



Republic of the Philippines

Philippine Statistics Authority

Compilation of the Philippine System of National Accounts (Current Practices & Status)

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**Regional Course on SNA 2008 (Special Topics):
Improving Exhaustiveness of GDP Coverage
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Outline:

I. Introduction

II. Current Practices and Status

- Military Expenditures, Research and Development and Financial Services
- Ownership of Dwellings
- Non-Observed Economy

III. Challenges

IV. Quality practices and issues in national accounts



The Philippine System of National Accounts (PSNA)

- Has been compiled since 1946;
- Has undergone four (4) overall revisions/rebasing :
 - a. 1968 (from base year 1955 to 1967)
 - b. 1973 (from base year 1967 to 1972)
 - c. 1995 (from base year 1972 to 1985)
 - d. 2011 (from base year 1985 to 2000)



The existing PSNA is at base year 2000 ...

- This follows the 2008 UNSNA guidelines in the compilation of national accounts, including some recommendations of the 1993 SNA;
- Adopts the updated versions of the Philippine Classifications
 - 1997 PSIC (based on ISIC Rev. 4.0)
 - 2004 PSCC (based on SITC Rev. 4.0)
 - 2009 PCOICOP



On-going activities of the PSNA:

- Rebasing – shifting to 2012 base year from the 2000 base year;
- Overall revisions – estimation methodologies, updated parameters, etc.
- Compilation of the 2012 Benchmark Input-Output



II. Current Practices and Status on :

- a. military expenditures, research and development expenditures, financial services;
- b. imputed rent for owner-occupied dwellings
- c. non-observed economy



Ia. Military Expenditures

- All expenditures under the Department of Defense and taken from the Income & Expense Statements of the Commission on Audit;
- Expenditures includes Personal Services (PS) and Maintenance and Other Operating Expenses (MOOE);



- PS includes items considered as Compensation of all employees , other compensation ; excludes terminal leave and retirement;
- Social security payments received are included
Intermediate consumption are those items under MOOE;



- Expenditures on weapons are excluded from current expenditures and included as capital formation; data are coming from the Balance Sheet as reported to the Commission on Audit (COA).
- Deflators used – CPI for intermediate consumption; average earnings for GVA.



II a. Research and Development:

- Covers all expenditures on research and development of the government and private institutions ;
- Data on government are obtained from the Department of Science and Technology (DOST);



- ❑ Data on private are sourced from the Census of Philippines Business and Industry (CPBI) for the benchmark estimates and the Annual Philippine Business and Industry (ASPBI) for the annual estimates.
- ❑ Deflators used are derived by the single deflation method



Ila. Financial Services:

- ❑ Financial Services includes expenditures of the banking institutions, non-bank financial intermediaries, and insurance companies
- ❑ Data are sourced from the Census of Philippines Business and Industry (CPBI) for the benchmark estimates and the Annual Philippine Business and Industry (ASPBI) for the annual estimates



- Annual Reports of Selected Banks and other Financial Institutions are sourced from the Philippine Stock Exchange while Insurance Companies are sourced from Insurance Commission
- Deflators used - Consumer Price Index



Iib. Imputed Rent of Owner Occupied Dwellings (OD):

- OD under the PSNA covers the buying, selling, renting and operating of self-owned or leased real estate such as apartment, buildings and dwellings, non-residential buildings; developing and subdividing real estate into lots, etc.; development and sale of land and cemetery lots and operation of apartelles



- Data on Summary of Incidents Monitored Disaster Report are from National Disaster Coordinating Council (NDCC)
- Number of Building Permits data are sourced from Philippine Statistics Authority (PSA)
- Current prices are derived by multiplying the Constant Price estimates with the Implicit Price Index (IPIN)



IIC. Non-Observed Economy

- Currently, the PSNA is not yet implementing the concept of Non-Observed Economy for the compilation of national accounts;
- In practice, the PSNA is generating estimates of unorganized activities and the organized activities;
- The unorganized refers to those activities not covered by the establishment surveys;



- The unorganized activities includes:
 - Underground production activities
 - Illegal production
 - Unrecorded production due to limitations of existing surveys & administrative data.



□ The estimation methodology of unorganized activities:

General Method

Employment

$$E_U = E_{LFS} - E_{ES}$$

where:

E_U = employment, unorganized

E_{LFS} = employment from the LFS

E_{ES} = employment from establishment
survey



□ PSNA Methodology to Account for the Unorganized Sector:

Output

$$O_U = E_U * OPW_{SE}$$

where:

O_u = output, unorganized

E_u = employment, unorganized

OPW_{SE} = output per worker of small establishments



Share to GDP of Organized and Unorganized Sectors, 2014

Sector	Share to Current Price GDP (In Percent)
Organized	64
Unorganized	36
Total Economy	100



Share to GDP of Organized and Unorganized Sectors by Major Sectors, 2014

Sector	Share (In Percent)		
	Organized	Unorganized	Total
AHFF	4	96	100
Industry	70	30	100
Services	73	27	100



Share of Organized and Unorganized Sectors by Major Groups, 2014

Sector	Share (In Percent)	
	Organized	Unorganized
AFF	1	30
Industry	34	27
Services	65	43
Total Economy	100	100



Limitations of Unorganized Estimates:

1. The contribution of individuals below fifteen years of age is not captured since official figures only cover those at least fifteen years old.
2. Using the number of employed instead of mean hours worked connotes that informal employment is on a full-time basis when in fact some if not most are involved on a part-time basis.



Limitations of Unorganized Estimates:

4. Involvement in informal activities as a secondary source of income is not covered.
5. The contribution of self-employed professional is included in the unorganized sector.
6. The assumption that the GVA per worker of small establishments is equal to the GVA per worker of the unorganized sector needs to be revisited.



III. Challenges

1. How to link the enterprise data & establishment data;
2. What is an appropriate method to allocate FISIM to different users;
3. how to operationalize the concept of goods for processing in the exports/imports



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**Maraming
Salamat!**