetary and financial statistics.

The SFS, which is established as an *institution integrated into the CRBES but with administrative, budgetary, and functional autonomy*, is required by the *Law on the Superintendency of the Financial System of El Salvador* to disseminate statistical data for all entities under its supervision. It is also empowered to share with the CRBES detailed information on entities under its supervision. Through largely less formal arrangements (primarily the establishment of committees and working groups), the CRBES has ensured sufficient information interchange with other public agencies and private entities to meet day-to-day requirements.

Article 21 of the *Law on the Superintendency of the Financial System* provides strong support for the obligatory provision of information to the SFS on the part of all entities subject to supervision by the Superintendency and sanctions for non-compliance. Article 240 of the *Banking Law* also requires timely release, on the part of the banks, to the CRBES and the SFS, of all information that these agencies require to fulfill their mandates and provides adequate sanctions for non-compliance. There is continuous communication between the CRBES and reporting entities to solve reporting problems and the CRBES provides adequate support for the preparation of information returns. Legal provisions guarantee the confidentiality of undisclosed information provided to the CRBES and the SFS by reporting entities, and the two agencies have taken appropriate steps to assure this confidentiality.

0.1.2 Data sharing and coordination among data producing agencies are adequate

Collection, compilation, and dissemination of monetary statistics fall under the responsibility of the CRBES. Arrangements are in place to ensure the efficient and timely flow of information among departments within the CRBES and between the CRBES and the SFS.

For the compilation of the central bank survey, the FSD of the CRBES has access to the accounting data produced by the Accounting Department through the “Integrated Accounting System” (or Sistema Integrado de Contabilidad, SIC), which is accessed from computers installed in the FSD. The SIC maintains historic time series and current information on the operations of the CRBES.

For the compilation of the other depository corporations survey, the FSD has direct access to the database of the SFS for the kind of monthly information used in the compilation of monetary statistics only. In addition, weekly data from commercial banks are reported directly to the CRBES. The weekly reporting uses different formats than those employed in the reporting of monthly data to the SFS. The SFS is currently in the process of upgrading its system to be able to receive weekly data in the same format as the monthly data, which will allow only one format of reporting for weekly and monthly data. In addition, the CRBES has produced a set of instructions on the information required to the financial system called “Directory of Information Requested by the CRBES to the Financial System” (or Directorio de Información Solicitada por el Banco Central al Sistema Financiero, DISFI).” The main purpose of the DISFI is to rationalize information requirements to avoid duplication of effort among the departments of the CRBES.

Contacts are maintained with the SFS to ensure proper understanding of data requirements and appropriate coordination exists in practice. An Interagency Financial System Committee (made up of the President of the CRBES and the Directors of the SFS, the Superintendency of Securities, and the Superintendency of Pensions) meets at least once a month to coordinate information exchange among other things. When issues of potential interest arise, the SFS contacts the CRBES, or vice versa, and less formal meetings are maintained with specialists of both institutions.

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

The confidentiality of data that financial corporations provide to the CRBES is primarily guaranteed by Article 64 of its *Organic Law*. This article establishes that the information required should be exclusively used to perform the functions assigned to the CRBES, i.e., the compilation and dissemination of monetary statistics.

Article 19, section “p,” of the *Labor Regulations* of the CRBES describes the obligations of the staff regarding the improper use of the information to which they have access. The Regulations include penalties against staff who disclose confidential data.

The information sent by the SFS to the CRBES is protected by a channel of encrypted data. Access to individual financial corporation data is restricted to authorized personnel using access passwords.

0.1.4 Statistical reporting is supported by legal mandate and/or measures implemented to encourage voluntary response

Article 64 of the organic *Law on the Central Reserve Bank of El Salvador* provides the legal basis for the collection of statistical information that supports the compilation of monetary statistics. According to this Article, the CRBES is empowered to request the information deemed necessary to perform its functions. Articles 94 and 95 define sanctions for financial corporations in case of non-compliance or for submitting incomplete or inaccurate information.

Article 240 of the *Banking Law* of September 1999 states that banks should provide on a timely and truthful basis to the CRBES all information requested by the latter to fulfill its functions. The information should be transmitted in the timeframe, formats, and mechanisms defined by the CRBES. Moreover, banks should allow direct access of the Superintendency to the computer systems of the banks in order to gather accounting, financial, and credit information, to let the Superintendency perform its mandate of supervision according to the CRBES and in observance of the security rules, confidentiality and technological limitations of each institution. The same article defines sanctions in case of non-compliance (fines of up to 400 monthly minimum wages).

The CRBES provides appropriate support with regard to the preparation and presentation of the forms used by reporting financial corporations. In addition to indicating pertinent instructions and procedures for preparation and validation of the data, the CRBES also has created a committee with representatives of the CRBES and the other depository corporations to assist the financial corporations with all aspects related to the reporting of information. The CRBES fosters the collaboration of respondents by trying to build an atmosphere of good faith and the level of compliance by financial corporations is generally acceptable. However, during the current transition to a new plan of accounts for commercial banks in force since January 2003, the CRBES is having difficulties particularly related to the provision of complementary information of loans.

0.2 Resources

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

The monetary statistics are compiled by the FSD, consisting of eight staff. All of them have a university education either in economics or in business administration. Each employee has a personal computer and access to the Internet. Most of them have attended relevant courses at the IMF, the Center for Latin American Monetary Studies (CEMLA), and the Central American Monetary Council (CAMC).

There are only two employees directly involved in collecting, validating, and preparing monetary and financial statistics. These employees have an average of 10 years experience compiling statistics. However, in 2001 the number of employees involved in the compilation of daily, weekly, and monthly statistics was six. Therefore, even if a great part of the reduction in employees may be justified by gains in productivity due to implementation of new technologies, the current number of staff responsible for these tasks is considered insufficient. The lack of staff puts at risk the continuous provision of high-quality data and significantly delays the full adoption of the *Monetary and Financial Statistics Manual (MFSM)*.

The remaining staff members of the FSD are primary users of the statistics produced owing to the combination of statistical production and analysis within the same department. This combination of functions in the same unit is generally not advisable. However, owing to the reduced number of employees engaged in the statistical production, it seems to be the most reasonable arrangement given the current circumstances.

The CRBES strives to update systems and programs for compiling and analyzing monetary statistics. Electronic media are used for the collection of source data and the compilation and dissemination of the monetary statistics. Computers are replaced every four years.

Specific computers in the FSD have access to the CRBES accounting database and to the SFS database. Access to the SFS database is limited to commercial banks' balance sheets and credit information, i.e., the information strictly needed for the compilation of monetary statistics.

0.2.2 Measures to ensure efficient use of resources are implemented

Periodic reviews of working processes are undertaken to ensure that they are improved upon. Every six months there is an evaluation of the degree of implementation of ongoing projects. In addition, the Planning and Processes Department together with the Research and Economic Statistics Division (or Gerencia de Estudios y Estadísticas Económicas, GEECO) are working on the definition of processes and drafting of working methodologies for the different units in the GEECO, including the FSD.

There is no calculation of costs imputed to the production of statistics. However, over the years the structure and staff devoted to these tasks have been efficiently simplified, taking also advantage of the development of new technologies. Statistical databases are periodically updated to guarantee the efficient use of resources.

The CRBES is considering the acquisition of software called OLAP that would significantly improve the processing and analysis of data. The budget allocated to this kind of investment is flexible.

Data procedures are managed to minimize processing errors such as coding, editing, and tabulation errors.

0.3 Quality awareness

0.3.1 Procedures have been put in place for quality awareness

The CRBES has a formal mission statement for its statistical work, and managers and staff recognize that official statistics must have the confidence of their users and exercises quality controls at every stage of data production and dissemination. The FSD verifies that data reporting practices followed by financial corporations are consistent with the regulations, and has systems and procedures in place to ensure quality in the compilation process. Furthermore, the FSD consults with the reporting institutions to verify the data for possible misclassifications.

Source data submitted by the reporting institutions to the FSD are crosschecked for accuracy and any discrepancy is investigated. Validation procedures for assessing the plausibility of reported data are undertaken both automatically and visually, on a bank-by-bank basis.

The CRBES's financial statements and management practices are externally audited.

0.3.2 Procedures have been established for monitoring the quality of data collection, compilation, and dissemination

The quality of the collection, processing, and monitoring of statistics is monitored through crosschecks, and reporting institutions receive feedback and guidance from the staff of the FSD. However, the CRBES is not subject to internal or external audits on the quality of the monetary statistics or their conformity with international standards. Nevertheless, the FSD makes sure that those standards are observed, and an internal administrative audit procedure has been in place since 2002 mainly focused on ensuring the efficient use of resources and conducted by staff not directly involved in the preparation of statistics.

There is no body or committee outside the FSD that provides guidance on the quality of monetary statistics or on strategies for improving data production. The FSD does not carry out periodic user surveys to receive feedback on the opinion of users on the quality of monetary statistics.

The shortcomings in the new plan of accounts for commercial banks, the lack of detailed methodological notes, and the limited human resources devoted to the compilation of monetary statistics are also indicators that procedures to monitor quality have room for improvement.

0.3.3 Procedures are in place to assess the quality of statistics, to acknowledge and deal with tradeoffs within quality, and to guide planning for existing and emerging needs

There is wide recognition on the part of the authorities of the tradeoffs among the dimensions of data quality. Timeliness is regarded as one of the most important elements of data quality.

The production of monetary statistics is fully automated and includes a series of checks and validations at every stage of the production cycle. There is a work program aimed at improving the methodological soundness of monetary statistics following *MFSM* guidelines.

1. Integrity

1.1 Professionalism

1.1.1 Statistics are compiled on an impartial basis

The statutory provisions under which the CRBES compiles monetary statistics are adequate to support its independence in conducting these functions. In this regard, the organic *Law on the Central Reserve Bank of El Salvador* provides a legal framework that ensures the autonomy of the Institution. Article 1 establishes that the CRBES is created as a credit public institution with autonomy in its functions.

Article 17 of the organic *Law on the Central Reserve Bank of El Salvador* prevents the president and vice presidents of the CRBES from taking any other public or private position or from offering services financed by public funds or from entities participated by the government. The same provisions are applied to the members of the Board of Directors of the CRBES, according to Article 19.

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

The compilation of monetary statistics is based on the sectoral balance sheets of the reporting financial corporations. The sources selected for the compilation of monetary statistics are those that meet the statistical requirements of the *MFSM*. The definitions and methodology used are those that satisfy the needs of information of the authorities of the CRBES, the SDDS, and the publication of internationally comparable data.

The Planning and Processes Department is currently working on a project to describe the methodology used in the different tasks performed by the departments of the CRBES. In the methodological records being prepared, there are descriptions of sources, processes, products, clients, and dates and means of dissemination.

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

The CRBES comments publicly on erroneous interpretations or misuse of the monetary statistics in the media or other fora. Furthermore, the FSD monitors major media coverage of the CRBES and financial sector activities to detect any inappropriate interpretation of information. In those cases, staff members prepare internal reports explaining the technical reasons why data have been misinterpreted.

The CRBES also seeks to prevent misinterpretation or misuse of monetary statistics by providing explanatory notes in its publications.

1.2 Transparency

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

The organic *Law on the Central Reserve Bank of El Salvador* contains the terms and conditions under which statistics are collected, processed, and disseminated. However, the *Law* is not available on the CRBES website. In addition, there is no link on the CRBES website to other sites (e.g., the website of the SFS) where the *Law* can be found.

The CRBES provides an advance calendar of dissemination of macroeconomic data, following the guidelines of the SDDS. However, the CRBES does not make public on its website the availability of weekly data such as the central bank and other depository corporations surveys, the availability of more detailed data in addition to what it is published, and the availability of homogeneous historical series since 1990.

All the information produced by the CRBES is disseminated free of charge.

1.2.2 Internal governmental access to statistics prior to their release is made known to the public

No government agency outside the CRBES has access to monetary statistics prior to their release on its website.

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

All published monetary information bears the CRBES logo and captions specifying the source of the data. This is the case for the CRBES and depository corporations surveys published in the monthly *Statistical Bulletin*.

The CRBES does not explicitly request acknowledgement of the source when its monetary statistics are reproduced or used by third parties, since it is common practice to identify data sources.

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

Methodological changes are announced when the new statistics are published. Therefore, they are not announced in advance.

The new statistics are accompanied by a note explaining the changes in methodology and the appropriate link with the historical data.

1.3 Ethical standards

1.3.1 Guidelines for staff behavior are made known to staff

There are clear guidelines outlining the correct behavior when the staff is confronted with potential conflict of interest situations. The guidelines are spelled out in the CRBES *Labor Regulations*. Article 19, section “p,” of the Regulation states that staff should keep confidential sensitive information of the institution that could cause damage to the CRBES or to the users of the CRBES’s services. Furthermore, in its section “i” states that staff should keep secret passwords used in the computer systems of the CRBES.

Article 18 of the organic *Law on the Central Reserve Bank of El Salvador* stipulates that the position of member of the Board of Directors is not compatible with the participation of the member in the administration, direct or indirect, of more than 5 percent of the capital of banks or financial companies. Furthermore, the members of the Board cannot do any business with the CRBES.

Article 19 enumerates some inabilities to perform the position of member of the Board, in particular when there could be a potential conflict of interest situation.

2. Methodological Soundness

2.1 Concepts and definitions

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

The concepts and definitions for monetary statistics generally follow the *MFSM* in terms of the concept of residency, valuation of financial assets at market prices, accrual-basis accounting, and presentation of assets and liabilities in gross terms. However, there are some departures from the recommendations of the *MFSM* that are commented in section 2.3.1.

The CRBES and the depository corporations surveys follow a structure that is in accordance with the *MFSM*. The information presented is rich, having a high degree of sectoral breakdown in an analytically meaningful form.

The remaining assets and liabilities of financial institutions in liquidation (FINCOMER and FINSEPRO, which ceased operations in 1997) are being maintained in the aggregated sectoral balance sheet of other depository corporations to improve the intertemporal analysis.

2.2 Scope

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

The depository corporations sector in the monetary statistics identifies two main subsectors: banking and financial companies. The banking sector comprises the CRBES, 14 commercial banks, and a development bank. Currently, there is only one financial company, which will become a bank in less than a year.

However, the depository corporations survey does not cover the range of institutions recommended in the *MFSM*. The depository corporations not covered in the depository corporations survey are the following: the Workers Bank, the credit cooperatives, the credit and savings banks, and the money market investment funds (called “casas corredoras de bolsa” in El Salvador). All these institutions approximately represent 10 percent of the total deposit of the banking system.

The FSD has among its projects the incorporation of the money market investment funds into the depository corporations survey in the near future.

2.3 Classification/sectorization

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

The CRBES uses the residency criterion to distinguish between residents and nonresidents accounts for the compilation of monetary statistics. The delineation between resident and nonresident institutional units is broadly consistent with the criterion in the IMF’s *BPM5*, the *1993 SNA*, and the *MFSM*. However, source data weaknesses commented in section 3.1.1 make the application of the residency criterion difficult in practice.

The sectorization of the domestic economy is in line with the *MFSM* recommendations. In the monetary statistics compiled by the CRBES, the following sectoral groupings of resident institutional units are distinguished for the majority of the financial instruments: (1) central government, (2) rest of general government, (3) non-financial public institutions, (4) central bank, (5) other depository corporations, (6) pension funds and insurance companies (7) other financial intermediaries, (8) financial auxiliaries, (9) non-financial corporations, (10) households, and (11) non-profit institutions serving households.

The principles underlying the classification of financial instruments in the monetary statistics are broadly consistent with the *MFSM* recommendations. Assets and liabilities are classified according to the institutional sector of the counterparts. This classification distinguishes the following broad categories: (1) monetary gold and SDRs, (2) currency and deposits, (3) securities (including shares), (4) loans, (5) other accounts receivable/payable, and

(6) non-financial assets. Due to their relative small size, data on financial derivatives and insurance technical reserves are not identified.

Data on loans are fully sectorized through complementary information to the plan of accounts requested by the CRBES, but this information is not currently used in the compilation of monetary statistics owing to problems of misreporting and quality of the information received.

Data on deposits and on repurchase agreements, on the assets and liabilities sides, do not distinguish the nonresidents sector. Data on other assets and liabilities are not sectorized.

2.4 Basis for recording

2.4.1 Market prices are used to value flows and stocks

The general recommendation in the *MFSM* is that the valuation of financial assets and liabilities be done on the basis of market prices or market-price equivalents (fair values). The valuation of loans is an exception to this principle. However, in the sectoral balance sheets for the depository corporations in El Salvador, assets and liabilities are not always valued at market prices or market-price equivalents.

Monetary gold is valued according to the market price of the troy ounce less at least 5 percent its value. The market price is calculated as a moving average of the last 100 daily observations. Other adjustments to the value of assets in the CRBES balance sheet are made in the period when they occur rather than when they originate a cash flow, which is consistent with international guidelines.

Since January 2003, financial corporations record securities in line with the following procedures: (1) securities held to maturity are recorded at face value and are provisioned only if the credit capacity of the issuer decreases; (2) capital and debt securities held for trading are valued at market prices; and (3) capital and debt securities held for sale are valued at the lowest of face value or market value. The FSD neither estimates fair values for those securities not valued at market prices, nor requests this information to the reporting financial institutions. The same situation applies to shares and other equity.

Consistent with the recommendations of the *MFSM*, the loan portfolio on the balance sheets of the banks are valued at book value, and loan valuation is not adjusted for expected loan losses. Provisions for expected loan losses are recorded as separate entries on the liability side of the balance sheet.

The *MFSM* recommends that data be compiled on stocks and on each of the three flows components: *transactions, revaluations, and other changes in the volume of assets*. In the case of El Salvador, banks do not provide financial information on flows, and the CRBES does not derive transactions from stock data.

2.4.2 Recording is done on an accrual basis

The accrual accounting principle recommended in the *MFSM* establishes that interest due but not paid on financial instruments be incorporated into the outstanding amount of the financial asset/liability, rather than being treated as part of other accounts receivable/payable. Even though the balance sheets of depository corporations provide for the allocation of accrued interest into the outstanding amount of the financial asset/liability of origin, the depository corporations survey records accrued interest in other accounts receivable/payable, which is inconsistent with the *MFSM*.

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

In line with the general principle of the *MFSM*, assets and liabilities of the financial corporations are collected and compiled on a gross basis. In addition, claims on particular transactors are not netted against liabilities to those transactors.

3. Accuracy and reliability

3.1 Source data

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

The source data for compiling the central bank survey are the CRBES's daily accounting records (balance sheets). Along with the accounting balance sheet, the FSD produces a sectoral balance sheet and a central bank survey on a daily, weekly, and monthly basis.

The source data for the other depository corporations survey are the accounting balance sheets for commercial banks as well as complementary information on securities, government deposits, and loans. The monthly accounting balance sheets for commercial banks are collected through direct access to the SFS database. Complementary information is reported directly to the CRBES using special templates, mainly by electronic means. The complementary information is used to produce the sectoral breakdown of securities, deposits, and loans according to the *MFSM*. However, the plan of accounts for commercial banks does not explain the distinction between resident and nonresident accounts, which may lead to classification errors by reporting institutions. Data received on loans is incomplete and still not used in the compilation of monetary statistics. Data on deposits and on repos, on the assets and liabilities sides, do not distinguish the nonresidents sector. Data on other assets and liabilities (including financial derivatives, insurance technical reserves, other equity, and other accounts receivable/payable) are not sectorized.

In addition to the monthly information used to prepare the depository corporations survey, the CRBES also receives weekly balance sheets and complementary information directly from the depository corporations. With this information the FSD prepares a depository

corporations survey on a weekly basis that is not disseminated to the general public. Instead, this survey is used internally and only distributed to selected users on request.

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

There are ongoing efforts at the CRBES to use source data that reasonably approximate the definitions, scope, classifications, time of recording, and valuation required to compile sound monetary statistics. The structure of the balance sheets of the CRBES broadly facilitates the adoption of the sectorization system recommended by the *MFSM*. However, as described in the previous section, the plan of accounts for the other depository corporations does not allow proper sectorization. Most importantly, quantitatively important accounts such as liability deposits, securities issued, and assets and liabilities derived from repo operations are not distinguished between residents and nonresidents counterparts, which is a key concept in macroeconomic statistics affecting the compilation of both monetary and balance of payments statistics.

The accounting principles of the plan of accounts for commercial banks in effect since January 2003 follow the international accounting standards, which is a good basis to apply the accounting principles recommended in the *MFSM*. In the near future, the accounting principles applied to compile the CRBES balance sheet will also be fully adapted to those in the international accounting standards.

Transactions of other depository corporations with counterparties that cannot be reasonably approximated or allocated to specific instruments or sectors are recorded in “other assets” and “other liabilities.”

3.1.3 Source data are timely

The data collection system allows timely compilation of monetary statistics, which are released in the monthly *Statistical Bulletin*. The FSD also collects the sectoral balance sheets for the CRBES on a daily basis, and for the remaining depository corporations on a weekly basis. The other depository corporations are required to send their weekly balance sheets to the CRBES within the first two business days following the end of the reference week. In addition, monthly balance sheets are sent to the SFS within the first five business days following the end of the reference month (except for June and December, where 10 business days are allowed).

3.2 Statistical techniques

3.2.1 Data compilation employs sound statistical techniques

The statistical techniques used to compile monetary statistics are automated, which reduces processing errors related to codification, tabulation, and revision of source data.

Reporting forms used by the other depository corporations include validation checks within the tables. New reporting forms are always pilot-tested with several respondents prior to their implementation.

Balance sheet data from commercial banks are compared with internal records of the CRBES, such as those on banks liquidity reserves and total deposits.

3.2.2 Other statistical procedures (e.g., data adjustments and transformations and statistical analysis) are also based on sound statistical techniques

If a bank does not send monthly data on time, the data available from the previous week is used to estimate the end of the month data. If a bank does not report weekly data on time, the data on the previous week are repeated in the current one.

Owing to the official dollarization, statistical techniques have been used to calculate the amount of dollars circulating in the national territory. However, the results of the calculations are still not reflected in the monetary statistics published.

The CRBES does not calculate seasonally adjusted series of monetary aggregates.

3.3 Assessment and validation of source data

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

Source data are assessed and kept updated through the information received from the Financial System Division. The Financial System Division informs the FSD, through the Economic Policy Committee, about the authorization of new entities, creation of new instruments, new operations, etc.

Source data are scrutinized for omissions or reporting errors. When the figures reported by the financial corporations indicate major shifts, the information is crosschecked with secondary data sources.

The CRBES and other depository corporations are in constant contact, which allows investigation of doubts about the figures directly with the reporting corporation. They are asked to provide explanations and, when needed, to resubmit reports with corrections.

3.4 *Assessment and validation of intermediate and final output data*

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

The SFS uses secondary sources to verify the information reported by the financial institutions. The CRBES makes crosschecks of the CRBES and other depository corporations records of claims on, and liabilities to, each other, for example regarding liquidity reserves, loans granted by the CRBES to the banks, securities issued by the CRBES in hands of the banks, etc.

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

Whenever statistical discrepancies are detected in the intermediate data, the FSD investigates their nature and origin.

3.4.3 *Statistical discrepancies and other indicators of potential problems with other output data are investigated*

When significant fluctuations are observed, the staff investigates directly with the reporting financial corporations and crosschecks information with other institutions and sources.

3.5 *Studies of revisions*

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

The FSD does not routinely analyze or compare preliminary and final data and does not make studies of revisions because they are usually not significant. According to the CRBES staff monthly preliminary data are normally of good quality and in most cases even identical to the final one.

The CRBES and the reporting institutions communicate regularly with one another in order to pinpoint discrepancies between the data. The findings of those investigations are taken into account in the compilation of data for subsequent periods.

4. *Serviceability*

4.1 *Relevance*

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

The FSD follows the recommendations of the *MFSM* in the compilation of monetary statistics, ensuring therefore the production of internationally comparable data. Furthermore, the staff of the FSD regularly participates in international statistical meetings and seminars

organized by international and regional organizations, and therefore are well informed of new developments in the production and analysis of monetary statistics. Moreover, periodic meetings are organized with the users of monetary statistics in the central bank to inform them of new developments. However, there are no formal procedures of consultation established (e.g., periodic meetings or user surveys) with external users such as ministries, representatives from the private sector, or academia, to monitor more closely users' needs.

4.2 *Timeliness and periodicity*

4.2.1 Timeliness follows dissemination standards

Timeliness of the central bank and depository corporations surveys are consistent with the specifications of the SDDS. The central bank survey is disseminated five days after the end of the reference month. The depository corporations survey (panorama financiero) is disseminated within three weeks after the end of the reference month. Preliminary data becomes final two months after the end of the reference month.

4.2.2 Periodicity follows dissemination standards

The central bank and depository corporations surveys are disseminated on a monthly basis, which is consistent with the specifications of the SDDS.

4.3 *Consistency*

4.3.1 Statistics are internally consistent within the dataset (e.g., accounting identities are observed)

The CRBES's and other depository corporations' records of claims on, and liabilities to, each other show discrepancies because of differences in the time of recording of financial transactions. However, these discrepancies are not significant. Sometimes there may be recording differences owing to operations in transit, but these operations are easily detected and corrected.

The reconciliation of stock-and-flow data is not possible because flow data are not compiled for monetary statistics.

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

The CRBES and the other depository corporations surveys are consistent over time. The central bank survey is available since 1990 based on the same methodology. As regards commercial banks, homogeneous time series are available from 1990 as well.

When the *Law of Monetary Integration* of 2001 came into effect, time series were transformed into dollars for 2001 and previous years, ensuring coherent time series over time.

Unusual changes in economic trends are explained in the *Quarterly Magazine* of the CRBES or in footnotes in the case of the monthly *Statistical Bulletin*.

4.3.3 Statistics are consistent or reconcilable with those obtained from other data sources or statistical frameworks

The monetary statistics are reconcilable with the balance of payments and government finance statistics. The transactions and sectorization of foreign assets found in the monetary statistics are compatible with those of the balance of payments. However, the definition of the institutions of the general government is not fully consistent between monetary and government finance statistics.

Consistency checks and reconciliation between balance of payments, government finance, and monetary statistics are conducted on a monthly basis, prior to dissemination.

4.4 Revision policy and practice

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

Data revisions are completed, following the specifications of the advanced release calendar, within two months after the end of the reference month. Under this arrangement, published figures remain preliminary for one month, at which time they become final.

The content of the statistics are reviewed on a continuous basis and the database is immediately updated with any changes. Users are notified of the changes by means of footnotes.

4.4.2 Preliminary data are clearly identified

Preliminary data are clearly identified by means of footnotes in the publications. Revised data are published with the same level of detail as preliminary data.

4.4.3 Studies and analyses of revisions are made public (see section 3.5.1)

Revisions are generally not important and therefore routine consistency analyses are not carried out between preliminary and final data. Occasional analyses are not made public. If significant revisions occur, these are notified by means of footnotes in the statistical publications.

5. Accessibility

5.1 Data accessibility

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

The presentation of monetary statistics facilitates the interpretation of the data and allows monitoring of monetary and financial developments. The monthly *Statistical Bulletin* contains tables presenting data in a clear and user-friendly layout. Furthermore, the *Quarterly Magazine* of the CRBES provides data for the last four years and three months, which are useful for time series analysis. On the CRBES website the data are presented with a sufficient degree of detail. However, the presentation of monetary aggregates within the depository corporations survey (*panorama financiero* in El Salvador), as well as other items such as capital, could be improved to facilitate proper interpretation of the data.

5.1.2 Dissemination media and formats are adequate

The media and formats used in the dissemination of data are adequate, particularly for users who have Internet access, as both new data and historical time series can be accessed on the CRBES website. The monetary statistics can be downloaded from the CRBES website in a MS Excel file. The CRBES also publishes the information through the monthly *Statistical Bulletin* and the *Quarterly Magazine*.

5.1.3 Statistics are released on a pre-announced schedule

Statistics are released on a pre-announced schedule, following the recommendation of the SDDS. The advance release calendars provide specific publication dates and are available on the CRBES website in the quarter prior to the publication date. Furthermore, the calendar is also published in the media, such as major newspapers in the country.

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

Monthly data are released simultaneously to all users on the CRBES website. However, weekly data are released internally and to external users on request only.

The CRBES website does not announce the availability of weekly surveys for the central bank and the other depository corporations.

5.1.5 Non-published (but non-confidential) subaggregates are made available upon request

Upon request, the CRBES provides unpublished and non-confidential data free of charge. However, the availability and the terms and conditions of this service are not made public.

5.2 Metadata accessibility

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

Documentation of the methodology currently employed in compiling monetary statistics, including the concepts, classifications, data sources, characteristics, and definitions are available on the IMF website's DSBB, although the information provided is not comprehensive. In addition, the CRBES publishes brief methodological notes on its website and in the *Quarterly Magazine*. However, extensive documentation on the methodology for monetary statistics is not available. Furthermore, there is no link or reference on the CRBES website to the metadata available on the DSBB.

5.2.2 The degree of detail is adapted to the needs of users, to ensure their satisfaction

There is not a comprehensive document explaining the sources and methods used in the compilation of monetary statistics and targeted to more specialized users. However, the FSD staff is available to respond to any request by users.

5.3 Assistance to users

5.3.1 Contact person for each subject field is publicized

A contact person to respond to questions regarding monetary statistics is only available on the DSBB. The CRBES website offers a general electronic address of the Communications Department that distributes the requests made to the appropriate area of the CRBES.

5.3.2 Catalogs of publications, documents and other services, including information on their cost, are easily obtainable

The CRBES has a catalog of publications listing all available titles on monetary statistics, macroeconomic issues, and research papers. This information, including the advance release calendar, can be accessed on the CRBES website. In addition, the *Economic Bulletin* issued every two months lists the research papers published during the year. All CRBES publications are free of charge.

Table 8. El Salvador: Data Quality Assessment Framework—Summary of Results for Monetary Statistics
(Compiling Agency: Central Reserve Bank of El Salvador)

Element		NA	Assessment				Comments
			O	LO	LNO	NO	
0. Prerequisites of quality							
0.1	Legal and institutional environment						
0.2	Resources	X	X				Number of staff assigned is insufficient.
0.3	Quality awareness		X				No external committee to provide guidance on quality issues.
1. Integrity							
1.1	Professionalism						
1.2	Transparency		X				Availability of weekly data is not made public, although data are disseminated to some users. Major methodological changes are only announced when data are published. The <i>Law on the Central Reserve Bank of El Salvador</i> not available on the CRBES website. ¹
1.3	Ethical standards		X				
2. Methodological soundness							
2.1	Concepts and definitions						
2.2	Scope		X				Ten percent of depository corporations (measured by total deposits) are not included in the depository corporations survey.
2.3	Classification/sectorization			X			Deposits, loans, and other accounts receivable/payable are not fully sectorized. Financial derivatives, other equity, and insurance technical reserves are not identified.
2.4	Basis for recording			X			Some instruments are not valued at market prices. Accrued interest is not allocated to the instruments that generate it.
3. Accuracy and reliability							
3.1	Source data			X			Residency criteria are not clear and are not applied to all instruments in the plan of accounts for commercial banks.
3.2	Statistical techniques		X				
3.3	Assessment and validation of source data		X				
3.4	Assessment and validation of intermediate data and statistical outputs		X				

Table 8. El Salvador: Data Quality Assessment Framework—Summary of Results for Monetary Statistics
(Compiling Agency: Central Reserve Bank of El Salvador)

Element	NA	Assessment			Comments
		O	LO	LNO	
3.5 Revision studies			X		Studies of revisions not done, although revisions are usually not significant.
4. Serviceability					
4.1 Relevance			X		There are no formal procedures for consultations with external users, such as periodic meetings or user surveys.
4.2 Timeliness and periodicity		X			
4.3 Consistency			X		Definition of general government is not fully consistent with government finance statistics.
4.4 Revision policy and practice		X			
5. Accessibility					
5.1 Data accessibility		X			
5.2 Metadata accessibility			X		Differences from internationally accepted standards are not explained. More comprehensive metadata are not available.
5.3 Assistance to users			X		The name of a contact person exclusively for monetary statistics is not disseminated.

¹ Since the mission's visit, the CRBES has placed its Law on its own website.

Summary of the Special Data Dissemination Standard (SDDS)

The SDDS prescribes the following practices under each of the identified dimensions:

Data dimension (coverage, periodicity, and timeliness)

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

Access dimension

- the dissemination of advance release calendars providing at least one-quarter advance notice of approximate release dates, and at least a one-week advance notice of the precise release dates; and
- the simultaneous release of data to all users.

Integrity dimension

- the dissemination of the terms and conditions under which official statistics are produced and disseminated;
- the identification of internal government access to data before release;
- the identification of ministerial commentary on the occasion of statistical release; and
- the provision of information about revision and advance notice of major changes in methodology.

Quality dimension

- the dissemination of documentation on statistical methodology and sources used in preparing statistics; and
- the dissemination of component detail and/or additional data series that make possible cross-checks and checks of reasonableness.

SDDS subscribers are required to:

- post descriptions of their data dissemination practices (metadata) on the IMF's DSBB. Summary methodologies, which describe data compilation practices in some detail, are also disseminated on the DSBB; and
- maintain an Internet website, referred to as the National Summary Data Page (NSDP), which contains the actual data described in the metadata and to which the DSBB is electronically linked.

At the March 29, 2000 meeting of the IMF's Executive Board, Directors approved the incorporation of a new SDDS data category on external debt. The transition period for implementing this data category expires in March 2003.

As a result of the IMF Executive Board's Third Review of the SDDS in March 2000, the IMF staff began monitoring observance of the Standard through NSDPs maintained on the Internet. Monitoring commenced at the beginning of July 2000 and is limited to the coverage, periodicity, and timeliness of the data and to the dissemination of advance release calendars.

Source: Guide to the SDDS, February 2002: <http://dsbb.imf.org>

Data Quality Assessment Framework—Generic Framework
(July 2001 Vintage)

Quality Dimensions	Elements	Indicators
<p>Prerequisites of quality¹</p>	<p>0.1 Legal and institutional environment—<i>The environment is supportive of statistics.</i></p> <p>0.2 Resources—<i>Resources are commensurate with needs of statistical programs.</i></p> <p>0.3 Quality awareness—<i>Quality is a cornerstone of statistical work.</i></p>	<p>0.1.1 The responsibility for collecting, processing, and disseminating statistics is clearly specified.</p> <p>0.1.2 Data sharing and coordination among data producing agencies are adequate.</p> <p>0.1.3 Respondents' data are to be kept confidential and used for statistical purposes only.</p> <p>0.1.4 Statistical reporting is ensured through legal mandate and/or measures to encourage response.</p> <p>0.2.1 Staff, financial, and computing resources are commensurate with statistical programs.</p> <p>0.2.2 Measures to ensure efficient use of resources are implemented.</p> <p>0.3.1 Processes are in place to focus on quality.</p> <p>0.3.2 Processes are in place to monitor the quality of the collection, processing, and dissemination of statistics.</p> <p>0.3.3 Processes are in place to deal with quality considerations, including tradeoffs within quality, and to guide planning for existing and emerging needs.</p>
<p>1. Integrity</p> <p><i>The principle of objectivity in the collection, processing, and dissemination of statistics is firmly adhered to.</i></p>	<p>1.1 Professionalism—<i>Statistical policies and practices are guided by professional principles.</i></p> <p>1.2 Transparency—<i>Statistical policies and practices are transparent.</i></p> <p>1.3 Ethical standards—<i>Policies and practices are guided by ethical standards.</i></p>	<p>1.1.1 Statistics are compiled on an impartial basis.</p> <p>1.1.2 Choices of sources and statistical techniques are informed solely by statistical considerations.</p> <p>1.1.3 The appropriate statistical entity is entitled to comment on erroneous interpretation and misuse of statistics.</p> <p>1.2.1 The terms and conditions under which statistics are collected, processed, and disseminated are available to the public.</p> <p>1.2.2 Internal governmental access to statistics prior to their release is publicly identified.</p> <p>1.2.3 Products of statistical agencies/units are clearly identified as such.</p> <p>1.2.4 Advance notice is given of major changes in methodology, source data, and statistical techniques.</p> <p>1.3.1 Guidelines for staff behavior are in place and are well known to the staff.</p>

**Data Quality Assessment Framework—Generic Framework
(July 2001 Vintage)**

Quality Dimensions	Elements	Indicators
<p>2. Methodological soundness</p> <p><i>The methodological basis for the statistics follows internationally accepted standards, guidelines, or good practices.</i></p>	<p>2.1 Concepts and definitions— <i>Concepts and definitions used are in accord with internationally accepted statistical frameworks.</i></p> <p>2.2 Scope—<i>The scope is in accord with internationally accepted standards, guidelines, or good practices.</i></p> <p>2.3 Classification/sectorization— <i>Classification and sectorization systems are in accord with internationally accepted standards, guidelines, or good practices.</i></p> <p>2.4 Basis for recording—<i>Flows and stocks are valued and recorded according to internationally accepted standards, guidelines, or good practices.</i></p>	<p>2.1.1 The overall structure in terms of concepts and definitions follows internationally accepted standards, guidelines, or good practices: see dataset-specific framework</p> <p>2.2.1 The scope is broadly consistent with internationally accepted standards, guidelines, or good practices: see dataset-specific framework.</p> <p>2.3.1 Classification/sectorization systems used are broadly consistent with internationally accepted standards, guidelines, or good practices: see dataset-specific framework.</p> <p>2.4.1 Market prices are used to value flows and stocks. 2.4.2. Recording is done on an accrual basis. 2.4.3 Grossing/netting procedures are broadly consistent with internationally accepted standards, guidelines, or good practices.</p>

**Data Quality Assessment Framework—Generic Framework
(July 2001 Vintage)**

Quality Dimensions	Elements	Indicators
<p>3. Accuracy and reliability</p> <p><i>Source data and statistical techniques are sound and statistical outputs sufficiently portray reality.</i></p>	<p>3.1 Source data—<i>Source data available provide an adequate basis to compile statistics.</i></p> <p>3.2 Statistical techniques—<i>Statistical techniques employed conform to sound statistical procedures.</i></p> <p>3.3 Assessment and validation of source data—<i>Source data are regularly assessed and validated.</i></p> <p>3.4 Assessment and validation of intermediate data and statistical outputs—<i>Intermediate results and statistical outputs are regularly assessed and validated.</i></p> <p>3.5 Revision studies—<i>Revisions, as a gauge of reliability, are tracked and mined for the information they may provide.</i></p>	<p>3.1.1 Source data are collected from comprehensive data collection programs that take into account country-specific conditions.</p> <p>3.1.2 Source data reasonably approximate the definitions, scope, classifications, valuation, and time of recording required.</p> <p>3.1.3 Source data are timely.</p> <p>3.2.1 Data compilation employs sound statistical techniques.</p> <p>3.2.2 Other statistical procedures (e.g., data adjustments and transformations, and statistical analysis) employ sound statistical techniques.</p> <p>3.3.1 Source data—including censuses, sample surveys and administrative records—are routinely assessed, e.g., for coverage, sample error, response error, and non-sampling error; the results of the assessments are monitored and made available to guide planning.</p> <p>3.4.1 Main intermediate data are validated against other information where applicable.</p> <p>3.4.2 Statistical discrepancies in intermediate data are assessed and investigated.</p> <p>3.4.3 Statistical discrepancies and other potential indicators of problems in statistical outputs are investigated.</p> <p>3.5.1 Studies and analyses of revisions are carried out routinely and used to inform statistical processes.</p>

**Data Quality Assessment Framework—Generic Framework
(July 2001 Vintage)**

Quality Dimensions	Elements	Indicators
<p>4. Serviceability</p> <p><i>Statistics are relevant, timely, consistent, and follow a predictable revisions policy.</i></p>	<p>4.1 Relevance—<i>Statistics cover relevant information on the subject field.</i></p> <p>4.2 Timeliness and periodicity – <i>Timeliness and periodicity follow internationally accepted dissemination standards.</i></p> <p>4.3 Consistency—<i>Statistics are consistent within the dataset, over time, and with major datasets.</i></p> <p>4.4 Revision policy and practice—<i>Data revisions follow a regular and publicized procedure.</i></p>	<p>4.1.1 The relevance and practical utility of existing statistics in meeting users’ needs are monitored.</p> <p>4.2.1 Timeliness follows dissemination standards. 4.2.2 Periodicity follows dissemination standards.</p> <p>4.3.1 Statistics are consistent within the dataset (e.g., accounting identities observed). 4.3.2 Statistics are consistent or reconcilable over a reasonable period of time. 4.3.3 Statistics are consistent or reconcilable with those obtained through other data sources and/or statistical frameworks.</p> <p>4.4.1 Revisions follow a regular, well-established and transparent schedule. 4.4.2 Preliminary data are clearly identified. 4.4.3 Studies and analyses of revisions are made public.</p>

**Data Quality Assessment Framework—Generic Framework
(July 2001 Vintage)**

Quality Dimensions	Elements	Indicators
<p>5. Accessibility</p> <p><i>Data and metadata are easily available and assistance to users is adequate.</i></p>	<p>5.1 Data accessibility—<i>Statistics are presented in a clear and understandable manner, forms of dissemination are adequate, and statistics are made available on an impartial basis.</i></p> <p>5.2 Metadata accessibility—<i>Up-to-date and pertinent metadata are made available.</i></p> <p>5.3 Assistance to users—<i>Prompt and knowledgeable support service is available.</i></p>	<p>5.1.1 Statistics are presented in a way that facilitates proper interpretation and meaningful comparisons (layout and clarity of text, tables, and charts).</p> <p>5.1.2 Dissemination media and formats are adequate.</p> <p>5.1.3 Statistics are released on the pre-announced schedule.</p> <p>5.1.4 Statistics are made available to all users at the same time.</p> <p>5.1.5 Non-published (non-confidential) subaggregates are made available upon request.</p> <p>5.2.1 Documentation on concepts, scope, classifications, basis of recording, data sources, and statistical techniques is available, and differences from internationally accepted standards, guidelines or good practices are annotated.</p> <p>5.2.2 Levels of detail are adapted to the needs of the intended audience.</p> <p>5.3.1 Contact person for each subject field is publicized.</p> <p>5.3.2 Catalogs of publications, documents, and other services, including information on any charges, are widely available.</p>

Note: The elements and indicators included here bring together the “pointers to quality” that are applicable across the five identified dimensions of data quality.

Data Dissemination Practices and the Special Data Dissemination Standard (SDDS)

A. The Role of the SDDS in the Broader ROSC Process

1. The IMF's SDDS focuses on the disclosure of information upon which a user of statistics can make an assessment of the suitability of the data for a particular use; it does not directly assess the quality of data. The ROSC, in addition to assessing data dissemination practices against the SDDS, provides a detailed assessment of the quality of the data using a framework developed by the Fund and drawing upon international best practices.
2. The SDDS is the standard against which El Salvador's data dissemination practices are assessed.²¹ The SDDS is a "best practice" disclosure standard, i.e., it encourages the authorities of subscribing countries to provide information to users, including information they can use to assess the suitability of the data for purposes that they identify (e.g., the SDDS requires the dissemination of summary methodologies for all prescribed data categories). The SDDS does not assess data quality directly.
3. The data module ROSC is a comprehensive approach that uses one of the Fund's two data standards (SDDS and GDDS) as a benchmark for assessing dissemination practices. The selection depends on the country; for an SDDS subscriber like El Salvador, the standard is the SDDS. Additionally, the data module ROSC assesses data quality using the DQAF.

B. Current Dissemination Practices in El Salvador

4. El Salvador subscribed to the SDDS in June 1998 and started posting its metadata on the DSBB in December 1998. El Salvador is in observance of the SDDS, having met the specifications for the coverage, periodicity, and timeliness of the data, and for the dissemination of advance release calendars since October 1999. The Data Template on International Reserves and Foreign Currency Liquidity has been disseminated and was hyperlinked to the DSBB in May 2000. The NSDP has been hyperlinked to the DSBB since August 2000.
5. The three institutions responsible for the compilation and dissemination of the SDDS prescribed data categories are the CRBES, the DIGESTYC—an agency of the ME—and the MF. The CRBES compiles and disseminates most data categories using inputs from many public dependencies. The central bank compiles and disseminates data on national accounts, production index, producer price index, analytical accounts of the banking sector, analytical accounts of the central bank, interest rates, balance of payments, exchange rates, the data template on international reserves and foreign currency liquidity, and international investment position, as well as maintaining the NSDP and advanced release calendars. The DIGESTYC compiles and disseminates data on the CPI, employment, unemployment, wages/earnings, and population. The MF is responsible for compiling all fiscal data, but the CRBES disseminates these data.

²¹ A brief description of the SDDS is contained in Box 1. A detailed description of the SDDS can be found on the IMF's DSBB on the Internet at <http://dsbb.imf.org>.

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

Data dimension (coverage, periodicity, and timeliness)

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

Access dimension

- The dissemination of advance release calendars providing at least a one-quarter ahead notice of approximate release dates, at least a one-week ahead notice of the precise release dates, and the simultaneous release of data to all users;
- The dissemination of advance release calendars providing at least a one-quarter ahead notice of approximate release dates and at least a one-week ahead notice of the precise release dates; and
- The simultaneous release of data to all users.

Integrity dimension

- The dissemination of the terms and conditions under which official statistics are produced and disseminated;
- The identification of internal government access to data before release;
- The identification of ministerial commentary on the occasion of statistical release; and
- The provision of information about revision and advance notice of major changes in methodology.

Quality dimension

- Dissemination of documentation on statistical methodology and sources used in preparing statistics; and
- Dissemination of component detail and/or additional data series that make possible crosschecks and checks of reasonableness.

SDDS subscribers are required to post descriptions of their data dissemination practices (metadata) on the IMF's DSBB (summary methodologies, which describe data compilation practices in some detail, are also disseminated on the DSBB) and maintain an Internet Website, referred to as the NSDP, which contains the actual data described in the metadata, and to which the DSBB is electronically linked.

At the March 29, 2000 meeting of the IMF's Executive Board, Executive Directors approved the incorporation of a new SDDS data category on external debt. The transition period for implementing this data category expired in March 2003. As of July 23, 2003, there are 18 subscribers already disseminating external debt data.

As a result of the IMF Executive Board's Third Review of the SDDS in March 2000, IMF staff began monitoring observance of the standard through NSDPs maintained on the Internet. Monitoring commenced at the beginning of July 2000, and is limited to the coverage, periodicity, and timeliness of the data and to the dissemination of advance release calendars.

6. El Salvador provides access to these data through a variety of publications and the following Internet websites:

- The CRBES website (<http://www.bcr.gob.sv>).
- The DIGESTYC website in the ME website (<http://www.minec.gob.sv>).
- The MF website (<http://www.mh.gob.sv>).

Data dimension: coverage, periodicity, and timeliness

7. The coverage, periodicity, and timeliness of macroeconomic data in El Salvador are summarized and compared with SDDS requirements in Table 1. El Salvador meets the SDDS specifications using flexibility options for the periodicity of the labor market data. Periodicity and timeliness exceed the Standard for data on general government operations and the international investment position. Timeliness of the Standard is exceeded for consumer prices central government debt, the analytical accounts of the central bank, international reserves, and merchandise trade.

Access dimension

8. Advance release calendars that meet the SDDS requirements are disseminated either in hard copy format or on the Internet website of the CRBES responsible for the dissemination of the data. These advance release calendars are supplemented by a quarter-ahead presentation of release dates on the IMF's DSBB. El Salvador meets the requirements of the SDDS in terms of access to data by the public.

9. Data are released simultaneously to all interested parties on El Salvador's NSDP (http://www.bcr.gob.sv/ingles/estadisticas/nedd_resumen_estadisticas.html) hosted by the central reserve bank.

Integrity dimension

10. The SDDS requires the disclosure of information on the terms and conditions that govern the collection, compilation, and dissemination of data, including the confidentiality of the data collected. The laws, regulations, and the decrees under which official statistics are compiled and disseminated in El Salvador are available to the public—in electronic and non-electronic formats—in Spanish. The organic *Law on the Central Reserve Bank of El Salvador* can be obtained from the Communications Department, Banco Central de Reserva de El Salvador (Phone: 503 2818111, Fax: 503 2818113, and e-mail: comunicaciones@bcr.gob.sv). The *Law* is also published on the Internet website of the SFS (<http://www.ssf.gob.sv>).

11. Procedures on internal access to the data prior to public release are disseminated on the DSBB for the data categories to which they apply. According to El Salvador's SDDS metadata, there is no internal government access outside the corresponding statistical agency prior to public release for any data category covered by the SDDS. Data released by the El Salvador statistical agencies are not accompanied by ministerial commentary.

El Salvador: Overview of Current Practices Regarding Coverage, Periodicity, and Timeliness of Data Compared to the SDDS

SDDS Data Category	Coverage (meets SDDS requirement)	Periodicity		Timeliness		Comments
		SDDS	El Salvador 1/	SDDS	El Salvador 1/	
Real Sector						
National accounts	Yes	Q	Q	1Q	1Q	
Production index/indices	Yes	M	M	6W (M encouraged)	40 D	Cover industrial production
Employment	Yes	Q	A	1Q	1Q	Flexibility option for periodicity.
Unemployment	Yes	Q	A	1Q	1Q	Flexibility option for periodicity.
Wages/earnings	Yes	Q	A	1Q	1 Q	Flexibility option for periodicity
Consumer price index	Yes	M	M	1M	10 days	Timeliness exceeds SDDS requirements.
Producer price index	Yes	M	M	1M	1M	
Fiscal sector						
General government operations	Yes	A	M and A	2Q	M:1M A:3M preliminary data 6M final data	Periodicity and timeliness exceed SDDS requirements, monthly data have been compiled for non-financial public sector coverage.
Central government operations	Yes	M	M	1M	1M	Data include budgetary central government and some central government extrabudgetary accounts, excludes the Salvadoran Social Security Institute.
Central government debt	Yes	Q	M	1Q	1M	Periodicity and timeliness exceeds SDDS requirements.
Financial sector						
Analytical accounts of the banking sector	Yes	M	M	1M	Within 4 W after the end of the month	

El Salvador: Overview of Current Practices Regarding Coverage, Periodicity, and Timeliness of Data Compared to the SDDS

SDDS Data Category	Coverage (meets SDDS requirement)	Periodicity		Timeliness		Comments
		SDDS	El Salvador 1/	SDDS	El Salvador 1/	
Analytical accounts of the central bank	Yes	M (W recommended)	M	2W (W encouraged)	5 working days	Timeliness exceed SDDS requirements.
Interest rates		D	D	D	1W	The interest rate is not a monetary policy variable
Stock market	Yes	D	2/	Although there is a securities exchange in El Salvador, which is primarily involved in trading of public and private securities, as well as repurchase operations, the stock market is in an early phase of development and no share price index is produced at this stage.
External Sector						
Balance of payments	Yes	Q	Q	1Q	1Q	
International reserves	Yes	M (W recommended)	M	1W	5 days	
Reserves template	Yes	M	M	1M	1M	
Merchandise trade	Yes	M	M	8W (4-6W encouraged)	24 days	Timeliness exceeds SDDS requirements.
International investment position	Yes	A (Q recommended)	Q	2Q (Q encouraged)	1Q	Periodicity and normally timeliness exceed SDDS requirements.
Exchange rates	Yes	D	2/	In agreement with the Monetary Integration Law of January 1, 2001, the exchange rate between the colon and the U.S. dollar is fixed at 8.75 colones per U.S. dollar. The U.S. dollar is a legal tender.
Addendum: population	Yes	A	A	...	4Y	Population projection based on the national census (every 10 years).

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

1/ Refers to current practices in El Salvador.

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

Quality dimension

12. Summary methodology statements for most SDDS data categories have been posted on the DSBB, except for labor market and fiscal sector data categories. Summary methodology statements for the fiscal sector have been submitted to the IMF's Statistics Department (STA) and are, at present, being translated into English. In addition, methodological information is also disseminated by the CRBES and by the DIGESTYC. Changes in methodology are explained in the *Encuesta de Hogares de Propósitos Múltiples* for real sector data categories.

13. El Salvador's statistical agencies also disseminate component details and additional data series that make possible crosschecks and checks of reasonableness for all data categories as prescribed by the SDDS.

Monitoring of data and access dimensions

14. In accordance with the IMF Executive Board's Third Review of the SDDS, IMF staff began monitoring subscribers' performance under the SDDS in July 2000.²² Monitoring is carried out against the release dates stated in the advance release calendars and the metadata, i.e., to verify not only that the data are released according to the calendar, but also that the data disseminated correspond to the metadata posted on the DSBB. During July 2000–July 2003 El Salvador's dissemination practices were in observance of SDDS requirements.

²² The data dimension—coverage, periodicity, and timeliness of the data—and the advance release calendars of the access dimension have been monitored since July 2000. Other elements of the SDDS are on a self-disclosure basis by subscribers; that is, the subscribers are asked to confirm on a quarterly basis that their descriptions of their practices are accurate.

Summary of Results of Survey of Data Users

1. With the assistance of the authorities, and to complement the Fund staff's own assessment of the quality of El Salvador's macroeconomic statistics, the mission that visited San Salvador during August 11–28, 2003 conducted an informal survey of banks, public sector agencies, academics, media, and international organizations and donors. Public sector agencies included government agencies, autonomous institutions, and non-financial public corporations. The survey asked users to evaluate four specific aspects of El Salvador's macroeconomic statistics—namely, (1) coverage and detail; (2) periodicity and timeliness; (3) other dissemination practices; and (4) accessibility—as well as to provide an overall assessment.
2. Twenty-two of a sample of 41 users responded. The response rate of 54 percent overall compares well with similar surveys conducted in other countries. Of the responses, 45 percent were submitted by public policy organizations; 23 percent by international organizations and donors; 18 percent by the private sector; 14 percent by academics; and 5 percent by the banks.
3. The table below shows that these respondents' views were mostly positive: on the scale of 1 to 5, 5 being excellent, respondents answered to the question “How do you rate the overall quality of the official statistics?” with an average rating of 3.9. Public and private sector analysts responded above average (4.2 and 4.1 respectively), while international organizations did so below average (3.6). Banks and academics had a very similar opinion of the overall quality of official statistics (3.8 in both cases, although the sample is not representative for banks).
4. Respondents were broadly satisfied with the coverage provided by macroeconomic statistics, frequency and timeliness of data, and access to data, as well as the unbiased and accurate nature of data. They were relatively more critical of the level of detail provided, the lack of information on revisions to the data, and the quality of information on methodology used in compiling the statistics. Notwithstanding these criticisms, most respondents considered El Salvador's statistics to be of equal or superior quality to those of the other countries in the region.
5. Many respondents took the opportunity to provide comments and suggestions on El Salvador's statistics; these are summarized below. Many users expressed concern on the overall quality of macroeconomic statistics, which had been declining in recent years. Several users expressed the need to produce more disaggregated and sound national accounts and labor market statistics. The CPI market basket and weights needed to be updated. **Timeliness** was broadly better than **accuracy and reliability** in all sectors. **Access** to historical data and to unpublished data in all sectors was difficult. Dissemination of data had become more transparent and easy to access with the use of the Internet (100 percent of users surveyed access data by electronic means). **Methodological notes** on macroeconomic statistics were not detailed enough. The advance release calendars provided information only for SDDS data. The CRBES and the MF did not usually alert users to **revisions** in the

historical series, and revisions were not explained, which eroded the credibility of the institutions. Finally, the **lack of a statistical program** for the country hampered the completion of economic and population censuses, which were particularly important in a country that had changed so much in the past 10 years, i.e., after the civil war. A market economy without quality statistics was unable to identify areas of opportunity and risk.

6. Selected comments are summarized and grouped into four categories below: (1) methodological soundness; (2) accuracy and reliability; (3) serviceability; and (4) accessibility.

Comments of Respondents to User Survey

Methodological soundness

- National accounts need more disaggregation by sector.
- The input/output table is not produced and disseminated in a timely manner.
- Dissemination of the distribution of national income among factors of production has been discontinued.
- CPI and IPRI need better coverage.
- CPI market basket and weights need to be updated.
- External trade statistics need to provide more details.
- Export and import indexes have been discontinued.
- Public debt statistics need to provide more details.
- Data on monthly/quarterly expenditure of municipalities is not available.
- The CRBES liquidity report needs to provide more detail on deposits.
- Labor market statistics need to provide more detail on employment by sector and categories.
- Balance of payments capital and financial accounts are very aggregated.

Accuracy and reliability

- The index of volume of economic activity and the product accounts change too frequently, and there is neither announcement of changes nor explanations of the reasons for the changes.
- The base year for national accounts and price statistics is very outdated.
- Economic projections are not timely and are not widely disseminated. Restricted access is not understood. The CRBES should publish its projections on major macroeconomic indicators (mentioned by several users).
- Labor market statistics are not reliable.
- Accuracy and reliability of the data have been declining in recent years.

Serviceability

- Timeliness of national accounts data should be improved (mentioned by several users).
- Revisions in national accounts are not explained.
- Timeliness of quarterly GDP could be reduced to less than 90 days.
- Timeliness of the multi-purpose household survey is not always good, although the 2002 results were very timely.
- Government finance statistics are not revised and not compiled on an accrual basis.
- Timeliness of government finance statistics does not always adhere to the advance release calendar (mentioned by several users).
- The presentation of balance of payments data changes too frequently.
- The weekly depository corporations survey should be disseminated.
- More analysis and discussion fora on statistics are needed.
- Dissemination of the *Monthly Bulletin* and the *Quarterly Magazine* is very delayed.
- The CRBES and the MF do not usually alert users to revisions in the historical series, and revisions are not explained, which erodes the credibility of the institutions.

Accessibility

- Access to historical data and to unpublished data in all sectors is difficult (mentioned by several users).
- Data provided by the MF is very difficult to access.
- All statistics lack detailed metadata.
- The monthly unemployment rate is not currently disseminated, although it was until 2002.

Results of El Salvador User Survey
(number of responses in each category)

	Banks	International Organizations	Private Sector Analysts	Public Sector Analysts	Universities	Total	Percentage
Questionnaires sent out	3	5	11	19	3	41	
Responses (excl. not applicable)	1	5	4	10	2	22	54
General Information on Uses of Official Macroeconomic Statistics							
1. Which macroeconomic statistics are you using regularly?							
▪ National Accounts	1	5	4	10	2	22	100
▪ Prices	1	5	3	9	2	20	95
▪ Government/Public Sector Operations and Debt	1	5	3	7	2	19	91
▪ Monetary Statistics	1	5	3	7	2	18	82
▪ Balance of Payments	1	5	3	6	2	17	77
Other:							
▪ Industrial Production	1	5	2	8	2	18	82
▪ Labor Statistics	1	5	3	8	1	18	82
▪ Merchandise Trade	1	5	3	7	2	18	82
▪ International Reserves and Liquidity	1	5	3	5	2	16	73
▪ External Debt	1	5	3	3	2	14	64
▪ International Investment Position	1	4	2	1	1	9	41
▪ Other	1	4	3	4	1	13	59
2. Where do you obtain the official statistics?							
▪ Official Press Releases and Publications	1	5	4	10	2	22	100
▪ Private Sector Summaries and Analyses		4	3	3	2	12	55
▪ Official Policy Papers	1	1	3	2	2	9	41
▪ Publications from International Organizations about the country	1	5	1	3	2	12	55
▪ Other Sources	1	3	3	2	1	10	45
3. Do you refer to official descriptions of the sources and methods that were used to compile the official statistics?							
▪ Yes	1	4	4	5	2	16	73
▪ No	0	0	0	5	0	5	23
▪ No opinion	0	1	0	0	0	1	5
4. For what purposes do you use the official statistics?							
▪ Analysis of current developments for short-term decision making?	1	2	3	8	1	15	68
▪ Analysis of trends for longer-term policy formulation?	1	4	4	5	1	15	68
▪ Econometric model building and forecasting	0	3	2	0	2	7	32
▪ Economic research	1	4	4	10	2	21	95
▪ Comparison with economic developments in other countries	1	4	4	8	2	19	86
▪ General economic background	0	3	4	9	2	18	82
▪ Other	0	2	0	3	0	5	23

	Banks	International Organizations	Private Sector Analysts	Public Sector Analysts	Universities	Total	Percentage
Quality Aspects of the Official Macroeconomic Statistics							
5.1 Is the coverage of these statistics satisfactory?							
▪ Yes	1	2	3	8	2	16	73
▪ No	0	3	0	2	0	5	23
▪ No opinion	0	0	1	0	0	1	5
5.2 Is the detail provided by these statistics satisfactory?							
▪ Yes	0	2	3	6	1	12	55
▪ No	1	3	0	4	0	8	36
▪ No opinion	0	0	1	0	1	2	9
6.1 Is the frequency (e.g. weekly, monthly, quarterly, annual compilation) of these statistics satisfactory?							
▪ Yes	1	5	3	9	2	20	91
▪ No	0	0	0	0	0	0	0
▪ No opinion	0	0	1	1	0	2	9
6.2 Is the timeliness (the delay of publication) of these statistics satisfactory?							
▪ Yes	0	5	3	8	0	16	73
▪ No	1	0	0	1	1	3	14
▪ No opinion	0	0	1	1	1	3	14
7.1 Do you know if there is a publicly disseminated calendar that announces the dissemination of the various							
▪ Yes	1	4	3	9	2	19	86
▪ No	0	0	0	1	0	1	5
▪ No opinion	0	1	1	0	0	2	9
7.2 If there is a calendar of release dates, are the official statistics released on the dates announced?							
▪ Yes	1	3	3	7	1	15	68
▪ No	0	0	1	0	0	1	5
▪ No opinion	0	2	0	3	1	6	27
7.3 Is there enough information about revisions to official statistics to satisfy your needs?							
▪ Yes	1	3	2	6	1	13	59
▪ No	0	2	0	3	1	6	27
▪ No opinion	0	0	2	1	0	3	14
8.1 Are the official statistics referred in item 1 easily accessible to you?							
▪ Yes	0	3	4	10	2	19	86
▪ No	1	2	0	0	0	3	14
▪ No opinion	0	0	0	0	0	0	0
8.2 Can you get easy access to information pertaining to official statistics you use (explanatory notes, methodological descriptions)?							
▪ Yes	1	4	3	7	1	16	73
▪ No	0	1	0	3	0	4	18
▪ No opinion	0	0	1	0	1	2	9

	Banks	International Organizations	Private Sector Analysts	Public Sector Analysts	Universities	Total	Percentage
8.3 Is the above information on methodology clear and adequate?							
▪ Yes	0	2	4	6	0	12	55
▪ No	1	1	0	1	0	3	14
▪ No opinion	0	2	0	3	2	7	32
8.4 How do you get access to official statistics? (Total responses computed)							
▪ Hard copy	1	4	4	10	2	21	95
▪ Electronic form	1	5	4	10	2	22	100
9.1 Is the underlying methodology of official statistics sound and appropriate?							
▪ Yes	1	4	4	8	2	19	86
▪ No	0	1	0	0	0	1	5
▪ No opinion	0	0	0	2	0	2	9
9.2 Do you consider the official statistics to be unbiased and accurate?							
▪ Yes	1	4	4	5	1	15	68
▪ No	0	0	0	2	0	2	9
▪ No opinion	0	1	0	3	1	5	23
9.3 How do you compare the quality of official statistics of El Salvador with those of other countries in the region?							
▪ Better	1	1	2	5	0	9	41
▪ Same	0	4	2	3	2	11	50
▪ Worse	0	0	0	2	0	2	9
9.4 How do you assess the overall quality of the official statistics? (Average rating from 1 to 5)	3.8	3.6	4.1	4.2	3.8	3.9	