

ACRONYMS

<i>1993 SNA</i>	<i>System of National Accounts 1993</i>
<i>2008 SNA</i>	<i>System of National Accounts 2008</i>
BI	Benchmark to Indicator Ratio
BM	Bank of Mexico
BOP	Balance of Payments
<i>BPM5</i>	<i>Balance of Payments Manual, fifth edition</i>
<i>BMP6</i>	<i>Balance of Payments and International Investment Position Manual, sixth edition</i>
CGT	General Conditions of Employment of the Bank of Mexico
CNBV	Banking and Securities National Commission
COFOG	Classification of Functions of Government
COICOP	Classification of Individual Consumption by Purpose
DSBB	Dissemination Standards Bulletin Board
DQAF	Data Quality Assessment Framework
GFS	Government Finance Statistics
<i>GFSM 1986</i>	<i>A Manual on Government Finance Statistics, 1986</i>
<i>GFSM 2001</i>	<i>Government Finance Statistics Manual, 2001</i>
IIP	International Investment Portfolio
INEGI	National Institute of Statistics and Geography
<i>ISIC</i>	<i>International Standard Industrial Classification of All Economic Activities</i>
LSNIEG	Law of the National System of Information on Statistics and Geography
<i>MFSM 2000</i>	<i>Monetary and Financial Statistics Manual 2000</i>
NA	National Accounts
NAICS	North American Industry Classification System
ODC	Other depository corporations
ROSC	Report on the Observance of Standards and Codes
SDDS	Special Data Dissemination Standard
SHCP	Secretariat of Finance and Public Credit
SNIEG	National System of Statistics and Geographic Information

I. OVERALL ASSESSMENT

1. Mexico has been a subscriber of the SDDS since August 1996, posting its metadata on the Fund's *Dissemination Standards Bulletin Board (DSBB)* in March 1998. Mexico is in observance of the SDDS, meeting the specifications for data coverage, periodicity and timeliness, and the dissemination of advance release calendars. Mexico avails itself of a flexibility option on the timeliness of general government or public sector operations. Appendix I provides an overview of Mexico's dissemination practices compared with the SDDS.

2. This Report on the Observance of Standards and Codes (ROSC) data module is a reassessment of the exercise conducted in February/March 2002, but applies an updated framework (IMF's Data Quality Assessment Framework (DQAF July 2003)) and covers national accounts, government finance, monetary and balance of payments statistics.¹ The National Institute of Statistics and Geography (INEGI) is responsible for the national accounts, the Secretariat of Finance and Public Credit (SHCP) for the government finance statistics, except for state and local government statistics, which are the responsibility of INEGI to compile and disseminate, and the Bank of Mexico (BM) for monetary and balance of payments statistics. The macroeconomic statistics are generally of a high quality, although there is some variation among datasets (see Table 1), and adequate to conduct effective surveillance. The mission found a high degree of quality awareness, professionalism, and integrity in all the compiling agencies.

3. Mexican macroeconomic statistics are in a period of transition as recent laws, including the Law of the National System of Information on Statistics and Geography (LSNIEG), have strengthened the legal backing and changed institutional arrangements. The implications of these changes are just beginning to be felt. The LSNIEG created a national system of statistics and geographic information (SNIEG) overseen by a National Statistical Council, with the support of specialist subsystems committees.² The system has just started to operate. INEGI is now an autonomous legal entity separate from the SHCP, has a clear legal mandate to compile and disseminate data on national accounts statistics, and is the coordinator of the SNIEG. From the discussions undertaken by the mission, this more robust institutional framework should allow a holistic view of the statistical system to be taken and, through the coordinating role of INEGI, the adoption of common statistical standards across all datasets of national interest.³

¹ At the time of the mission, the methodology for both the consumer price and producer price indices are in the process of being updated. When the new indices is published, expected in early 2011, the intention is for a data ROSC reassessment for these two indices to be undertaken. Under the 2008 Law of the National System of Information on Statistics and Geography (LSNIEG), responsibility for prices is to be transferred from BM to INEGI by July 2011.

² For the subsystem of economic information, the specialist committees comprise representatives of the INEGI, SHCP, BM, the Ministry of Economy, and the relevant ministries and public institutions by area (macroeconomic information, energy, tourism, agriculture, science and technology, and employment).

³ The mission understands that the datasets of national interest include national accounts, price statistics, government finance, monetary, and balance of payments statistics.

4. The ROSC mission assessed the quality of Mexican macroeconomic statistics as at the time of the visit. The mission observed variation across domains in terms of the improvements made since 2002. In national accounts, the North American Industry Classification System (NAICS) for classifying economic activity across public institutions has been introduced and the base year of the national accounts updated to 2003. In monetary statistics, the BM and the banking and security supervisor (CNBV) have cooperated closely to reduce the burden of reporting on financial institutions, while coverage of the financial sector has improved very significantly. In government finance (GFS) and balance of payments (BOP) statistics changes are underway. The full implementation by end 2012 of the General Law on Government Accounting should improve the compilation and dissemination of GFS, not least with regard to states and municipalities, and with regard to international statistical and accounting standards. Further, early in 2010, through the committee structure of the SNIEG, it was decided in principle that Mexico should adopt the *Balance of Payments and International Investment Position Manual, Sixth Edition (BPM6)*.

5. Despite the progress made and envisaged, there is scope for further improvement. The mission identified the need for greater consistency in recording across, and even within, agencies and for regular reconciliation exercises. The creation of SNIEG provides an excellent opportunity to improve this situation, and to proactively respond to emerging issues. Wider adoption of international statistical standards would also promote consistency. Also, across the domains, there is a need for more regular consultation with users. Periodic but regular meetings with users could help build greater understanding of the work of statistical agencies and enhance the statistical work of the agencies.

6. In applying the IMF's DQAF the remainder of this section presents the mission's main findings. The findings are presented at the level of the DQAF's quality dimensions, by agency for the first two dimensions, and across datasets for the remaining four.

7. **Prerequisites of quality and assurances of integrity**

- The LSNIIEG establishes that **INEGI** has the exclusive responsibility for integrating the national accounts (Article 59); has legal backing to collect information for the national accounts (Article 45 (1)); and has to promote the strict confidentiality of information provided (Article 37). Further, Article 26 of the Constitution grants INEGI technical and operating autonomy. Resources are adequate at the INEGI. No regular consultation with users is established, but a portal on the INEGI website exists as a communication channel. INEGI firmly adheres to the principle of objectivity in the collection, processing, and dissemination of statistics. It demonstrates professionalism, is transparent in its policies and practices, and provides guidelines to their staff on ethical conduct. INEGI's autonomy guarantees that no government authority has access to its statistics before they are officially released.
- The responsibility for compiling macroeconomic statistics by the **Bank of Mexico** is broadly stated in Article 62 Section I of the Bank of Mexico Law (1994) that indicates that the BM, in coordination with the other competent authorities, may prepare, compile, and publish economic and financial statistics, as well as operate information systems based on these statistics, and collect the necessary data for these

purposes. While the BM has a long-standing and unchallenged tradition of compiling and disseminating statistics as a public service, the BM is not empowered by the law to require the reporting of information by the nonfinancial private sector (except for firms involved in the business of personal money transfers). Resources dedicated to the compilation and dissemination of statistics are adequate and high ethical standards are set. The BM does not conduct regular meetings with outside users, but has well-established procedures to monitor data quality.

- The Federal Budget and Fiscal Responsibility and other laws clearly establish that fiscal statistics on the central government and other levels of public sector aggregation are compiled and disseminated by the **SHCP**, while INEGI is responsible for compiling and disseminating fiscal statistics on the operations of state and municipalities (local) governments. Confidentiality of data is protected, and statisticians are free of political influence in the choice of the most appropriate data sources and methods for compiling fiscal statistics. The SHCP is fully aware that quality is the key for maintaining public confidence in fiscal statistics. The laws, regulations, methodologies, and manuals for classifying expenditure that govern compilation and dissemination of fiscal statistics are available to the public on the SHCP's website. Resources are adequate for current tasks. Fiscal statistics are released simultaneously to the general public through the SHCP's website.

8. The **methodological soundness** of the statistics varies across dataset. The national accounts generally follow the conceptual advice in the *System of National Accounts, 1993 (1993 SNA)*, although most government transactions on a quarterly frequency are on a cash instead of on an accrual basis. The methodological foundations of monetary statistics are generally sound and reflect significant improvement since 2002. However, the definition of broad monetary aggregates is not in line with key principles of the *Monetary and Financial Statistics Manual* and the recording of financial derivative and repurchase transactions are overstating the aggregated other depository corporations (ODC) balance sheet.

9. In BOP, data are compiled using a mix of methodological standards from the fourth and fifth editions of the *Balance of Payments Manual*. Some services are classified as income, both current and capital transfers are recorded as current; and official reserve assets are included within portfolio and other investment accounts in the International Investment Position (IIP), although separately identified. Branches of Mexican banks abroad are classified as residents and nonfinancial private debt is classified by place of issue of the liabilities not on the residence criterion. Cross-country comparability of data is hindered by the use of national classifications and presentations.

10. The compilation and dissemination of GFS follows national concepts and definitions, which are similar to the recommendations in *A Manual on Government Finance Statistics, 1986 (GFSM 1986)*. The classification of revenue, expenditure, financing is in accordance with national criteria, broadly similar to those recommended in the *GFSM 1986*, but with major presentation differences, including presentation on a modified cash basis. Debt is valued at face value, and the classification of financing and debt as domestic or foreign is classified by place of issue of the liabilities not on the residence criterion. The same financing and debt data are used in the balance of payments and IIP. Fiscal statistics for

general government are not compiled regularly, but can be provided on request. The authorities have no plan to migrate to the *Government Finance Statistics Manual, 2001 (GFSM 2001)* but the intent to implement new consistent accounting standards for all levels of government that follow international standards, including accrual accounting, and to introduce a modern information system, should provide the information necessary to compile GFS according to the *GFSM 2001*.

11. Accuracy and reliability of data are generally adequate and have improved since 2002. In the national accounts, source data and statistical techniques are sound and most statistical outputs sufficiently portray reality. A broad range of source data are available, with economic censuses every five years and a vast program of monthly and annual surveys. For most surveys, scientific sampling techniques are used. However, changes in inventories data are obtained as residuals—despite the availability of annual data in manufacturing and domestic trade surveys that is not incorporated in national accounts (indicating a need for strengthening internal coordination), so there is no independent verification between the production and expenditure measures of GDP. Also, there are some statistical techniques that are not fully in line with international best practice: the wide use of the single indicator method to estimate GDP, rather than the double deflation approach recommended by international standards; the use of fixed intermediate consumption coefficients at current prices in quarterly GDP, rather than the international best practice of using current price data from surveys or, the second best practice, of inflating constant price data by price indices; and the use of the average benchmark-to-indicator ratio (BI) of the previous year for aligning quarterly estimates to annual data, instead of the BI of the fourth quarter of the previous year, as international standards recommend. The latter two statistical techniques are causing a step problem in the estimates of the first quarter. Taxes and subsidies on products at constant prices are estimated by applying the GDP growth rate; a deviation from best practice.

12. The information necessary for compiling consolidated GFS data for the various levels of government is available in a timely way, except notably for state and local governments (and thereby general government). In this context, there is a lack of an advance release calendar for state and local government data. The accuracy and reliability of the monetary statistics are supported by comprehensive, high quality source data. The coverage of nonbank other depository corporations (ODC) has improved since 2002, but time delays in the submission of such data and the processing of the reports impedes timely dissemination of the ODC survey. The source data for BOP statistics come from comprehensive data collection programs. However, source data gaps are emerging due to the incomplete coverage of the nonfinancial private sector, in both the current and financial accounts, particularly services,⁴ and financial transactions, including trade credits and financial derivatives.

13. While the **serviceability** of data has improved in some aspects since 2002, improvements are still needed in two areas. First, there is a pressing need to improve the consistency across datasets, not least because the reconciliation of data does not appear to be done on a regular basis. Second, there is a general need to provide more information to users

⁴ There is inter-agency work on-going to improve the coverage of services.

on revisions, a clear conclusion supported by user consultations. Data are available with adequate periodicity and timeliness, and sometimes exceed, SDDS requirements, with the notable exception of the timeliness of general government operations. Beyond the SDDS specifications, the timeliness of the annual integrated economic accounts by institutional sector is very late and INEGI has recognized the need for improvement.

14. **Accessibility** of the data is better than in 2002. Most notably there has been a marked improvement in the assistance to users in a timely manner. But for national accounts, monetary statistics and BOP there is a need to improve the availability of metadata. Also, while the mission found that the websites of the agencies were generally informative, some users raised concerns about their user friendliness. INEGI are encouraged to provide more detail on their annual national accounts estimates.

15. Section II provides a summary assessment by agency and dataset based on a four-part scale. This is followed by staff recommendations in Section III. Practices compared to the SDDS are summarized in Appendix I. The authorities' response to this report and a volume of detailed assessments are presented in separate documents.

II. ASSESSMENT BY AGENCY AND DATASET

16. Assessment of the quality of four macroeconomic datasets—national accounts, government finance, monetary, and balance of payments statistics—were conducted using the DQAF, July 2003. In this section, the results are presented at the level of the DQAF elements and using a four-point rating scale (Table 1). Assessments of the prerequisites of data quality and the assurances of integrity (Dimensions “0” and “1” of the DQAF) are presented in Tables 2a–c. For each dataset, the assessment of methodological soundness, accuracy and reliability, serviceability, and accessibility (Dimensions “2” to “5” of the DQAF) are shown in Tables 3a–f.

Table 1. Mexico Data Quality Assessment Framework Version July 2003—Summary Results

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

Datasets	National Accounts	Government Finance Statistics	Monetary Statistics	Balance of Payments Statistics
Dimensions/Elements				
0. Prerequisites of quality				
0.1 Legal and institutional environment	LO	O	O	LO
0.2 Resources	O	O	O	O
0.3 Relevance	LO	O	LO	LO
0.4 Other quality management	O	O	O	O
1. Assurances of integrity				
1.1 Professionalism	O	O	O	O
1.2 Transparency	O	LO	O	O
1.3 Ethical standards	O	O	O	O
2. Methodological soundness				
2.1 Concepts and definitions	O	LO	LO	LO
2.2 Scope	O	LNO	O	LO
2.3 Classification/sectorization	O	LNO	O	LNO
2.4 Basis for recording	LO	O	LO	LO
3. Accuracy and reliability				
3.1 Source data	LO	O	LO	LO
3.2 Assessment of source data	O	O	O	O
3.3 Statistical techniques	LO	O	O	O
3.4 Assessment and validation of intermediate data and statistical outputs	LO	O	O	O
3.5 Revision studies	O	O	O	LO
4. Serviceability				
4.1 Periodicity and timeliness	O	LO	O	O
4.2 Consistency	LO	LO	O	LO
4.3 Revision policy and practice	LO	LO	LO	LO
5. Accessibility				
5.1 Data accessibility	LO	LO	O	O
5.2 Metadata accessibility	LO	O	LO	LNO
5.3 Assistance to users	O	O	O	O

Practice observed: Current practices generally meet or achieve the objectives of DQAF internationally accepted statistical practices without any significant deficiencies. **Practice largely observed:** Some departures, but these are not seen as sufficient to raise doubts about the authorities' ability to observe the DQAF practices. **Practice largely not observed:** Significant departures and the authorities will need to take significant action to achieve observance. **Practice not observed:** Most DQAF practices are not met. **Not applicable:** Used only exceptionally when statistical practices do not apply to a country's circumstances.

Table 2a. Mexico Assessment of Data Quality—Dimensions 0 and 1—National Institute of Statistics and Geography

0. Prerequisites of quality	1. Assurances of integrity
<p>Legal and institutional environment. The INEGI operates under the LSNIEG, published in April 2008. It has exclusive responsibility for conducting the national census, integrating the system of national accounts (Article 59). Under Article 26 of the Constitution it is a public institution with technical and managerial autonomy. In general, the flow of source data among agencies is timely. There are pre-established calendars for the provision of data from surveys and censuses, which are strictly observed. However, a need to strengthen internal coordination within INEGI exists regarding the collection and use of relevant data on intermediate consumption and inventories. INEGI is the coordinator of the newly established SNIEG, which includes a National Advisory Council and committees by type of statistic, and involves inter-institutional coordination. Confidentiality of individual data is guaranteed by the Second Title, Chapter V of the LSNIEG and by the Federal Law of Administrative Responsibilities of the Public Servants (March 2002). The legal power of INEGI for compiling statistics is clearly set out in Chapter V of the LSNIEG, which refers to the rights and obligations of users and respondents. Article 45 (1) states that “system respondents are obliged to provide accurate and timely data and reports as and when requested....” The Law also provides penalties for refusing data requests or falsifying information.</p> <p>Resources. The human and financial resources allocated to national accounts (NA) are commensurate with INEGI’s institutional programs. Staff attends training courses offered by international organizations. Compensation levels have been frozen for some years, affecting the retention of experienced staff. Computing resources, physical infrastructure, and funding are adequate. The INEGI seeks to take advantage of modern information technology for the compilation of NA.</p> <p>Relevance. Although INEGI made a presentation of its statistical products to users in December 2009, it does not have a regular process of consultation with main users of NA on the needs for recurrent and new information. However, there is a portal in INEGI website that provides a permanently open communication channel to users for consultations on methodology and conceptual issues. INEGI is updated on the developments in NA methodology and compilation techniques through its participation in different international forums.</p> <p>Other quality management. Article 3 of the LSNIEG states that the INEGI has the objective of providing to society and to the State quality information that is relevant, trustful and timely, in order to help national development. The SNIEG entails the design of strategic programs (long-term), national programs (5 years), and annual programs with objectives and goals in order to improve and broaden statistical products as well as implement international standards. INEGI seeks expert advice for improving statistics. The standards of quality are designed to enhance efficiency in the use of resources.</p>	<p>Professionalism. Professional competence is the basic principle for recruitment and promotions of the INEGI staff. The choice of sources and methods is governed only by statistical considerations. The INEGI prepares press notes stating its position against the errors of interpretation found, making these notes available to the broad public by means of the web page of the Institute.</p> <p>Transparency. The press releases indicate that the published data are compiled under the responsibility of the INEGI and in accordance with the LSNIEG. The autonomy conferred to the INEGI guarantees that no government authority has access to the statistics before their release, although a note is sent to the Presidency of the Republic the same day of the release. The data are published in a press release with the logo of the INEGI. When there is a change in the base year of the NA, the most recent methodological standards are adopted. Any substantial modification of the source data and/or methodology used is publicized in advance.</p> <p>Ethical standards. The conduct of INEGI’s staff is subject to the norms and sanctions established by the Federal Law on Administrative Responsibilities of the Public Servants and to INEGI’s ethical code issued under Article 7 of LSNIEG.</p>

Table 2b. Mexico Assessment of Data Quality—Dimensions 0 and 1—Bank of Mexico

0. Prerequisites of quality	1. Assurances of integrity
<p>Legal and institutional environment BM compiles the monetary and external sector statistics. The BM Law, which entered into force on April 1, 1994, does not specifically assign monetary statistics or balance of payments statistics to the BM. However, Article 62.I of the Law indicates that the BM, in coordination with the other competent authorities, may prepare, compile, and publish economic and financial statistics, as well as operate information systems based on these statistics, and collect the necessary data for these purposes. Further Article 36 stipulates that financial corporations are obliged to provide the BM with the information it requires regarding their operations in order to fulfill its functions appropriately; but the BM is not empowered by the Law to require the reporting of information by the nonfinancial private sector (except for firms involved in the business of personal money transfers). Confidentiality and use for statistical purposes of the data reported are adequately guaranteed by current legislation and the General Conditions of Employment of the BM (CGT), which establishes that revealing operating secrets or confidential BM matters is grounds for dismissal, without the BM incurring any liability. Likewise the BM Ethical Code establishes similar confidentiality norms.</p> <p>Resources The financial, computing, and staff resources are generally adequate to compile the monetary and balance of payments statistics. Every effort is made to use the most advanced information technology instruments available for data processing and dissemination.</p> <p>Relevance Under the Transparency and Access to Public Information Federal Law BM keeps records on the questions and expressions of data needs with the aim of improving the statistical products for all users. The BM does not have formal process of consultation regarding outside private sector users' needs, but consults internal users.</p> <p>Other quality management The BM appears fully aware of quality as the keystone for the credibility of their statistics, including auditing statistical procedures through the internal audit office.</p>	<p>Professionalism The BM is staffed with competent personnel, and compilers participate in external courses and receive on-the-job training. Macroeconomic statistics are being compiled in accordance with strict technical considerations and are disseminated without political interference. BM has a long tradition of independence, professionalism and impartiality. If an incorrect interpretation is detected, efforts are made to contact the person or organization having interpreted the data to explain the correct interpretation.</p> <p>Transparency The BM Law is published on the BM website and in affordable printed publications. No official or public agency outside the BM has access to monetary statistics prior to their release. For BOP statistics, outside of the BM, the agencies working jointly with the BM, such as the SHCP, INEGI and the Secretariat of Economy, have access to the statistics that these public agencies are involved with. All these statistics are released simultaneously to the general public. The terms and conditions under which statistics are compiled and disseminated are usually made available to reporting entities but not to the public.</p> <p>Ethical standards While there are no written ethical standards applicable to the staff relating directly to statistics, there are clear codes of conduct for staff to be found in the BM Law, the 2009 BM Code of Ethics, the Federal Law on the Administrative Responsibilities of Civil Servants, and in the CGT. Article 24 of the CGT specifies that BM personnel must use discretion in the exercise of their duties, keeping BM matters strictly confidential. Also, INEGI has issued a code of ethics that regulates the standards of behavior for all staff that undertakes statistical and geographic activities.</p>

Table 2c. Mexico Assessment of Data Quality—Dimensions 0 and 1—Secretariat of Finance and Public Credit

0. Prerequisites of quality	1. Assurances of integrity
<p>Legal and institutional environment The Federal Budget and Fiscal Responsibility and other laws assign to SHCP the obligation to provide Congress monthly and quarterly reports on the public finances and debt. Within the SHCP, the Adjunct General Directorate of Public Finance Statistics is responsible for fiscal statistics on revenue, expenditure, and financing; while the Debt Statistics Department is responsible for debt statistics. INEGI is responsible for compiling and disseminating fiscal statistics for state and local governments. The confidentiality of data received from respondents is protected by law. For the federal public sector and parastatal entities there are legal and administrative provisions for collecting the information necessary for the compilation of fiscal statistics. There are currently no administrative procedures for ensuring the timely reporting of information by states and municipalities.</p> <p>Resources The human resources assigned to compile fiscal statistics are adequate to perform current tasks. Opportunities are limited for staff rotation and salaries are lower than in other areas of the SHCP. Training on methodological matters is mainly internal, complemented by IMF courses. Physical facilities are adequate. Computer hardware and other modern technologies are available, and facilitate the timely compilation and dissemination of quality fiscal statistics. Funding is reasonably secure for the identified needs of the statistical program. Budgeting procedures allow cost control and allocation of resources.</p> <p>Relevance Fiscal statistics follow the budget cycle and are used to prepare and monitor the budget. The timeliness and level of detail provided by the statistics allows users to assess fiscal performance. User needs are identified mainly through the budget process, and a new Advisory Committee, which has public and private sector representation, has been created to advise on accounting standards and financial reporting. A new government accounting law and the development of a new information system should have a significant positive impact on fiscal statistics in the near future and facilitate the compilation of statistics according to the guidelines of the <i>GFSM 2001</i>.</p> <p>Other quality management The SHCP is fully aware of quality as the keystone for the credibility of fiscal statistics. Efforts are continuously made to expand the compilation and dissemination of statistics. Furthermore, Mexico participates in and observes the SDDS.</p>	<p>Professionalism Article 26 of the Constitution grants INEGI technical and operating autonomy and the Federal Public Servants Responsibility law protects civil servants against illegal orders. Fiscal statistics are compiled on the basis of accounting records and administrative reports from the accounting centers, which follow charts of accounts and budgetary rules derived from the legal framework. Statisticians are free of political influence in the choice of data sources and methods to compile fiscal statistics. Dissemination is based solely on statistical considerations and generally follows international dissemination standards. The Press Office monitors the use of fiscal statistics and makes the necessary clarifications to avoid misinterpretations.</p> <p>Transparency The laws, regulations, and methodologies that govern the compilation and dissemination of fiscal statistics are available to the public on the SHCP’s website. Fiscal statistics are released simultaneously to the general public. However, Congress has prior access to the statistics. That there is prior access is not disclosed to the general public. The tables disseminated by the SHCP identify the department responsible for their compilation. Methodological changes are usually described in the draft Expenditure Budget of the Federation and in the General Economic Policy Criteria for the relevant year.</p> <p>Ethical standards INEGI has issued a code of ethics that regulates the standards of behavior for all staff that undertakes statistical and geographic activities, and it is available to the public on a website. The Federal Law on the Responsibility of Public Servants spells out behavior duties of civil servants. Failure to comply results in prosecution and sanctions, including dismissal.</p>

Table 3a. Mexico Assessment of Data Quality—Dimensions 2 to 5—National Accounts

2. Methodological soundness	3. Accuracy and reliability	4. Serviceability	5. Accessibility
<p>Concepts and definitions National Accounts are compiled following the <i>1993 SNA</i>.</p> <p>Scope Annual and quarterly GDP estimates are compiled by the production and expenditure approaches at current and at constant prices. The economic territory, production and assets boundary are in accordance with the <i>1993 SNA</i>. Illegal activities are not included.</p> <p>Classification/sectorization Economic activities are classified according to the North America Industry Classification System, compatible with ISIC rev. 3.1. COICOP and COFOG are used to classify household consumption and government expenditures, respectively.</p> <p>Basis for recording. All transactions are recorded in accordance with the valuation principles of the <i>1993 SNA</i>. Transactions are recorded on accrual basis, except for the quarterly government accounts. It is likely that there are some cases where quarterly rental housing and private education services are recorded on a cash basis. Work-in-progress for agriculture is not included in annual estimates. Transactions between establishments from the same enterprise are recorded on a gross basis.</p>	<p>Source data. Mexico has a very comprehensive regular system of censuses and economic surveys. Censuses have a five year frequency; and surveys are conducted with monthly and annual periodicity. Sampling frameworks are based on the censuses, only partially updated on a current basis. Data on the BOP are received from BM. Adequate quarterly data on the federal government and the state governments are available but on a cash basis; quarterly information on local governments is based on a sample. Most samples do not include small enterprises.</p> <p>Assessment of source data. Appropriate methods are applied to validate the source data.</p> <p>Statistical techniques. Quarterly GDP by production is compiled at a quite disaggregated level ensuring an appropriate capture of changes in the production structure. GDP by expenditure is not independently estimated as there are no direct measures of changes in inventories. Wide use of single indicator method to estimate GDP. The Denton method is used for benchmarking the quarterly data, although fixed ratios of intermediate consumption at current prices and the average BI of the previous year are also used deviations from best practices. Seasonal adjusted data are estimated using the X12-ARIMA program. Taxes on goods at constant prices are not properly estimated.</p> <p>Assessment and validation of intermediate data and statistical outputs. When detected, discrepancies are investigated and addressed. The supply and use framework are used to make the NA data consistent but inventory data are calculated by residual so an independent verification of GDP data by production is not undertaken.</p> <p>Revision studies. Revision studies are conducted regularly, but only the most significant revisions are disclosed. Explanations of the revisions are only provided with a change in the base year.</p>	<p>Periodicity and timeliness Periodicity and timeliness of the national accounts exceeds the SDDS requirements.</p> <p>Consistency. Data are consistent for long periods. With each change of the base year, the series are recalculated backward up to the previous base year period; the 2003 base data were recalculated back to 1993 for quarterly data. Quarterly estimates are reconciled with the annual estimates, except for agriculture. National accounts are broadly consistent with the BOP data but there are differences in the classification of services and differences exist with the government finance statistics. The flow of funds table is not reconciled with that compiled by BM.</p> <p>Revision policy and practice. There is a well established cycle of production and current revisions, which is known to the general public. In December a dissemination calendar for the following year is posted on the Internet and disseminated also through the press. Exact release dates are provided a quarter ahead. Quarterly data for the current year are revised with the release of each new quarter. Revisions of previous years' data are made at the time the first final annual estimates are published at the end of the year following the reference period. There is not a regular cycle for changing the base year. Preliminary figures are not identified in the tables.</p>	<p>Data accessibility. Quarterly data are simultaneously released in a press release with an analysis of current-period developments and on INEGI website. Data on quarterly GDP by production with sufficient breakdown is made available on the website, along with tables of global supply and use of goods and services. Seasonal adjusted GDP series are also published. Although very detailed annual estimates are compiled, the published breakdown is not sufficient for detailed analysis of economic activities and main products. The 1993–2003 series is only available for the quarterly estimates. More detailed non-confidential data are made available upon request.</p> <p>Metadata accessibility. Metadata is available on the Internet and in INEGI publications, but lacks sufficient detail on compilation methods. Summary methodologies are posted on the IMF's DSBB and on the OECD website.</p> <p>Assistance to users. Some publications and the INEGI website provide the area, e-mail, telephone number, and address of the unit responsible for preparing the data, and the address and e-mail of the Consultation and Marketing Center. The customer service unit of INEGI monitors users' requests through INEGI website and provides a prompt response.</p>

Table 3b. Mexico Assessment of Data Quality—Dimensions 2 to 5—Government Finance Statistics

2. Methodological soundness	3. Accuracy and reliability	4. Serviceability	5. Accessibility
<p>Concepts and definitions The national concepts and definitions used in compiling GFS are similar to the guidelines of the <i>GFSM 1986</i>. There is currently no migration plan to the <i>GFSM 2001</i>.</p> <p>Scope Monthly and annual GFS are compiled and disseminated for the federal government and other public sector aggregates, but general government is only available on request annually with a long lag. Presentation formats differ from the tables recommended by <i>GFSM 1986</i>, but their content is similar.</p> <p>Classification/sectorization The classification of revenue, expenditure, financing, and debt follow national criteria, broadly similar to the <i>GFSM 1986</i> classifications, but with major presentation differences. The recommended residence criterion is not used to classify financing and debt as domestic or foreign; instead a place of issue criterion is used.</p> <p>Basis for recording Revenue, expenditure, financing, and the overall balance are presented on a modified cash basis. Debt is valued at face value. All transactions are recorded on a gross basis, except for financing transactions.</p>	<p>Source data The main sources of information for the compilation of GFS for the federal government are the administrative systems that monitor budget execution, which cover all budgetary units. For state governments the main source is accounting records, complemented by a questionnaire for some municipalities. The main source of information for parastatal entities is the Integrated Information System. The chart of accounts is generally consistent with the classifications recommended by the <i>GFSM 1986</i>. Source data are timely, except for state and local governments.</p> <p>Assessment of source data GFS are based on complete information. Data on the federal public sector are cross-checked with other accounting or administrative records.</p> <p>Statistical techniques Compilation procedures are sound. Consolidation of data for institutional aggregates follows <i>GFSM 1986</i> guidelines.</p> <p>Assessment and validation of intermediate data and statistical outputs Information on revenue, expenditure, financing, and debt is regularly reconciled with the budgetary records of various SHCP units and with bank records. Statistical discrepancies are investigated.</p> <p>Revision studies Revisions to data incorporate all changes resulting from new information, and the reasons for the changes are known. Revision studies are undertaken to improve the quality of GFS, but are not disseminated.</p>	<p>Periodicity and timeliness The periodicity and timeliness of GFS meet SDDS requirements, except for annual general government, for which a timeliness flexibility option is taken.</p> <p>Consistency The various accounting identities are observed. Monthly statistics use the same concepts, definitions, and classifications used for annual statistics. Also, the sum of monthly statistics equals quarterly and annual statistics. Time series are consistent. In general, reconciliation of data across macroeconomic datasets is not done on a regular basis and inconsistencies exist.</p> <p>Revision policy and practice The main revision of data occurs when the information for the Public Accounts becomes available. This information is audited and considered final. Revisions are also made in the month following the publication of preliminary data. Preliminary data and revised data are clearly indicated in statistical publications. The public is not provided with information on data revisions.</p>	<p>Data accessibility The information is presented in a way useful for budget monitoring and development. Cross-country comparability of data is hindered by the use of national classifications and presentations. The introduction of a few tables highlighting the principal balances following the <i>GFSM 1986</i> guidelines would be facilitate understanding of developments by users. Time series since 1990 are available. An advance release calendar is published, except for state and local government statistics.</p> <p>Metadata accessibility Methodological notes explaining concepts, sources and methods are disseminated on the SHCP's and INEGI's websites. Methodological notes are also published on the IMF's DSBB.</p> <p>Assistance to users The name, telephone number, and e-mail address of the person who can be consulted regarding GFS, and a catalog of services are posted on the SHCP's website. Contact information is also posted on INEGI's website.</p>

Table 3c. Mexico Assessment of Data Quality—Dimensions 2 to 5—Monetary Statistics

2. Methodological soundness	3. Accuracy and reliability	4. Serviceability	5. Accessibility
<p>Concepts and definitions. Mexico’s sectoral balance sheets and surveys of depository corporations are broadly in line with the methodology of the <i>MFSM 2000</i>. However, the definition of broad monetary aggregates is not in line with key principles in <i>MFSM 2000</i>.</p> <p>Scope. The depository corporations survey (DCS) is compiled with full coverage of corporations included in the definition of broad money.</p> <p>Classification/sectorization of financial instruments broadly follows the methodology of the <i>MFSM 2000</i>. For depository corporations, financial assets and liabilities are classified according to the institutional sector of the counterparts (assets classified by debtor sectors and liabilities by creditor sectors.)</p> <p>Basis for recording. Monetary statistics are produced on an accrual basis, which is consistent with the <i>MFSM 2000</i>. Financial instruments are generally valued at market prices, and assets that cannot be valued at market prices are recorded at acquisition cost. Financial derivatives and repurchase agreements’ recording are overstating the ODC aggregated balance sheet.</p>	<p>Source data. The DC survey is based on the consolidated balance sheets of the BM and ODCs. ODCs report monthly data directly to the CNBV. Time delays in the submission and processing of the reports of nonbank ODC impedes more timely dissemination (e.g., with a lag of less than 30 days) of the ODC survey.</p> <p>Assessment of source data. Source data are based on accounting records and the use of a variety of comparison and revision tools minimize errors and ensure the quality of the information. Data are transmitted electronically, minimizing the risk of errors.</p> <p>Statistical techniques. Procedures for compiling source data and for checking and validating data are fully automated.</p> <p>Assessment and validation of intermediate data and statistical output. Compilers use secondary sources to verify the information reported by the ODC, with a view to reconcile the counterpart data involving the ODC with the BM and other financial institutions. They also use securities market data to cross-check the ODC asset holdings data.</p> <p>Revision studies. Compilers of monetary statistics routinely analyze the data and compare the preliminary figures with the final. The findings are kept in a register of changes.</p>	<p>Periodicity and timeliness. Central bank (weekly) and summary ODC data (monthly) are disseminated with two and 30-day lags following the end of the reference period, respectively, which meets SDDS requirements.</p> <p>Consistency. Monetary data are disseminated in consistent historical series. Data on the central bank and ODC survey are internally consistent.</p> <p>Revision policy and practice. Data are preliminary when first released, and indicated as such in a footnote. Published data remain preliminary for three months, after which they are considered final. The routine consistency studies between the preliminary and the revised data carried out by BM are for BM’s internal use and are therefore not published.</p>	<p>Data accessibility. Presentation of monetary statistics facilitates their interpretation and enables monitoring of monetary and financial developments. The BM publishes, and complies with, an advance release calendar for monetary data. Data are posted on the BM website, ensuring simultaneous access by all users.</p> <p>Metadata accessibility. Mexico disseminates summaries of the methodology for monetary statistics through the IMF’s DSBB. Detailed metadata on the BM’s website only describe the compilation of the monetary aggregates and the construction of different financial sector surveys, but not of other analytical tables (balance sheets and surveys of central bank, other depository corporations, and other financial corporations).</p> <p>Assistance to users. Information on the contact person for monetary statistics is available on the DSBB. The BM’s website has a catalog of publications, listing all available titles on macroeconomic sectors and research papers.</p>

Table 3d. Mexico Assessment of Data Quality—Dimensions 2 to 5—Balance of Payments Statistics

2. Methodological soundness	3. Accuracy and reliability	4. Serviceability	5. Accessibility
<p>Concepts and definitions Data are compiled using a mix of methodological standards from the fourth and fifth editions of the <i>Balance of Payments Manual</i>.</p> <p>Scope The BOP statistics include the transactions of institutional units resident in Mexico with the rest of the world. Branches of Mexican banks abroad are classified as residents and nonfinancial private debt is recorded on a place of issue not residence criterion.</p> <p>Classification/sectorization In national presentations some services are classified as income, both current and capital transfers are recorded as current; and official reserve assets are included within portfolio and other investment accounts in the IIP, although separately identified. Cross-country comparability of data is hindered by the use of national classifications and presentations rather than the standard classification of <i>BPM5</i>.</p> <p>Basis for recording Every effort is made to ensure valuation at market prices and recording on an accrual basis. However, public and private debt are recorded at face value and interest on public external debt is on a cash basis.</p>	<p>Source data Source data used in compiling the balance of payments are in general adequate and timely. However source gaps are emerging in both the current and financial accounts, particularly in areas such as services, and financial transactions of the nonfinancial private sector.</p> <p>Assessment of source data There is a range of comprehensive checks for internal consistency, comparisons with other sources, and routine queries when large transactions are detected.</p> <p>Statistical techniques A series of measures have been established to control quality and conduct appropriate and timely verification of the information provided in the surveys, both before and after their electronic processing.</p> <p>Assessment and validation of intermediate data and statistical outputs Statistical discrepancies in the intermediate data are assessed and investigated. Trends in the major balance of payments accounts are monitored using statistical methods.</p> <p>Revision studies Although the direction and size of the revisions between the preliminary and final data are examined, no formal studies are conducted to inform statistical processes.</p>	<p>Periodicity and timeliness The periodicity and timeliness of all external sector statistics meet SDDS requirements.</p> <p>Consistency The statistics are broadly consistent internally and over time. However consistency could be improved in areas such as the IIP, total external debt, and services. There are differences between the balance of payments statistics and national accounts and, monetary statistics. In principle these differences are reconcilable.</p> <p>Revision policy and practice There is no formal revisions policy but revisions follow a regular and transparent schedule. No formal procedure has been established for disseminating studies and analysis of revisions.</p>	<p>Data accessibility Data access is provided through the BM website and in hard copy publications. Data are available in several formats and aggregation levels. Data are released on a preannounced schedule in accordance with the SDDS requirements. An advance release calendar is posted in November of each year.</p> <p>Metadata accessibility No additional metadata other than the SDDS are published. Mexico's annual revisions to its BOP/IIP methodology are submitted for publication in the IMF's <i>BOPSY</i>.</p> <p>Assistance to users Support and advisory assistance is provided to users on request by e-mail, but this support is not advertised. The BM website makes available to all users the e-mail address of a deputy governor who can be consulted and/or asked about the activities of the Bank or the statistics it produces. The BM responds to users questions through the channel available under the Transparency Law.</p>

III. STAFF'S RECOMMENDATIONS

17. Based on the review of Mexico's statistical practices, discussions with the data producing agencies, and responses from data users (see Appendix III of the Detailed Assessments volume), the mission has developed a set of recommendations. They are designed to increase further Mexico's adherence to internationally accepted statistical practices and would, in the mission's view, enhance the analytical usefulness of Mexico's statistics. Some additional technical suggestions are included in the Detailed Assessments volume.

Cross-cutting recommendations

- Enhance cross-domain cooperation within and among statistical agencies to support both consistent methodological treatments and proactive responses to emerging issues.
- Conduct regular reconciliation exercises to verify consistency among the macroeconomic datasets.
- Strengthen the legal framework with regard to the compilation of balance of payments statistics.
- Begin an active, systematic process of consulting users on the quality of macroeconomic statistics.
- Establish procedures for informing users about data revision studies.
- Consider creating a centralized portal, a "one-stop shop" for macroeconomic statistics, and metadata, in Mexico to assist users.

National accounts

- Update the business register (directory) continuously and use it also to select samples of small enterprises for expanding the population coverage in the economic surveys.
- Directly estimate changes in inventories and compile an expenditure measure of GDP independent of the production measure. Consider the use of chain indices for calculating volume measures
- Estimate preliminary (before benchmarking to annual results) quarterly intermediate consumption at current prices by inflating data at constant prices by a composite weighted price index of the corresponding producer price and consumer price items, and to the extent of possible, also consider price indices of imported raw materials.
- Conduct an integrated enterprise/establishment survey for a representative sample of enterprises by economic activity that collects data on production, inputs, fixed capital formation, inventories, income statement, and balance sheet in order to reduce the discrepancies between the estimates by economic activity and by institutional sector for the non-financial corporation sector.

- Improve the benchmarking technique of quarterly and annual data by applying the BI ratio of the fourth quarter of the previous year to estimate the quarters of the following year until the annual data for that year are available.
- Further investigate the recording of actual rents and private education services in the monthly survey.
- Study the compilation of a supply and use table of illegal goods including illegal trade (contraband).
- Explain in more detail the compilation methods and the causes of routine and major revisions to the NA data in INEGI's national accounts publications.
- Incorporate annual agricultural work-in-progress in the production and assets boundary, given the importance of agriculture activities in the Mexican economy.
- Increase the level of detail of disseminated annual data at four digits of the NAICS, or at least at three digits.

Government finance statistics

- Adopt the *GFSM 2001* methodology for the compilation of fiscal statistics, and compile and disseminate data for general government on a regular basis.
- Develop the new government information system such that government finance statistics can be compiled automatically from budgetary accounts in accordance with international methodology.
- Improve the timeliness of source data for state and local government with a view to complying with SDDS requirements on the timeliness of statistics on general government operations.
- Use the residency criterion to classify financing and debt as domestic or foreign.
- Undertake regular reconciliation of data across macroeconomic datasets.
- Make public prior access to fiscal statistics by Congress.

Monetary statistics

- Review the definition of monetary aggregates with the purpose of improving their international comparability. (Financial wealth aggregates are useful and should continue to be compiled separately.)
- Revise the treatment of financial derivatives and repurchase agreements to avoid overstating the aggregated balance sheet of the ODC.

- Collaborate with the CNBV to improve timeliness in the submission by and processing of nonbank ODC data, which will allow for a more timely dissemination of the ODC survey.
- Prepare and disseminate detailed documentation on the methodology used for compiling monetary statistics.

Balance of payments statistics

- Apply *BPM5* criteria when classifying and disseminating the breakdown of income, financial services, financial derivatives, and official reserves assets.
- Apply the residency criteria to foreign branches of resident banks and nonfinancial private debt in the compilation of the balance of payments and International investment position.
- Improve the coverage of services and financial account transactions of the non-financial private sector.
- Develop a transition plan to *BPM6*.
- To the extent possible, record external public and private debt on an accrual basis in the balance of payments, use market values, and reconcile IIP data on debt liabilities with the total external debt statistics.
- Compile and disseminate a quarterly IIP.
- Prepare and disseminate detailed documentation on the methodology used for compiling BOP statistics.

Appendix I. Mexico: Practices Compared to the SDDS Coverage, Periodicity, and Timeliness of Data

Mexico (MEX)						
SDDS Data Category	Coverage (meets SDDS)	Periodicity		Timeliness		Comments (Flexibility Options, etc.)
		SDDS	MEX	SDDS	MEX	
Real Sector (specifications)						
National accounts (Oferta y Demanda Global Trimestral)	Yes	Q	Q	1Q	45D	
Production index (Indicador mensual de la actividad industrial)	Yes	M	M	6W (1M encouraged)	NLT 6W	
Forward-looking indicators (Indicadores adelantados, encuesta cualitativa del sector manufacturero)	No	M or Q	M	1M or 1Q	3W	
Labor market: Employment (Mexican Labor Survey: National Survey on Occupation and Employment (Encuesta Nacional de Ocupación y Empleo. ENOE))	Yes	Q	M	1Q	NLT 22D	
Labor market: Unemployment (Mexican Labor Survey: National Survey on Occupation and Employment (Encuesta Nacional de Ocupación y Empleo. ENOE))	Yes	Q	M	1Q	NLT 22D	
Labor market: Wages/Earnings (Índice de Remuneraciones Medias reales por persona ocupada en la industria manufacturera)	Yes	Q	M	1Q	2M	
Price index: Consumer prices	Yes	M	F	1M	10D	
Price index: Producer prices	Yes	M	M	1M	10D	
Fiscal Sector (specifications)						
General government or public sector operations (Gobierno general)	Yes	A	A	2Q	17M	Timeliness flexibility
Central government operations (Gobierno Federal y Seguridad Social)	Yes	M	M	1M	30D	
Central government debt (Deuda pública)	Yes	Q	M	1Q	30D	
Financial Sector (specifications)						
Analytical accounts of the	Yes	M	M	1M	1M	