

**IMMEDIATE  
ATTENTION**

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To: Members of the Executive Board

From: The Secretary

Subject: **Republic of Lithuania—Report on the Observance of Standards and Codes—Data Module—Detailed Assessments Using the Data Quality Assessment Framework**

The attached supplement to the data module of the report on the observance of standards and codes for the Republic of Lithuania (SM/02/354, 11/15/02) relates to detailed assessments using the data quality assessment framework and is circulated for the information of the Executive Directors.

It is expected that this report will be posted on the Fund's external website after **November 22, 2002**.

Questions may be referred to Ms. Dziobek, STA (ext. 34874).

Att: (1)

Other Distribution:  
Department Heads



INTERNATIONAL MONETARY FUND

LITHUANIA

**Detailed Assessments Using the Data Quality Assessment Framework (DQAF)**

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This document contains a detailed assessment by dataset of the elements and indicators that underlie the data quality dimensions discussed in Lithuania'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.

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## ACRONYMS

<i>1993 SNA</i>	<i>System of National Accounts 1993</i>
BOPD	Balance of Payments Division
BOL	Bank of Lithuania
<i>BPM5</i>	<i>Balance of Payments Manual</i> , fifth edition
CFC	Consumption of fixed capital
CIS	Commonwealth of Independent States
CISD	Credit Institutions Supervision Department
COFOG	Classification of Functions of Government
COICOP	Classification of Individual Consumption by Purpose
CPI	Consumer Price Index
DOS	Department of Statistics
DQAF	Data Quality Assessment Framework
DSBB	Dissemination Standards Bulletin Board
ECB	European Central Bank
EDP	Excessive Deficit Procedure
<i>ESA 95</i>	<i>European System of Accounts 1995</i>
EU	European Union
FPAD	Financial Planning and Analysis Division
FPD	Fiscal Policy Department
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>
<i>GFSY</i>	<i>Government Finance Statistics Yearbook</i>
HBS	Household Budget Survey
HICP	Harmonized Index of Consumer Prices
IIP	International Investment Position
ISWGNA	Inter-Secretariat Working Group on National Accounts
<i>MFSM</i>	<i>Monetary and Financial Statistics Manual</i>
MOF	Ministry of Finance
MPD	Monetary Policy Department
MSAD	Monetary Statistics and Analysis Division
NPISH	Nonprofit Institutions Serving Households
NACE	Standard Classification of Economic Activities within the European Communities
NAD	National Accounts Division
NOE	Nonobserved Economy
OECD	Organisation for Economic Co-operation and Development
PPI	Producer Price Index
PSU	Primary Sampling Unit
ROSC	Report on the Observance of Standards and Codes
SDDS	Special Data Dissemination Standard
SDMD	State Debt Management Department
STD	State Treasury Department
SUT	Supply and use tables

## 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, price, government finance, money and banking, and balance of payments statistics was gathered from publicly available documents and information provided by the Lithuania's officials. This information, which is organized along the lines of the generic DQAF (see Appendix I), was used to prepare the summary assessment of data quality elements, based on a four-part scale of observance, shown in Lithuania's Report on the Observance of the Standards and Codes (ROSC)—Data Module.

### I. NATIONAL ACCOUNTS 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*

The Republic of Lithuania Law on Statistics No. VIII-1511 (the Law on Statistics), last updated on December 23, 1999, specifies the central role of the Department of Statistics (DOS) in the production and dissemination of statistics. Article 7 of the Law on Statistics gives the DOS responsibility for establishing the policy for the organization and for methodologies guiding all statistics produced. It also specifies that the DOS should prepare a work program for statistics. The objectives and functions of the DOS are outlined in Government of the Republic of Lithuania Resolution No. 285 adopted on March 12, 2001. These arrangements are well established and the central role of the DOS has been unchallenged.

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

The DOS actively pursues cooperation with providers of information for the timely transfer of data to the DOS. Resolution No. 569 of the Government of the Republic of Lithuania on the Introduction of the European System of Accounts clearly outlines in Articles 3 and 4 that the Ministry of Finance (MOF) and the Bank of Lithuania (BOL), respectively, shall provide all data in their possession that are required for the compilation of the national accounts statistics. The resolution was adopted on May 16, 2001. The balance of payments data are generally received from the BOL on a timely basis for input into the national accounts statistics, as the latter are also required in order to estimate GDP ratios of some external transactions.

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

Article 15 of the Law on Statistics states that data from individual respondents must be kept confidential. Article 8 of the Law on Statistics states that public servants of the DOS, and all

other agencies, must ensure the confidentiality of respondents' data. Penalties for breaches of confidentiality are not laid down and may be defined by the Civil Courts if necessary, but this has never happened.

A clearly visible note on the front page of the enterprise survey questionnaires reminds respondents that confidentiality is guaranteed. These surveys are primary sources of data for national accounts statistics. Further, the national accounts estimates are disseminated at highly aggregated one and two digit levels of activity classification and therefore currently protect the confidentiality of respondents.

The article on confidentiality in the Statistics Law stipulates that data characterizing environmental pollution are excluded. The existence of such exclusions could jeopardize the effectiveness of the data collection exercise if respondents do not wish to have the information on their activities disseminated. The National Accounts Division (NAD) is now undertaking the estimation of illegal activities and the ability to collect data on all areas is dependent upon the degree of confidence that respondents have that the data they provide will not be used or available to any other individual or agency besides the DOS.

The computer programs have significant safeguards to protect the confidentiality of data.

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

Article 14 of the Law on Statistics states that respondents must supply accurate data on request. Penalties are not specified in the Law and are left to be decided by the Courts. However, there are no examples of this happening, as the DOS aims to improve response through goodwill.

**0.2 Resources**

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

There are twenty professional staff working on the national accounts compilation process. They are all university graduates and are all highly experienced. However, significant staff turnover is expected over the next five years due to retirement. The increase in staff levels has not been commensurate with the increase in the work demands in relation to meeting the statistical requirements for accession to the European Union (EU). Whereas the NAD has been able to meet the core requirements of its work program, this has only been achieved by increasing the workload of the staff. The result is that the DOS has not been able to broaden the skills of members beyond their current areas of responsibility—a process that is critical in order to ensure continuity in the event of staff turnover.

Recent cuts in the budget of the DOS have hampered the ability of the NAD to increase staffing that will allow staff to broaden their expertise beyond the areas that they are

currently engaged in. Thus persons targeted for training have had to concentrate on meeting production deadlines and have had fewer training programs.

The computing facilities within the NAD are adequate with all staff having access to their own computing facilities.

### *0.2.2 Measures to ensure efficient use of resources are implemented*

All macroeconomic statistics use consistent methodologies and classifications as specified by Eurostat. This means that there is little inefficiency due to the need to make adjustments to data passed from one set of statistics to another. There is a strategic program to improve efficiency throughout the DOS by increasing centralization through a redistribution of resources from the territorial offices to the central office.

## **0.3 Quality awareness**

### *0.3.1 Processes are in place to focus on quality*

The management actively promotes quality in all statistical matters. A Total Quality Management program is currently in preparation. Quality awareness is evidenced by an active strife for quality management, including by inviting international (EU) reviews of the DOS products and processes.

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

Article 11 of the Law on Statistics stipulates that a Statistical Council be established to act as an advisory institution of the DOS, in order to consider issues pertaining to the organization and methodology of statistics. The terms and conditions of the Statistical Council were established in Resolution No. 285 of the Government of the Republic of Lithuania (March 12, 2001). The Statistical Council is made up of representatives of state and local government, scientific institutions, organizations managing statistics, respondents, and the mass media. It is headed by the Director General of the DOS and meets at least twice a year.

In addition, the DOS has established a National Accounts Expert Group made of representatives from the Ministry of Economy, the BOL, the MOF, the Tax Administration Department, and the DOS. The broad purpose of the Group is to analyze and assess the national accounts compilation and dissemination process, and put forward proposals for development and improvement. It was commissioned in September 2001, is chaired by the Deputy Director General of Statistics, and reports to the Director General. The Group is currently examining the following areas, which are of immediate interest to the NAD:

- Review of user needs;
- Review of undercoverage issues; and

- Review of classification systems in use by statistics compiling agencies within the public sector.

The group has met four times so far, however no fixed timetable is set for the provision of feedback to the Director General on these issues.

*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*

When the release dates for the national accounts statistics were established, due consideration was given to ensuring that they allowed enough time to produce a quality product. The Statistical Council advises the DOS on all statistical matters, including any new requirements.

**1. Integrity**

***1.1 Professionalism***

*1.1.1 Statistics are compiled on an impartial basis*

The organization of the work and functions of the DOS, as well as the tasks and responsibilities of the Director General, are outlined in the *Regulations of the Department of Statistics to the Government of the Republic of Lithuania*. These regulations establish that the Director General is personally responsible for the implementation of tasks assigned to the DOS and for implementing the authority assigned to it by the laws and regulations of the Republic of Lithuania. The regulations are established in Resolution No. 285 of the Government of the Republic of Lithuania (*see also 0.3.2*).

All staff are actively encouraged to take part in training and conferences, particularly those organized by the Eurostat, promoting a sense of professionalism.

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

The methods for compiling the national accounts statistics are fully under the control of the DOS.

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

The director general has responded to criticism of statistics when they have been brought to the attention of the DOS or when statistics are misused. The quarterly press releases provide explanations of the statistics and identify the cause of any unusual figures, to reduce the likelihood of any misinterpretation.

## **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 on Statistics is publicly available, including on the DOS website,<sup>1</sup> in Lithuanian and in English. The address of the DOS, as well as the name, email address, and telephone number of the contact person for the national accounts statistics, are provided in all publications of the DOS.

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

There is no prerelease access to the national accounts statistics.

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

All national accounts data releases are clearly identified as being produced by the DOS.

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

Significant changes are announced in advance, including through press briefings. The annual national accounts publication notifies users of the nature, extent, and reasons for any upcoming revisions to the estimates.

## **1.3 Ethical standards**

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

Ethical standards are laid out in the Law on Public Service. Paragraph 1 of Article 3 states that “the public service is based on the principles of the rule of law, equality, loyalty, political neutrality, transparency, responsibility for decisions adopted, and career development.” Paragraph 2 enumerates the following ethical principles: respect of the individual and the state, decency, impartiality, transparency, and exemplary conduct. A code of conduct is in preparation and a draft is currently circulating among ministries at the central, regional, and local level.

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<sup>1</sup> <http://www.std.lt>

## **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 statistics are compiled in accordance with the guidelines of the *European System of Accounts 1995 (ESA 95)*, which is based on, and is consistent with the concepts, definitions, and methodological framework of the *System of National Accounts 1993 (1993 SNA)*. Lithuania is a candidate country for membership of the EU and as a result has adopted the *ESA 95* as the official standard for the compilation of national accounts statistics. The Resolution on the Introduction of the European System of Accounts states in Article I, "...the system of national and regional accounts, which is the basis for the estimation of the GDP of the Republic of Lithuania, shall be developed and managed in accordance with the *ESA 95*..." (see also 0.1.2).

### **2.2 Scope**

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

The national accounts statistics encompass the following annual accounts and tables, which are part of the minimum requirements for the implementation of the *1993 SNA*, as determined by the Inter-Secretariat Working Group on National Accounts (ISWGNA):

- Value added and GDP by type of economic activity at current and constant prices (1995=100);
- Expenditure of GDP at current and constant prices;
- Income components of GDP at current prices;
- Allocation of primary income account; secondary distribution of income account; use of disposable income account;
- Capital account;
- Rest of the world account.

The compilation and dissemination of the financial account is also a requirement in the ISWGNA guidelines; however the DOS does not currently disseminate these data.<sup>2</sup>

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<sup>2</sup> The DOS has compiled financial accounts since 1996, on an experimental basis, in coordination with Eurostat. Improved financial accounts for 1997–00, which complete a full set of national accounts, were published in *National Accounts of Lithuania* in June 2002.

The following accounts and tables are also compiled and disseminated on a regular basis, as recommended by the ISWGNA for the implementation of the *1993 SNA*:

- Quarterly value added and GDP by type of economic activity at current and constant prices;
- Quarterly GDP by category of expenditure at current and constant prices.

Annual supply and use tables (SUT) were compiled on an experimental basis for 1996, 1997, and 1998 in conjunction with Eurostat, however these data have never been disseminated. The DOS will be compiling SUT in 2003 for the 2001 reference year.

The delineation of the constituent units of the economy is generally in accordance with the *1993 SNA*. The following are included as part of the economy:

- Territorial enclaves in the rest of the world;
- Bonded warehouses;
- Workers who work part of the year in a foreign country.

The production boundary is generally in accordance with the *1993 SNA*; however illegal activities are not included. The DOS is currently compiling estimates of illegal activities and these will be included in the estimates at some future date yet to be determined. The data require further improvements and will not be included in the set of revised data that will be released in 2003.

Estimates of valuables and historical monuments are not within the scope for determining the assets boundary.

## **2.3 *Classification/sectorization***

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

The classification systems used for national accounts purposes are broadly consistent with internationally accepted standards, guidelines, and good practices, as detailed below:

- The *ESA 95* is followed for classifying institutional units, transactions, and other flows.
- The Standard Classification of Economic Activities within the European Communities (NACE Rev. 1) is used to classify the principal economic activity of enterprises.
- The Classification of Functions of Government (COFOG) is used to classify the functions of government.



- The Classification of Individual Consumption by Purpose (COICOP) is used to classify household final consumption expenditure and expenditure of nonprofit institutions serving households (NPISH).
- The Lithuanian Combined Nomenclature is used to classify international transactions. This nomenclature distinguishes products at the nine-digit level and is derived from the EU's combined nomenclature. It is identical to the Harmonized System for Trade Statistics.

## **2.4 Basis for recording**

### *2.4.1 Market prices are used to value flows and stocks.*

The valuation rules for recording flows and stocks are in accordance with the *1993 SNA*.

- Market output is valued at basic prices.
- Output for own-use is valued at equivalent market prices.
- Excise taxes are included in the valuation of intermediate consumption.
- Deductible value added tax is excluded from the valuation of final uses.
- Imports and exports are valued f.o.b. in line with the balance of payments statistics and data on insurance and freight costs are available.

Transactions are recorded in domestic currency only; therefore there is no need to make adjustments to convert from foreign currency.

### *2.4.2 Recording is done on an accrual basis*

The timing rules used for recording flows are generally in accordance with the *1993 SNA*:

- Transactions and flows are, for the most part, recorded on an accrual basis.
- Work in progress is recorded in the period when it is produced.

However, transactions relating to the government sector are recorded on a cash basis in the national accounts, with the exception of transactions of the social security fund, which are recorded on an accrual basis.

The MOF has commenced recording taxes and interest on an accrual basis for 2001, however these data are not currently used in the compilation of the national accounts statistics.

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

Grossing and netting procedures are in accordance with the *1993 SNA*. Value added and disposable income are compiled both gross and net of consumption of fixed capital.

Data are collected for enterprises and not establishments; therefore transactions between establishments within the same enterprise are recorded on a net basis for the enterprise.

### **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**

Source data are collected through a combination of the following:

- Annual and quarterly surveys of enterprises;
- Administrative data sources; and,
- A monthly household budget survey.

#### **Survey of Enterprises**

The sample frame for the enterprise surveys is the business register currently maintained by the DOS, which is based on the legal registration of enterprises. The register is continuously updated as new registrations are included daily through an online system of legal registration that is also maintained by the DOS. The register attempts to cover all enterprises and data are not collected for establishments or units. The register is updated based on several other sources:

- Information received from other surveys;
- Special survey of new enterprises conducted by the Enterprise Surveys Unit; and,
- Information from external registers such as the register of taxpayers and the register of the social security fund. These registers provide information on number of employees and gross turnover and are normally used to crosscheck the data received from other sources.

The records are classified by the primary type of economic activity being undertaken by the enterprise (based on NACE Rev. 1 at the four-digit level), number of employees, and gross turnover.

The register contains over 200,000 enterprises, however only 41 percent are active. The decision on main type of economic activity and status (active or inactive) is reviewed once over a twelve-month cycle for each enterprise. This process of updating the status of establishments is in line with EU Regulation 2186 of 1993 on the maintenance of business registers.

The Business Register Division is currently receiving assistance from Statistics Denmark to improve the recording and maintenance of the register in relation to EU Regulation 696 of 1993. This resolution requires that business registers record and distinguish legal units,

enterprise units, and local units. The project aims to expand the range of information collected and to include data by local kind of activity unit, which are required for the compilation of regional accounts.

#### Annual surveys

The DOS conducts a census of all enterprises with annual gross turnover of 500,000 litai or at least twenty employees based on the previous year's data, and that have been in operation for at least half a year. These large enterprises represent at least 80 percent of total gross turnover.

The questionnaire used for the enterprise survey is sufficiently detailed to derive the required national accounts aggregates from the information provided.

#### Quarterly surveys

The quarterly survey of businesses is the main source of data for estimating quarterly national accounts. The sample selection process and sample frame are similar to what is employed for the annual survey.

For insurance companies and financial entities (other than commercial banks and the central bank), data are collected through a quarterly survey that covers about 95 percent of these enterprises.

The quarterly survey of investments covers government institutions, financial corporations, and nonfinancial corporations, as well as unincorporated enterprises with an annual income of at least one million litai. The survey targets enterprises that are undertaking capital investment based on information received from the annual survey of enterprises, and collects data on acquisition of tangible assets and expenditure on repairs. Data on the disposals of assets are collected annually.

#### Household budget survey

A continuous household budget survey is conducted using monthly nonoverlapping subsamples that are distributed equally over the year. The sample frame is the population register of persons 16 years and older, rather than the list of households/dwellings. The survey covers the whole country and all socio-economic groups are included.

The survey method employed is simple random sampling within a stratified random sampling process, with the three strata being large cities, towns, and rural areas. For large cities, the sample size is proportional to the target population within each city. For towns and rural areas, a two-stage selection process is employed. For the survey of other towns, a sample of 20 primary sampling units (PSU) is selected from a total of 140, and for each PSU an annual sample of 132 is selected randomly. For rural areas, 33 PSUs are selected from 421, and a sample size of 108 individuals is selected from each PSU. For each respondent within the

sample the data are collected for the total household, with data on food collected over a 15-day cycle and data on nonfood over a 30-day cycle.

Based on a pilot survey conducted in 1996, the level of nonresponse is estimated at 30 percent for large cities and 20 percent for other towns and rural areas. To obtain the desired number of respondents in each area, the sample size is increased by the proportional factor of the nonresponse rates for urban and rural areas.

Detailed data are collected on purchases of consumer goods, purchase of durable goods, and production for own-consumption. However, purchases of valuables and own account fixed capital formation are not included. The data are not adjusted to account for undercoverage or underreporting.

#### Administrative data sources

The MOF compiles statistics of central and local government revenue and expenditure. Data are available quarterly by government function and economic classification. The data are adjusted by the NAD to include the operations of extra-budgetary funds. Detailed data on revenue and expenditure of the State Social Security Fund and the Compulsory Health Insurance Fund are also reported quarterly.

The BOL submits quarterly reports on its operations and the operations of commercial banks.

The Customs Department provides data on international merchandise trade compiled from customs declarations documents submitted by traders.

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

Source data are generally consistent with the definitions, scope, classifications, valuation and time of recording required for national accounts statistics. The data compiled through the enterprise surveys are sufficiently detailed to allow adjustments to be made for national accounts purposes. Enterprises are classified by main type of economic activity at the four-digit level of NACE, in keeping with the industry classification of the production accounts. Data on government expenditure are available in sufficient detail to allow for the classification according to COFOG.

The NAD reviews the questionnaires used for the business surveys on a regular basis in order to determine the conformity in accordance with national accounts definitions.

All source data are available on a calendar year basis in keeping with the guidelines for national accounts compilation, and the prorating of fiscal data is not normally required.

Data are collected at the enterprise level, rather than by establishments or units, which is the better practice.

### *3.1.3 Source data are timely*

Source data are compiled on a timely basis. Preliminary data from the annual enterprise survey are compiled and made available to the NAD within eight months of the end of reference year. Final data are made available to the NAD 13 months after the end of the reference year. Quarterly data from the enterprise survey are made available 75 to 80 days after the end of the reference quarter. The annual data from the household budget survey are compiled and available within 90 days of the end of the year and the quarterly data are made available 45 days after the end of the period.

## **3.2 Statistical techniques**

### *3.2.1 Data compilation employs sound statistical techniques*

The data compilation techniques are generally sound.

#### Production approach procedures

Estimates of output and intermediate consumption are recorded at the two-digit level (using NACE Rev. 1), with the exception of hotels and restaurants, transport and communications, distribution, and other business services, which are compiled at the three-digit level. However, data are published by aggregated sections (one-digit level) with the exception of data on manufacturing activities, which are disseminated at the two-digit level for most activity groups. The DOS plans to compile the estimates at the three-digit level and publish at the two-digit level in keeping with EU regulations for reporting.

Fixed ratios of consumption of fixed capital derived from the annual estimates are used to derive quarterly estimates for government services. Otherwise, fixed ratios are not used in the estimation process.

#### Specific issues related to the production approach

##### Owner occupied dwellings

The output of owner occupied dwellings is estimated using the average market prices for private rented dwellings, derived from real estate agencies.

##### Work in progress

The procedure for estimating work in progress is broadly in accordance with the guidelines of the 1993 SNA. Data are derived from the enterprise surveys to estimate large construction projects and output of large equipment. Estimates of growing crops, standing timber, livestock reared for food, and stocks of fish are derived from agricultural survey data.

##### Inventory valuation adjustment

Estimates of inventories are available for the large enterprises included in the survey. Estimates are not available for unincorporated enterprises and 'own-account' producers. The estimates of inventories are adjusted for holding gains/losses when used in deriving output and intermediate consumption.

#### Consumption of fixed capital

The perpetual inventory method is not used to estimate consumption of fixed capital. The estimates of depreciation from the business accounts of enterprises are used as a proxy for consumption of fixed capital.

#### Cash vs. accrual recording

Data are recorded on an accrual basis with the exception of transactions of government (*see also 2.4.2*).

#### Issues relating to volume measures of GDP

The primary method used for deriving constant price estimates is the single indicator method where output at current prices is deflated using a price index, and the resulting volume indicator is used to extrapolate value added. The following table outlines the indices used to derive constant price estimates by type of economic activity.

Derivation of GDP by Type of Economic Activity at Constant Prices

Activity	Index Used
Agriculture	Agricultural price indices
Fishing	Producer price index (PPI) for fish products
Electricity, gas, and water	Volume of production of electricity, gas, and water
Manufacturing	Relevant components of the PPI
Mining and quarrying	PPI for mining and quarrying
Hotels and Restaurants	Consumer price index (CPI) for hotels and restaurants services
Construction	Construction cost index
Transport and storage	Index of kilometres travelled and cargo transported
Communications	CPI for communications services
Distribution	CPI for goods
Financial intermediation	Index of employment. Adjustments are made for changes in productivity using volume indicators
Producers of government services and NPISH	Compensation of employees is deflated using indices of average earnings, adjusted for changes in productivity.
Other services	Other services component of the CPI

Double deflation methods are not used for deriving estimates of GDP at constant prices.

The process of direct deflation of value added is never applied.

In keeping with international guidelines, volume measures of taxes on products are estimated by applying base-year-tax rates to the volume of transactions subject to tax.

Chain indices are not used, however the base year is changed every five years in line with international guidelines.

#### Expenditure approach procedures

The categories of expenditure on GDP are derived independently, however estimates of changes in inventories are not distinguished from the statistical discrepancy in the published data. Therefore the estimates of changes in inventories are treated as a residual.

Government final consumption expenditure is classified according to the COFOG at the one-digit level for the annual estimates. However, for the quarterly estimates only the following four groups are specified:

- Education;
- Health;
- Social services; and
- Other services, n.e.c.

Private final consumption expenditure and consumption expenditure of nonprofit institutions serving households are classified according to the COICOP at the one-digit level. Gross-fixed-capital formation is classified by seventeen main activities and six asset groups according to the *ESA 95*. Also, changes in inventories are classified according to NACE Rev. 1. However, the DOS does not publish the breakdown of gross-fixed-capital formation by type of assets and breakdown of changes in inventories.

Fixed ratios derived from benchmark surveys are not used in compiling the estimates of expenditure on GDP.

Government final consumption expenditure excludes incidental sales. Expenses of residents abroad are included in household final consumption expenditure and expenditures of nonresidents in the domestic economy are excluded from private final consumption expenditure and included in exports.

Valuables are not estimated; however items considered stores of wealth are excluded from consumption expenditure and capital formation.

Categories of expenditure relating to domestic purchases in the household final consumption expenditure are deflated using the relevant components of the CPI with weights from 1995;

therefore the implicit deflator may not be consistent with the current CPI, which is based on annual weights.

Government final consumption expenditure is deflated using the implicit deflators derived from the estimates of producers of government services.

For exports of goods and services the following deflators are used:

- Exports of goods—relevant components of the export price index
- Exports of transportation services—implicit deflator of transport output
- Exports of communications services—CPI category for communication
- Construction services—construction cost index
- Travel—index of nonresident consumption expenditure (tourism expenditure)
- Other services—CPI for services

For imports of goods and services the following deflators are used:

- Imports of goods—relevant components of the imports unit value index
- Imports of services—trade weighted CPI of 15 trading partner countries

#### Specific quarterly compilation techniques

Seasonally adjusted quarterly estimates are not currently disseminated, however the DOS has commenced exploratory work in that area.<sup>3</sup> The Organisation for Economic Co-operation and Development (OECD) is providing technical assistance for this exercise and a software package developed by Eurostat, called DEMETRA, will be used. The first set of seasonally adjusted quarterly estimates will be published for the first quarter of 2002.

Benchmarking is undertaken using prorata techniques, therefore resulting in a step problem between the quarterly and annual estimates.

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

Grossing up techniques are used to derive estimates for the total economy. For data derived through surveys and administrative sources, grossing up is done using estimates of total employment. The nonobserved economy (NOE), excluding illegal activities, is estimated based on a benchmark survey conducted in 1996 for the 1995 reference year. Estimates of GDP by type of economic activity are therefore adjusted using coefficients derived from this benchmark survey. The NOE is estimated as 18 to 19 percent of total GDP as measured by type of activity.

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<sup>3</sup> Seasonally adjusted data for first quarter 2002 were published in June 2002, as planned.



Lithuania has been participating in Eurostat's pilot project on exhaustiveness, which is aimed at improving estimates of the NOE in candidate countries. As a result, estimation is now undertaken at a detailed level based on pilot project on exhaustiveness methods used throughout EU member states and candidate countries.

The household budget surveys accounts for about 70 percent of private final consumption expenditure. This undercoverage is due primarily to underreporting by high-income groups. Adjustments are made using information on retail sales, agricultural production, services, and data from enterprise surveys on household consumption of electricity, gas, and water.

### **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 nonsampling error; the results of the assessments are monitored and made available to guide planning*

Sampling errors are estimated and the information is used to improve the survey process. However that information is not published. Imputations are made for missing data in the household budget survey; however no imputations are made for nonresponse by households.

Crosschecking of data is done both manually and mechanically. For large enterprises, the data are checked manually for errors and inconsistencies, and are compared with administrative data on output. For smaller enterprises, the data are checked mechanically against time-series models developed for that purpose.

### **3.4     *Assessment and validation of intermediate data and statistical outputs***

*3.4.1   Main intermediate data are validated against other information where applicable*

Data derived through the enterprise surveys are crosschecked against data on output derived from administrative sources, as well as merchandise trade statistics.

*3.4.2   Statistical discrepancies in intermediate data are assessed and investigated*

Discrepancies in intermediate data are assessed and major differences are investigated and corrected by adjusting survey data, which are assumed to be less reliable.

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

The nature and extent of the statistical discrepancy between GDP by type of economic activity and by expenditure components is investigated and efforts are made to improve the coverage of the data. However, the discrepancy is not shown separately but included in

changes in inventories on the expenditure side of the accounts. It is assumed that these accounts are weaker than the estimates by type of activity because of the paucity of the data on inventories and the 30 percent underestimate of private final consumption expenditure derived from the household budget survey.

### **3.5 Revision studies**

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

During the first five years of the national accounts compilation exercise, revision studies were carried out annually to review the internal consistency of the estimates. In addition, the DOS has undertaken two comprehensive revision studies to review data sources and compilation techniques since it commenced the compilation of national accounts statistics. The first study was undertaken in 1997 and covered the statistics for the period 1990 to 1996. Based on the findings of the study, additional data sources and alternative compilation techniques were identified. The results of the study are available to the public and is contained in the publication, *Lithuania: Report on the National Accounts, May 1998*.

A second comprehensive review was undertaken in 2001 for the period 1995–2000. The completion and publication of this revision study has been delayed until 2003, as the DOS is awaiting the final results of the 2001 population and housing census, which will be published in June 2002. A new survey on services was also conducted for 2000 and 2001 and the results will be published in 2002. Thus, the estimates will also have to be revised.

## **4. Serviceability**

### **4.1 Relevance**

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

The DOS does not conduct regular user surveys, therefore the relevance and practical utility of the data are not monitored on a regular basis. Based on the limited feedback received from users through informal queries, it is apparent that users may not be aware of the content, concepts, and definitions of national accounts statistics. The primary users of national accounts statistics are the BOL, commercial banks, the MOF, and the Ministry of Economy.

The DOS recognizes the need to educate users on the national accounts statistics and publicize the nature of the data, as the notes accompanying the publications may be inadequate for that purpose.

As stipulated in the Resolution on the Implementation of *ESA 95*, an expert group on national accounts statistics was commissioned in September 2001 in order to discuss and review national accounts issues. The group comprises nine persons from the DOS, the MOF, the

BOL, the Ministry of Economy, and the Tax Inspectorate. As part of its mandate, the group is expected to review user needs in the area of national accounts statistics (*see 0.3.2*).

## **4.2 Timeliness and periodicity**

### **4.2.1 Timeliness follows dissemination standards**

The DOS currently meets the Special Data Dissemination Standard (SDDS) requirement on timeliness. Quarterly estimates of GDP are disseminated within 90 days after the end of the reference quarter.

### **4.2.2 Periodicity follows dissemination standards**

The DOS meets the SDDS requirement on periodicity. It disseminates estimates of quarterly GDP by type of economic activity and expenditure category in current and constant prices.

## **4.3 Consistency**

### **4.3.1 Statistics are consistent within the dataset**

The statistical discrepancy between the estimates of GDP by type of activity and expenditure components has been declining over time with improvements in compilation practices and source data, and has been stable for the past three years at between one and two percent of GDP. However, this discrepancy is not published separately, but is included with the estimates of changes in inventories.

Similar growth rates are obtained from the GDP series by activity and the series by expenditure components. The deflators are similar for many categories, and some expenditure components are deflated using the implicit deflator derived from the estimates of value added by type of economic activity. The data sources and compilation techniques are similar for quarterly and annual estimates, with differences being due primarily to accuracy of source data.

The estimates at current prices, volume measures, and implicit deflators are consistent within the “value = volume × price” framework.

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

Consistent time series are available from 1990 for the annual estimates and from 1995 for the quarterly estimates. When changes are made to statistical and methodological techniques, or new data sources are introduced, the series are revised backwards as far as is reasonably possible. There are no breaks in the time series of annual or quarterly estimates.

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

The statistics are consistent and reconcilable with the balance of payments statistics, merchandise trade statistics, and government finance statistics.

#### *4.4 Revision policy and practice*

##### *4.4.1 Revisions follow a regular, well established, and transparent schedule*

A timetable for the revision of quarterly and annual data is available to the public. The timetable was adopted in 2001 as a part of the requirements for the implementation of the *ESA 95* and is appended to Resolution 569 of the Government of the Republic of Lithuania.

Flash estimates of GDP based on preliminary data are released 30 days after the end of the reference quarter. The estimates of quarterly aggregates based on the quarterly source statistics are released 90 days after the end of the quarter. Further revisions of the quarterly estimates are released after the fourth and seventh month following the end of the quarter. Flash estimates of annual GDP are released 30 days after the end of the year and a second set of estimates based on quarterly data is released 90 days after the end of the year. The estimates based on annual data are released nine months after the end of the reference year. These annual estimates, and the data for the four quarters are revised and released 15 months after the end of the reference year.

Further revisions are undertaken at least once every five years after the completion of input-output or supply and use tables and with the implementation of the results of revision studies.

Revised data are published with accompanying notes on the nature of the revision and the revision process that was undertaken.

##### *4.4.2 Preliminary data are clearly identified*

Preliminary data are clearly identified as such in press releases and publications and users are made aware that the data are subject to revision. In some cases, the preliminary and revised series are published so as to alert users of the nature of the revisions. When data are revised, the complete series is published, but the revised sections are clearly identified.

##### *4.4.3 Studies and analyses of revisions are made public*

Studies and analyses of revisions are conducted, but the results are used for internal purposes and are not always made available to the general 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)*

National accounts estimates are released with accompanying charts and tables as well as a brief analysis of the estimates. The publications also contain notes on methodology, concepts, and definitions to guide the user. The annual publication contains summary tables from 1990 and a five-year series for the detailed accounts and tables. In the quarterly publication, a five-year series of quarterly estimates is presented as well as the annual estimates for the two years preceding the period from which the quarterly estimates are presented.

The statistical discrepancy between the estimates of GDP by type of economic activity and GDP by category expenditure is included in estimates of changes in inventories therefore the total estimate becomes the statistical discrepancy. However, this is not highlighted in the notes accompanying the national accounts statistics. The notes in fact detail the methodology for compiling estimates of changes in inventories, thus giving users the impression that the estimates are derived based on the stated compilation practice.

#### *5.1.2 Dissemination media and formats are adequate*

Dissemination practices are generally sound. The data are disseminated through press releases, on the official website of the DOS, and in the annual and quarterly publications. Separate press releases are disseminated in Lithuanian and in English. The text in the publications is presented in both languages, usually within the same table, or as separate tables on facing pages. Separate web pages in Lithuanian and in English are presented on the website.

No detailed data are disseminated on the website as the data disseminated through that medium is a reproduction of the press release. It is the official policy of the DOS that disaggregated data are not disseminated in any form prior to the release of the hardcopy publication. A schedule for the release of the publications exists, however delays may occur due to production difficulties, especially for the annual publication. The disaggregated data are available by electronic means (e-mail or diskette), however users are not normally informed of this medium of dissemination.

#### *5.1.3 Statistics are released on a preannounced schedule*

An advance release calendar is made available on DOS website. The calendar details the precise dates for the release of the national accounts estimates.

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

There is no prerelease of data to any group or agency.

*5.1.5 Nonpublished (but nonconfidential) subaggregates are made available upon request*

Nonpublished subaggregates are made available to users upon request.

**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*

Documentation on the definitions, concepts, and methodology used in compiling the estimates is made available on the DOS website and in quarterly and annual publications. Comprehensive and up to date documents detailing sources and methods have been compiled in collaboration with the OECD and Eurostat, and are available from these agencies or from the DOS.

A summary of national accounts methodology is posted on the IMF's Dissemination Standards Bulletin Board (DSBB). It is reviewed and updated regularly.

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

Metadata are available at different levels of detail depending on the degree of aggregation of the disseminated data and the medium of dissemination.

**5.3 Assistance to users**

*5.3.1 Contact person for each subject field is publicized*

The contact person for the national accounts statistics is publicized. Specific enquires are then channeled to other persons within the DOS based on subject matter and staff availability.

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

The DOS produces a catalogue of publications, which is updated annually and contains a listing of publications that the DOS will be releasing during the year. The catalogue provides a brief description of the data contained in the publication as well as the price, periodicity, expected date of release, the publication format, and the languages of dissemination.

The DOS also operates a bookshop, “Statistics for You,” which is located on the ground floor of the DOS headquarters building and is therefore easily accessible to the general public.

The list of publications released by the Department is available on the official website or from the Department’s library.

Table 1. Lithuania: Data Quality Assessment Framework: Summary of Results for National Accounts Statistics  
(Compiling Agency: Department of Statistics)

Computing Agency, Department of Statistics)						
Key to symbols: NA = Not Applicable; O = Practice Observed; LO = Practice Largely Observed; LNO = Practice Largely Not Observed; NO = Practice Not Observed						
Element	NA	Assessment				Comments
		O	LO	LNO	NO	
<b>0. Prerequisites of quality</b>						
0.1 Legal and institutional environment		X				
0.2 Resources		X				
0.3 Quality Awareness		X				
<b>1. Integrity</b>						
1.1 Professionalism		X				
1.2 Transparency		X				
1.3 Ethical standards		X				
<b>2. Methodological soundness</b>						
2.1 Concepts and definitions		X				Financial accounts not disseminated. <sup>1/</sup> Government accounts recorded on cash basis.
2.2 Scope		X				
2.3 Classification/Sectorization			X			
2.4 Basis for recording			X			
<b>3. Accuracy and reliability</b>						
3.1 Source data		X				Perpetual inventory methods not used. Response errors not routinely assessed. The statistical discrepancy not routinely investigated and assumed to be part of expenditure on GDP.
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				
<b>4. Serviceability</b>						
4.1 Relevance			X			User feedback not solicited in a structured manner.
4.2 Timeliness and periodicity		X				
4.3 Consistency		X				
4.4 Revision policy and practice		X				
<b>5. Accessibility</b>						
5.1 Data accessibility		X				
5.2 Metadata accessibility		X				
5.3 Assistance to users		X				

<sup>1/</sup> Final accounts are disseminated as of June 2002.



## II. 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 Republic of Lithuania Law on Statistics No. VIII-1511 (the Law on Statistics), last updated on December 23, 1999, specifies the central role of the Department of Statistics (DOS) in the production and dissemination of statistics. Article 7 of the Law on Statistics gives the DOS responsibility for establishing the policy for the organization and for methodologies guiding all statistics produced. It also specifies that the DOS should prepare a work program for statistics. The objectives and functions of the DOS are outlined in Government of the Republic of Lithuania Resolution No. 285 that was adopted on March 12, 2001. These arrangements are well established and the central role of the DOS has been unchallenged.

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

The DOS actively pursues cooperation with providers of information for the timely transfer of such data to the DOS. However, this is not a significant issue for the CPI, since most of the data are collected in-house.

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

Article 15 of the Law on Statistics states that data from individual respondents must be kept confidential. Article 8 of the Law on Statistics states that public servants of the DOS, and all other agencies, must ensure the confidentiality of respondents' data. Penalties for breaches of confidentiality are not laid down, but would be defined by the civil courts if necessary, although this has never happened.

The computer programs have significant safeguards to protect the confidentiality of data. Also, in most cases paper records are shredded before they leave the DOS premises. In some cases, when a large amount of records are to be destroyed they will be incinerated elsewhere under the supervision of DOS staff.

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

Article 14 of the Law on Statistics states that respondents must supply accurate data on request. Penalties are not specified in the Law on Statistics; they are left to be decided by the courts. There are no examples of this happening, as the DOS aims to improve response through goodwill.

## **0.2 Resources**

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

There are seven members of staff working on the CPI. They are all university graduates and are all highly experienced. There are just enough staff to undertake the current CPI program, but there is little scope to meet any additional requirements that might arise in future, such as Eurostat's potential requirement for regional CPIs. All staff have access to their own computing facilities, but some of the hardware lacks the capacity to work efficiently.

### *0.2.2 Measures to ensure efficient use of resources are implemented*

All macroeconomic statistics use consistent methodologies and classifications as specified by Eurostat. This means that there is little inefficiency due to the need to make adjustments to data passed from one set of statistics to another. There is a strategic program to improve efficiency throughout the DOS and, in particular, to reduce the number of staff in the regional offices, but not those working on the CPI.

## **0.3 Quality awareness**

### *0.3.1 Processes are in place to focus on quality*

The management actively promotes quality in all statistical matters. A Total Quality Management program is currently in preparation. Quality awareness is evidenced by an active strife for quality management, including by inviting international (EU) reviews of the DOS products and processes.

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

Article 11 of the Law on Statistics stipulates the role of the Statistical Council in specifying the sources and methods for statistics. The terms and conditions of the Statistical Council were established in Resolution No. 285 of the Government of the Republic of Lithuania (March 12, 2001). The Statistical Council is composed of representatives of state and local governments, scientific institutions, organizations managing statistics, respondents, and the mass media. It is headed by the Director General of the DOS and meets at least twice a year.

### *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*

When the release dates for the CPI were established, due consideration was given to ensuring that they allowed enough time to produce a quality product. The Statistical Council advises the DOS on all statistical matters, including any new requirements.

## **1. Integrity**

### **1.1 Professionalism**

#### *1.1.1 Statistics are compiled on an impartial basis*

The organization of the work and functions of the DOS, as well as the tasks and responsibilities of the Director General, are outlined in the *Regulations of the Department of Statistics to the Government of the Republic of Lithuania*. These regulations establish that the Director General is personally responsible for the implementation of tasks assigned to the DOS and for implementing the authority assigned to it by the laws and regulations of the Republic of Lithuania. The regulations are established in Resolution No. 285 of the Government of the Republic of Lithuania (*see also 0.3.2*).

Senior staff are encouraged to undertake and publish research work. Staff are actively encouraged to take part in conferences and seminars, particularly those organized by Eurostat.

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

The methods for compiling the CPI are fully under the control of the DOS.

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

There was some press criticism of the CPI when it was first produced, but this has not happened for some years. Senior staff of the Price Statistics Division have the right to respond to such criticism or when statistics are misused, and did so when such situations arose. The press releases provide explanations of the statistics and identify the cause of any unusual figures, to reduce the likelihood of any misinterpretation.

### **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 on Statistics is publicly available, including on the DOS website.<sup>4</sup> All DOS publications state the name of the Director General, or one of his deputies—whoever has authorized the publication and the telephone number is that of the appropriate senior member of the CPI team.

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<sup>4</sup> <http://www.std.lt>

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

There is no prerelease access to the CPI (as relevant) and this is stated in the methodological guide, in the Lithuanian and English versions.

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

All of the CPI data releases are clearly identified as coming from the DOS.

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

Significant changes are announced in advance, including through press briefings. Even the new annual weights are discussed with interested users in advance of their introduction.

**1.3 Ethical standards**

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

Ethical standards are laid out in the Law on Public Service. Paragraph 1 of Article 3 states that “the public service is based on the principles of the rule of law, equality, loyalty, political neutrality, transparency, responsibility for decisions adopted, and career development.” Paragraph 2 enumerates the following ethical principles: respect of the individual and the state, decency, impartiality, transparency, and exemplary conduct. A code of conduct is in preparation and a draft is currently circulating among ministries at the central, regional, and local level.

**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 weights for the CPI are obtained from the Household Budget Survey (HBS), which conforms to the guidelines of the *ESA 95*. The domestic CPI generally follows Eurostat’s requirements for the Harmonized Index of Consumer Prices (HICP). The exception is that the HICP weights include expenditure in Lithuania by nonresident visitors, which is not covered in the domestic CPI. On the other hand, both sets of weights exclude expenditure abroad by

Lithuanians. This means that the CPI broadly conforms to the guidelines of the CPI Manual, currently being prepared by the Intersecretariat Working Group on Price Statistics.<sup>5</sup>

## **2.2 Scope**

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

Most types of household are included in the CPI weights. However, households in institutions are excluded, e.g. those residing in army camps and in nursing homes—as is done in most countries. Additionally, households headed by foreigners are not covered, but these are relatively small in number. The consumption activity of households who are also producers is included, but only their purchases, not own-account consumption. So, the scope is not as wide as it could be, but is consistent with that adopted in many countries.

## **2.3 Classification/sectorization**

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

The CPI and its weights are classified according to the COICOP, the standard international classification for household expenditure.

## **2.4 Basis for recording**

### *2.4.1 Market prices are used to value flows and stocks.*

The weights are based on the prices actually paid by consumers, including trade margins and applicable taxes *less* subsidies on products. Collected prices are those actually charged by sellers, after the deduction of any discounts.

### *2.4.2 Recording is done on an accrual basis*

The timing rules for the CPI are in line with the *ESA 95* in that the prices are those actually charged on the day of collection.

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<sup>5</sup> This working group comprises the International Labour Organisation, OECD, World Bank, IMF, Eurostat, and the United Nations Economic Commission for Europe.

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

Net weights are used for second-hand motor vehicles, i.e., purchases less sales. Also, the weight for insurance is based on premiums less claims. However, in line with Eurostat's recommendations, this weight is based on the average of the last three years to ensure that it cannot be negative.

**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*

There is a monthly HBS selecting households from the constantly updated Population Register. Annual sample size is 0.8 percent of all households. In the cities, households are selected randomly based on the population of the city. A two-stage approach is taken in the towns and rural areas. Firstly, PSUs are established for all areas and a random sample of these is selected, separately for towns and the rural areas. Then random samples of households are taken for each selected PSU. Depending on the area, the number of households in the sample is increased by 20–30 percent to obtain the desired number of respondents. The results could be biased as higher income households are more likely not to respond, but this is a common problem in other countries.

Prices are collected in 19 locations spread over all ten counties of Lithuania. Most of these locations are in cities and towns, but some are in rural areas. The outlets from which the prices are collected are selected by purposive sample based on sales and the range of products sold. The selection ensures that all types and sizes of outlets are covered. Items are selected by the CPI staff when they account for more than 0.01 percent of total consumer spending. The regional collectors then select and precisely specify the most popular variety, for which prices will be collected over the coming year. Prices are collected every month, but staggered between the fourth and twentieth of the month, to spread out the work for the collectors and the CPI staff.

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

All source data are specifically collected for the CPI. So, the data collection systems have been designed to fully meet the requirements of the CPI, in all respects.

*3.1.3 Source data are timely*

Source data are generally supplied on a timely basis. However, occasionally local authorities may backdate prices charged to consumers when payment is made in arrears, so they may not

be incorporated into the CPI until the following month. However, this has a negligible impact on the CPI.

Centrally collected prices are the average of the relevant month, even if actually paid in a later period. For instance, if electricity prices are increased during a month, the price for that month is shown as the average of the two prices, weighted by the number of days for which they were charged.

## **3.2 Statistical techniques**

### *3.2.1 Data compilation employs sound statistical techniques*

Though COICOP is used down to the fourth level of its classification, some classes are further divided into a fifth, or even sixth level, to meet country needs. The weights for the CPI conform to the *ESA 95* definition of household final consumption, except that informal activities, goods and services produced for own final consumption, and imputed rent for owner-occupied dwellings are excluded.

At the lowest level of the index, price indices for elementary products are calculated using the ratio of the arithmetic mean for each location. The ratio over the value for the previous month is then linked back to the base period. A national price as well as price index for each product is then derived by averaging the prices and price indices for all of the locations using the population of each region as weights. Higher levels of the index are calculated using a Laspeyres formula and national weights. The HBS is not representative enough to produce good quality figures for each region, so regional weights cannot be used.

New weights are introduced every January using the HBS data for the year ending in the previous September. The weights introduced at the beginning of 2001 were updated to the prices in December 2000, the price reference period. On the other hand, the weights for the previous years were not updated, because of the established policy that the CPI is never revised.

Prices of temporarily missing items are imputed based on price movements for a similar product. In some cases, when prices are very stable, the last reported price is carried forward. For seasonal items, the last reported price is carried forward until it becomes available again. Products that become permanently unavailable are replaced by a similar item. In most cases this is done at the end of the year. When replaced during the year an overlap price is obtained whenever possible. Otherwise an adjustment is made for the change in quality in consultation with the supplier.

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

Adjustments are made for the some known shortcomings in the HBS. One of these relates to tobacco and alcoholic beverages which, as in most countries, are significantly under-recorded

in the HBS. So, expenditure on these items is adjusted in consultation with the staff involved in the compilation of the national accounts. Adjustments are also made for new cars, education, and health, which are known to be poorly covered in the HBS. Adjustment is made for informal activities, except for illegal activities.

### **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 nonsampling error; the results of the assessments are monitored and made available to guide planning*

Sampling errors are available for the HBS. However, the purposive sampling for price quotations means that sampling errors cannot be ascertained. The HBS is designed to deal with nonresponse by increasing the sample size to ensure that there is adequate 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*

The CPI is carefully checked against the PPI, as far as is possible—that is, for those PPI sub-industries that are mainly supplied to consumers.

*3.4.2 Statistical discrepancies in intermediate data are assessed and investigated*

Any unusual movements in components of the CPI are investigated at all stages of compilation. The causes of any significant changes in the published data are explained to users.

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

The published CPI is structured in such a way as to avoid any discrepancies.

### **3.5 *Revision studies***

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

The weights for the CPI relate to the year ending in September of the previous year and are available in time for their introduction in January. This means that normally there are no revisions to the CPI, even when new weights are introduced. Exceptionally, revisions can be made when errors are identified, but only if such revisions have an impact on the CPI total. This only happened once and some years ago.



## **4. Serviceability**

### **4.1 *Relevance***

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

There are discussions with important users giving them the opportunity to raise issues on the compilation of the CPI, but these are not regular or formal.

### **4.2 *Timeliness and periodicity***

#### **4.2.1 *Timeliness follows dissemination standards***

The CPI is published six working days after the end of the month, which is well within the requirements of the SDDS.

#### **4.2.2 *Periodicity follows dissemination standards***

The CPI is published every month, in conformity with the requirements of the SDDS.

### **4.3 *Consistency***

#### **4.3.1 *Statistics are consistent within the dataset***

Only one consistent series of the CPI is published domestically.

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

Significant improvements to the CPI were introduced at the beginning of 1997, and since then the series has been completely consistent. These improvements could not be carried back because of the rule that the CPI should not be revised.

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

Checks with the relevant elements of the PPI ensure that the two series are consistent.

### **4.4 *Revision policy and practice***

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

The revision policy is not to revise the CPI except when errors are found that are large enough to affect the total CPI, which are very rare. The revision policy is stated in both the English and Lithuanian versions of the metadata.

#### *4.4.2 Preliminary data are clearly identified*

Since the CPI is not normally revised, there is no need to identify preliminary data.

#### *4.4.3 Studies and analyses of revisions are made public*

As stated above, there is no need for revisions studies.

### **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 initial press release is quite brief, with one page of text and one table. However, a more comprehensive paper is published a few days later, which contains charts as well as more comprehensive text and tables. There is also a quarterly publication containing much more detail. These publications are well laid out and make the CPI easily understandable to users.

##### *5.1.2 Dissemination media and formats are adequate*

As stated above, there is a comprehensive set of paper publications. Additionally, data are disseminated on the DOS website. All publications are in English as well as in Lithuanian.

##### *5.1.3 Statistics are released on a preannounced schedule*

There is a preannounced release schedule both in electronic and hard-copy formats. This not only announces the date of release, but also the time, which is always 10 a.m. These deadlines have been missed, but rarely, e.g., when important source data is very late in arriving. In such cases, users are informed of the delay three days before the release was due.

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

The CPI is made available to all users at the same time.

##### *5.1.5 Nonpublished (but nonconfidential) subaggregates are made available upon request*

The CPI is published at the four-digit level of the COICOP classification. For some products, more detailed breakdowns are available and these are supplied to users on request as long as they are not confidential.

## **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 IMF's DSBB, hyperlinked to the DOS website—which are reviewed and updated regularly—are sufficient to meet the needs of users, and a similar document in Lithuanian is also available to the public. The DOS is also planning to update and publish a more detailed methodological guide later in 2002.

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

Different versions of the CPI methodology are contained in the publications. Each of these is designed to satisfy the needs of the chosen audience.

## **5.3     *Assistance to users***

### **5.3.1     *Contact person for each subject field is publicized***

All publications give the telephone number of the member of staff who is able and available to provide any necessary assistance to users.

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

The DOS produces a catalogue of publications, which is updated annually and contains a listing of publications that the DOS will be releasing during the year. The catalogue provides a brief description of the data contained in the publication as well as the price, periodicity, expected date of release, the publication format, and the languages of dissemination.

The DOS also operates a bookshop, "Statistics for You," which is located on the ground floor of the DOS and is therefore easily accessible to the general public.

The list of publications released by the DOS is available on the official website or from the DOS's library.

Table 2. Lithuania: Data Quality Assessment Framework: Summary of Results for the Consumer Price Index  
(Compiling Agency: Department of Statistics)

Key to symbols: NA = Not Applicable; O = Practice Observed; LO = Practice Largely Observed; LNO = Practice Largely Not Observed; NO = Practice Not Observed;							
Element		NA	Assessment				Comments
			O	LO	LNO	NO	
<b>0. Prerequisites of quality</b>							
0.1 Legal and institutional environment			X				
0.2 Resources			X				
0.3 Quality Awareness			X				
<b>1. Integrity</b>							
1.1 Professionalism			X				
1.2 Transparency			X				
1.3 Ethical standards			X				
<b>2. Methodological soundness</b>							
2.1 Concepts and definitions			X				
2.2 Scope			X				
2.3 Classification/Sectorization			X				
2.4 Basis for recording			X				
<b>3. Accuracy and reliability</b>							
3.1 Source data			X				
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				
<b>4. Serviceability</b>							
4.1 Relevance				X			User feedback not solicited in a structured manner.
4.2 Timeliness and periodicity			X				
4.3 Consistency			X				
4.4 Revision policy and practice			X				
<b>5. Accessibility</b>							
5.1 Data accessibility			X				
5.2 Metadata accessibility			X				
5.3 Assistance to users			X				

### III. 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 Republic of Lithuania Law on Statistics (Law on Statistics) No. VIII-1511, last updated on December 1999, specifies the central role of the DOS in the production and dissemination of statistics. Article 7 of the Law on Statistics gives the DOS responsibility for establishing the policy for the organization and methodologies guiding all statistics produced. It also specifies that the DOS should prepare a work program for statistics. The objectives and functions of the DOS are outlined in Government of the Republic of Lithuania Resolution No. 285 adopted on March 12, 2001. These arrangements are well established and the central role of the DOS has been unchallenged.

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

In general, the DOS actively pursues cooperation with providers of information for the timely transfer of such data to the DOS. However, this not a significant issue for the producer price index (PPI), since most of the data are collected in-house.

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

Article 15 of the Law on Statistics states that data from individual respondents must be kept confidential, either directly or indirectly. Article 8 of the Law on Statistics states that public servants of the DOS, and all other agencies, must ensure the confidentiality of respondents' data. Penalties for breaches of confidentiality are not laid down, but would be defined by the civil courts if necessary, but this has never happened. The PPI survey forms ask respondents whether they would allow the DOS to publish information on their prices.

The computer programs have significant safeguards to protect the confidentiality of data. Also, in most cases paper records are shredded before they leave the DOS premises. In some cases, when a large amount of records are to be destroyed they will be incinerated elsewhere under the supervision of DOS staff.

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

Article 14 of the Law on Statistics states that respondents must supply accurate data on request. Penalties are not specified in the Law on Statistics; they are left to be decided by the courts. There are no examples of this happening, as the DOS aims to improve response through goodwill.

## **0.2 Resources**

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

There are five members of staff working on the PPI. They are all university graduates and are all highly experienced. However, due to the relatively low rates of pay, it is now difficult to recruit and retain qualified people. So, there could be potential staffing problems in the future. Also, there are just enough staff to undertake the current PPI program, but there is little scope to meet any additional requirements that might arise in future, such as Eurostat's requirement for PPIs by product, as well as by industry. All staff have access to their own computing facilities, but some of the hardware lacks the capacity to work efficiently.

### *0.2.2 Measures to ensure efficient use of resources are implemented*

All macroeconomic statistics use consistent methodologies and classifications as specified by Eurostat. This means that there is little inefficiency due to the need to make adjustments to data passed from one set of statistics to another. There is a strategic program to improve efficiency throughout the DOS and, in particular, to reduce the number of staff in the regional offices, who have no involvement in the PPI program.

## **0.3 Quality awareness**

### *0.3.1 Processes are in place to focus on quality*

The management actively promotes quality in all statistical matters. A Total Quality Management program is currently in preparation. Quality awareness is evidenced by an active strife for quality management, including by inviting international (EU) reviews of the DOS products and processes.

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

' Article 11 of the Law on Statistics stipulates the role of the Statistical Council in specifying the sources and methods for statistics. The terms and conditions of the Statistical Council were established in Resolution No. 285 of the Government of the Republic of Lithuania (March 12, 2001). The Statistical Council is made up from representatives of state and local government, scientific institutions, organizations managing statistics, respondents, and the mass media. It is headed by the Director General of the DOS and meets at least twice a year.

*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*

When the release dates for the PPI were established, due consideration was given to ensuring that they allowed enough time to produce a quality product. The Statistical Council advises the DOS on all statistical matters, including any new requirements.

**1. Integrity**

**1.1 Professionalism**

*1.1.1 Statistics are compiled on an impartial basis*

The organization of the work and functions of the DOS, as well as the tasks and responsibilities of the Director General, are outlined in the *Regulations of the Department of Statistics to the Government of the Republic of Lithuania*. These regulations establish that the Director General is personally responsible for the implementation of tasks assigned to the DOS and for implementing the authority assigned to it by the laws and regulations of the Republic of Lithuania. The regulations are established in Resolution No. 285 of the Government of the Republic of Lithuania (*see also 0.3.2*).

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

The methods for compiling the PPI are fully under the control of the DOS.

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

There was some press criticism of the PPI when it was first produced, but this has not happened for some years. Senior staff of the Price Statistics Division have the right to respond to such criticism or when statistics are misused, and did so when such situations arose. The press releases provide explanations of the statistics and identify the cause of any unusual figures, to reduce the likelihood of any misinterpretation.

**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 on Statistics is publicly available, including on the DOS website. All DOS publications state the name of the Director General, or one of his deputies—whoever has authorized the publication and the phone number is that of the appropriate senior member of the PPI team.

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

There is no prerelease access to the PPI and this is stated in the methodological guide both in Lithuanian and in English.

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

All of the PPI data releases are clearly identified as coming from the DOS.

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

There have been no significant changes in the past, but they would be announced in advance, e.g., when the annual weights are adjusted (for price changes see 3.2.1).

**1.3 Ethical standards**

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

Ethical standards are laid out in the Law on Public Service. Paragraph 1 of Article 3 states that “the public service is based on the principles of the rule of law, equality, loyalty, political neutrality, transparency, responsibility for decisions adopted, and career development.” Paragraph 2 enumerates the following ethical principles: respect of the individual and the state, decency, impartiality, transparency, and exemplary conduct. A code of conduct is in preparation and a draft is currently circulating among ministries at the central, regional, and local level.

**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 weights and price quotations used to construct the PPI are fully in line with the guidelines issued by Eurostat. These guidelines are consistent with the PPI Manual, which is currently being developed. The index only measures price movements for industries; it does not currently record prices for the more detailed products, but this is not a significant weakness.



## **2.2 Scope**

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

The PPI covers the production industries, that is, mining and quarrying, manufacturing and energy, which is in line with the core international standard. All market producers in these industries, as specified in the Business Register, are in scope for the sampling procedures. Only goods produced for sale are included in the weights and the prices, which is the approach taken by many countries.

## **2.3 Classification/sectorization**

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

The PPI and its weights are classified according to the NACE Rev. 1,<sup>6</sup> as required by Eurostat.

## **2.4 Basis for recording**

### *2.4.1 Market prices are used to value flows and stocks.*

The weights and price quotations are based on the prices actually charged by the producers, including transport costs if supplied by the producer. Value added tax and excise taxes are excluded and exports are valued free on board (f.o.b.). These valuation principals meet international guidelines.

### *2.4.2 Recording is done on an accrual basis*

Prices are those actually charged on the fifteenth day of the reference month, which conforms to accruals accounting.

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

The only possible issue affecting grossing and netting in the PPI is whether sales between different establishments in the same enterprise are shown as output or as intermediate

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<sup>6</sup> Nomenclature Générale des Activités Économiques dans les Communautés Européennes (In English: Standard Classification of Economic Activities within the European Communities).

consumption of the relevant establishments. This is not the case with the PPI weights, which are based on an enterprise survey, but this has little impact on the figures.

### **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 sample frame for the enterprise surveys is the business register currently maintained by the DOS, which is based on legal registration of enterprises. The register is continuously updated as new registrations are included daily through an online system of legal registration that is also maintained by the DOS. The register attempts to cover all enterprises and data on establishments are collected in a separate data base, which is a part of the business register (a special survey is organized). The register is updated based on several other sources:

- Information received from other questionnaires and surveys;
- Special survey of new enterprises conducted by the Enterprise Surveys Unit; and,
- Information from external registers such as the register of taxpayers and the register of the social security fund. These registers provide information on number of employees and gross turnover and are normally used to crosscheck the data received from other sources.

The records are classified by the primary type of economic activity being undertaken by the enterprise (based on NACE Rev.1 at the four-digit level), number of employees, and gross turnover.

The register contains over 200,000 enterprises, however only 41 percent are active. The decision on main type of economic activity and status (active or inactive) is reviewed once over a twelve-month cycle for each enterprise. This process of updating the status of establishments is in line with EU Regulation 2186 of 1993 on the maintenance of business registers.

The Business Register Division is currently receiving assistance from Statistics Denmark to improve the recording and maintenance of the register in relation to EU Regulation 696 of 1993. This resolution requires that business registers record and distinguish legal units, enterprise units, and local units. The project aims to expand the range of information collected, and to include data by local kind of activity unit, which are required for the compilation of regional accounts.

The Business Register is quite reliable, but it excludes informal producers, which account for 18 percent of recorded activity. Enterprises are selected using a purposive sampling technique. For each four-digit level, the sampled enterprises must constitute at least 50 percent of total sales. In fact, most industries are dominated by large enterprises, so overall around 72 percent of total sales are covered.

Each year, the selected enterprises are asked to provide a detailed breakdown of their product sales. Then for their most significant products they are asked to supply a detailed specification of the most important variety that they consider will be produced throughout the coming year. In the case of a newly selected enterprise, the annual inquiry is undertaken with the assistance of a member of the PPI staff. The enterprises are asked to report the price of the selected varieties as of the fifteenth of each month, plus a revised price for the previous month.

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

All source data are specifically collected for the PPI, so, the data collection systems have been designed to fully meet the requirements of the PPI, in all respects.

### *3.1.3 Source data are timely*

Around 80 percent of price quotations are received by the twenty-fifth of the reference month. The missing quotes are then chased up, so that effectively 100 percent are obtained by the end of the month.

## **3.2 Statistical techniques**

### *3.2.1 Data compilation employs sound statistical techniques*

The industrial breakdown used is the four-digit level of NACE Rev.1. The weights used to construct the PPI are based on sales and are updated every year. The weights relate to the year  $t-2$ , allowing them to be available by the beginning of the year for which they will be used. The reference period is different from the weighting period, but the weights are not updated for price movements between the weight and price reference periods. Weights are used at even the lowest level of the index. Thus, even if more than one product is selected for a particular enterprise within a four-digit industry, the sales values of these products are available from the annual enquiry. At all levels of aggregation, the Laspeyres formula is used.

The computer program used to compile the PPI automatically imputes a price for a missing item based on the movements of related products. Replacements are often not introduced until the beginning of the year. So, figures for enterprises or products which cease part way through the year are also imputed. However, when data on a similar item are available, these are introduced into the index using an overlap price to adjust for quality differences.

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

If a particular item undergoes a quality change during the year, an adjustment is made based on information supplied by the enterprise.

**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 nonsampling error; the results of the assessments are monitored and made available to guide planning*

Since random sampling is not used, there is no information on errors. Response rates are effectively 100 percent, so no adjustments are necessary. The price quotes are carefully checked over time and with related products and any unusual figures are queried with the respondents. Additionally, the computer program highlights any month on month changes in excess of +/- 5 percent.

**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 PPI is carefully checked against the CPI, as far as is possible.

**3.4.2** *Statistical discrepancies in intermediate data are assessed and investigated*

Any unusual movements in components of the PPI are investigated at all stages of compilation. The causes of any significant changes in the published data are explained to users.

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

The PPI is only compiled by industry, not by product, so no discrepancies are possible.

**3.5** *Revision studies*

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

Revisions are made only once in the following month. New weights are available before the PPI for the relevant year are processed. So, no revisions are made when the weights are changed. There is a continuous program to study the monthly revisions over the previous two

years. These studies have never established any biases in the size or direction of the revisions.

#### **4. Serviceability**

##### **4.1 *Relevance***

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

There are discussions with important users giving them the opportunity to raise issues on the compilation of the PPI, but these are not regular or formal.

##### **4.2 *Timeliness and periodicity***

###### **4.2.1 *Timeliness follows dissemination standards***

The PPI is published five working days after the end of the month, which is well within the requirements of the SDDS.

###### **4.2.2 *Periodicity follows dissemination standards***

The PPI is published every month, in conformity with the requirements of the SDDS.

##### **4.3 *Consistency***

###### **4.3.1 *Statistics are consistent within the dataset***

Only one consistent series of the PPI is published, so there are no issues of consistency.

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

Significant improvements to the PPI were introduced at the beginning of 1996, and since then the series has been completely consistent. These improvements could not be carried back, but were fully explained to users at the time.

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

Checks with the relevant elements of the CPI ensure that the two series are consistent.

#### **4.4    *Revision policy and practice***

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

Revisions are made only when the PPI for the following month is published. This is fully explained in the methodological guides.

##### **4.4.2    *Preliminary data are clearly identified***

Since the preliminary data are not always revised, they are not identified as such. However, revised figures are clearly identified.

##### **4.4.3    *Studies and analyses of revisions are made public***

The revisions studies are not published, but would be of little interest as no biases are detected in the results.

#### **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 initial press release is quite brief with one page of text and one table. However, a more comprehensive paper is published a few days later, which contains charts as well as more comprehensive text and tables. There is also a quarterly publication containing much more details. These publications are well laid out and make the PPI easily understandable to users.

##### **5.1.2    *Dissemination media and formats are adequate***

As stated above, there is a comprehensive set of hard copy publications. Additionally, data are disseminated on the DOS website. With the exception of the printed press release, all publications are in English as well as in Lithuanian.

##### **5.1.3    *Statistics are released on a preannounced schedule***

There is a preannounced release schedule both in paper and on the internet. This not only announces the date of release but also the time, which is always 10 a.m.

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

The PPI is made available to all users at the same time.

*5.1.5 Nonpublished (but nonconfidential) subaggregates are made available upon request*

The PPI is published at the two-digit level of the NACE Rev.1 classification, in conformity with international practice. More detailed breakdowns are supplied to users on request as long as they are not confidential.

**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 IMF's DSBB, hyperlinked to the DOS website—which are reviewed and updated regularly—are sufficient to meet the needs of users, and a similar document is also available in Lithuania. A more detailed methodological guide is also available in English as well as Lithuanian.

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

Different versions of the PPI methodology are contained in the publications. Each of these is designed to satisfy the needs of the chosen audience.

**5.3 *Assistance to users***

*5.3.1 Contact person for each subject field is publicized*

All publications give the telephone number of the member of staff who is able and available to provide any necessary assistance to users.

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

The DOS produces a catalogue of publications, which is updated annually and contains a listing of publications that the DOS will be releasing during the year. The catalogue provides a brief description of the data contained in the publication as well as the price, periodicity, expected date of release, the publication format, and the languages of dissemination.

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The list of publications released by the Department is available on the official website or from the Department's library.

Table 3. Lithuania: Data Quality Assessment Framework: Summary of Results for the Producer Price Index  
(Compiling Agency: Department of Statistics)

Key to symbols: NA = Not Applicable; O = Practice Observed; LO = Practice Largely Observed; LNO = Practice Largely Not Observed; NO = Practice Not Observed						
Element	NA	Assessment			Comments	
		O	LO	LNO		NO
<b>0. Prerequisites of quality</b>						
0.1 Legal and institutional environment		X				
0.2 Resources		X				
0.3 Quality Awareness		X				
<b>1. Integrity</b>						
1.1 Professionalism		X				
1.2 Transparency		X				
1.3 Ethical standards		X				
<b>2. Methodological soundness</b>						
2.1 Concepts and definitions		X				
2.2 Scope		X				
2.3 Classification/Sectorization		X				
2.4 Basis for recording		X				
<b>3. Accuracy and reliability</b>						
3.1 Source data		X	X			Weights are not updated for price movements between the weights and price reference periods.
3.2 Statistical techniques						
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				
<b>4. Serviceability</b>						
4.1 Relevance			X			User feedback not solicited in a structured manner.
4.2 Timeliness and periodicity		X				
4.3 Consistency		X				
4.4 Revision policy and practice		X				
<b>5. Accessibility</b>						
5.1 Data accessibility		X				
5.2 Metadata accessibility		X				
5.3 Assistance to users		X				



#### IV. 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*

The Republic of Lithuania Law on Statistics No VIII-1511 (Law on Statistics), last updated on December 23 1999, specifies that fiscal data are to be produced in accordance with the “Work Program of Official Statistics.”

The government decree (resolution) No. 537/1997, resolution No. 1549/2001, and the Order of the Minister of Finance No. 292/1998 govern the responsibilities for the compilation and dissemination of data. The MOF has assigned the responsibility for collecting, compiling, and disseminating government finance statistics (GFS) to the Financial Planning and Analysis Division (FPAD) of its State Treasury Department (STD).

The compilation and dissemination of data on the public debt are the responsibility of the State Debt Management Department (SDMD) of the MOF, in line with the methodological definition embodied in the Law on the Public Debt August 22, 1996 No. 1-1508 and the Resolution of the Minister of Finance No. 353/2000, on Approval of the State Debt Accounting Methodology.

The FPAD compiles (i) summary monthly, quarterly, and annual GFS data on consolidated<sup>7</sup> government operations, broken down by budgetary central and local government, extra-budgetary funds, and social security funds; and (ii) summary annual GFS data on consolidated general government operations. The FPAD also compiles the detailed annual consolidated central and local government GFS data that are sent to the IMF for publication in the *Government Finance Statistics Yearbook (GFSY)*—these data are not disseminated by the Lithuanian authorities.

Separately, the Budget Department of the MOF disseminates data on revenue to the consolidated national budget and its two components the state budget (budgetary central government) and municipalities budget (local government). Those data are presented in the budget classification format rather than GFS classification.

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<sup>7</sup> Consolidated data refers to the fact that transactions between the various elements of government have been eliminated from the data—for example, transactions between the budgetary central government and the extra-budgetary funds have been eliminated from the data for consolidated central government.

In the context of the preparation for EU accession, the Department of Statistics (DOS) is responsible for preparing and transmitting (i) the “Maastricht” deficit data compiled by the STD of the MOF; (ii) the Maastricht debt data compiled by the SDMD of the MOF; and (iii) the associated detailed tables of the Excessive Deficit Procedure (EDP) Notifications, which are sent in April each year to the European Commission and to Eurostat. The DOS has also been assigned the responsibility for preparing the *ESA 95* transmission program tables—notably Table 2 on government expenditure and revenue—that are to be sent to Eurostat. However, the transmission of these data has not yet begun.

No data are compiled and disseminated by either the MOF or the DOS on the public sector.

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

Coordination with the other data producing agencies, particularly the BOL, is not sufficiently close.<sup>8</sup> The recent lack of coordination between the MOF and BOL has affected the macroeconomic data, for example, as evident in inconsistencies in the treatment of grants received from external donors, including the EU, in the GFS and balance of payments data. Another example is the failure of MOF to provide data to the BOL needed for the compilation for balance of payments, such as interest transactions on an accrual basis that recently began to be compiled by the MOF and provided to DOS.

Within the MOF, coordination among statistical divisions especially on methodological issues is limited, and there are significant differences in coverage and classification between the disseminated tables on state debt and the financing of government operations.

The MOF has established, by administrative act of February 7, 2002 a detailed list of data to be provided to the DOS for the EDP Notifications. As Lithuania moves to adopting the new methodology for government finance statistics set out in the *Manual on Government Finance Statistics 2001 (GFSM 2001)*, close cooperation with the DOS will be required to ensure that the GFS data are in line with *1993 SNA* and its European equivalent, *ESA 95*.

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

Article 15 of the Law on Statistics specifies the principle of confidentiality of statistics. Official data collected by the MOF that permit identification of individual respondents are considered confidential and are not published. The DOS takes responsibility for the technical

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<sup>8</sup> The Fiscal Policy Department (FPD) of the MOF works with the BOL to prepare monthly data for the IMF-supported program, including a monthly balance and monthly deficit of general government compiled from the financing side (i.e., transactions in financial assets and liabilities) but the data compiling division, FPAD, does not participate in this exercise. The FPD monitors the reconciliation between the BOL datasets and GFS and the overall plausibility of GFS against the indicators.

aspects of confidentiality, including an electronic system to detect and block publication of confidential data, block illegal access to confidential data, and destroy confidential records.

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

The collection of the budgetary data for the central and local governments is governed by the Law on the Structure of the Budget of the Republic of Lithuania of July 11, 2000 and by the Statute of the Ministry of Finance, Resolution No.1088 of September 8, 1998. The administrative circular No 03–09 of January 11, 2002 specifies that the decentralized accountants (the “appropriation managers”) report monthly and quarterly to the STD within ten days after the end of the reference period. Additional administrative provisions (e.g., the Statute) provide for a reasonable time frame for the delivery of source data on Municipalities (Order of Formation and Execution of State and Municipal Budget, May 14, 2001, No. 543).

The collection of source data for the extra-budgetary funds and the social security funds is arranged and negotiated with the respective institutions, and the Statute (section 7) and the Order of the MOF No. 139 of June 3, 1998 provide the relevant legal basis for collecting data from them. As an example, the State Social Insurance Fund (SoDra) provides data to the MOF in a GFS format and on a cash basis, while it also publishes its own financial statement (twice a year) on an accrual basis.

## **0.2 Resources**

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

In the FPAD only two staff (holding masters degrees in economics or accounting) are working on the compilation and dissemination of GFS data. Carrying out its current tasks of GFS production involves substantial uncompensated overtime. Looking ahead, FPAD’s staff resources appear insufficient for the work program for transition to the *GFSM 2001* and for full reporting to the European Commission. Staff constraints could also slow down cooperation with the Budget Department in the effort to implement the new budget classification system, which is designed to be consistent with the *GFSM 2001* classification, expected to be introduced in 2003. Although FPAD is well equipped in terms of computers and internet access, the compilation of the GFS data is not computerized.

Resource constraints also appear to be the main reason for (i) the limited detail of GFS data that is disseminated; (ii) the failure to compile quarterly data on general government; and (iii) the absence of methodological notes.

The Law on Public Service and the Law On Amendments to the Law on Public Service No. IX-855 of April 23, 2002, effective July 1, 2002 lay out rules and regulations concerning terms of employment, compensation, and staff development, including training. Further, a Statute of the MOF (a public document) lays out the training program. Staff involved in GFS compilation and dissemination receive training provided to civil servants in the MOF through

the Institute for Public Administration and the MOF's training center. Each department has its own program of training for staff, which, in the case of GFS compilers, includes training courses of international organizations (IMF, OECD, Eurostat, and others).

### *0.2.2 Measures to ensure efficient use of resources are implemented*

The MOF's personnel department measures the costs associated with compiling GFS and has various instruments in place to promote efficient use of resources, including a planning and program-based budgeting program to support the MOF's strategic plan. This program aims at rational and efficient use of public financial resources and improvement of its administration. The strategic action plan of the MOF contains a program called Financial policy planning and implementation, which contains an explicit reference to data compilation.

## **0.3 Quality awareness**

### *0.3.1 Processes are in place to focus on quality*

Quality is recognized as a cornerstone of statistical work, as evidenced by the Law on Public Service (see also 1.3.1), the quality of staff recruited by the MOF for this work, and the MOF is focused on accuracy and reliability and on the importance of implementing international methodological standards, with an emphasis on the *Manual on Government Finance Statistics 1986 (GFSM 1986)*.

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

Informal processes are in place to monitor the quality of collection, compilation and dissemination of GFS data. The FPAD follows and compares different sources of data for cross-checking purposes. As an example, GFS data provided by social security funds are compared with the financial statements to assess the plausibility of reported data. The FPAD assesses the plausibility of data provided by the SDMD.

The FPD also plays a role in quality control. In its capacity as user, it compares GFS financing data against BOL information and more generally assesses the overall plausibility of GFS against other indicators.

GFS data are essentially compiled on the basis of financial statements (budgetary central government and municipalities). These are audited by the State Control Office, which reports to the Parliament (Seimas). In addition, the unit within the STD in charge of auditing the methodology has been recently reinforced and transformed into the Financial Control Methodology Department.

The Internal Audit Unit reporting to the Minister of Finance, which has recently been established to comply with EU requirements, will further strengthen quality and efficiency controls.

*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*

A one-year action plan signed by the units responsible for the compilation of the fiscal data includes, for example, a review of the delineation of government using the nonmarket rule for classifying by units that is set out in *1993 SNA*.

**1. Integrity**

**1.1 Professionalism**

*1.1.1 Statistics are compiled on an impartial basis*

The compilation and dissemination of GFS data are supported by specific laws and regulations which establish the professional independence of the departments involved in compilation of data. These include:

- The Law on Budget Structure (2000.07.11 No. VIII-1821)
- The Law on Statistics (1999.12.23. No. VIII-1511)
- The Law on Accounting (2001.11.06 No. IX-574)
- Resolution of the Government of Lithuania on Formation and Execution of State and Local Government Budgets (2001.05.04 No. 543)
- Resolution of Government of Lithuania on Procedures of Accounting of Public Debt Liabilities (2000.02.07 No. 134)
- Government Resolution on the Regulation of the Accountant General of Budgeting Institutions, March 31, 1992, No. 205.

The impartiality of data and the independence from political interference are supported by the laws and regulations mentioned above. For example, Article 4 of the Law on Statistics states as the general principles for statistics, objectivity and professional independence from political or other interest groups and the use of statistical data only for statistical purposes.

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

Methodological choices are informed solely by reference to international standards, the *GFSM 1986* and *GFSM 2001*. Reasonable efforts are made to promote professionalism, including through training as described above.

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

GFS compilers provide expert advice on technical aspects of GFS. Public response to misinterpretation of GFS is routinely provided.

## **1.2 Transparency**

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

As noted above, laws and regulations governing the compilation and dissemination of GFS are freely disseminated to the public (e.g., Article 16 of the Law on Statistics). Relevant laws and regulations are disseminated to the public, and are accessible on the web sites of the MOF and of the DOS.

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

Arrangements prior to dissemination are not explained on the MOF website, but the IMF's DSBB, for which there is a hyperlink on the MOF website, notes that no officials outside the MOF have access to the data prior to their release to the public.

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

The agency responsible for compiling the GFS and fiscal data is identified in publications of the DOS, but not in the tables disseminated on the MOF website.

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

Although the source data and statistical techniques rarely change, the FPAD does not give notice of such changes either in advance or at the time of the release of the data.

## **1.3 Ethical standards**

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

Ethical standards are laid out in the Law on Public Service. Paragraph 1 of Article 3 states that "the public service is based on the principles of the rule of law, equality, loyalty, political neutrality, transparency, responsibility for decisions adopted, and career development." Paragraph 2 enumerates the following ethical principles: respect of the individual and the state, decency, impartiality, transparency, and exemplary conduct. A code of conduct is in preparation and a draft is currently circulating among ministries at the central, regional, and local level.

## **2.0 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 GFS data of Lithuania are being assessed against the methodology set out in *GFSM 1986*. A formal migration path to *GFSM 2001* has not yet been prepared, but steps have been taken toward its implementation. For example, in the coming 12 months the following actions are planned: (i) the introduction of a new budget classification system designed to be consistent with *GFSM 2000*; and (ii) a review of the institutional coverage of government in line with *GFSM 2001*. The overall structure of the GFS data disseminated on the MOF's website is broadly consistent with the concepts and definitions of the *GFSM 1986*.

### **2.2 Scope**

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

The annual GFS data of general government cover all units of general government, namely:

- Budgetary Central Government (the appropriation managers in line ministries, the entities under their control, or similar other entities covered by the State Budget).
- The two social security funds—the SoDra and the Compulsory Health Insurance Fund Budget.
- The six extra-budgetary funds, the Privatization Fund, the Savings Restitution Account, the 1990 Blockade Fund, the Reserve Fund, the Fund for Closure of Ignalina Nuclear Power Station, and the Guarantee Fund (created in 2001).<sup>9</sup>
- The local governments (Municipalities Budget).

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<sup>9</sup> The number of extra-budgetary funds has been progressively reduced from 22 to 10 in 2000, as the operations of these funds have been gradually absorbed into the central government budget. The Savings Restitution Account was established to compensate for depreciated deposits and is financed with privatization proceeds. The 1990 Blockade Fund holds valuables that Lithuanians donated during the Russian blockade in the early 1990s.

The monthly and quarterly GFS data compiled by the MOF cover all the elements of central government operations (budgetary, extra budgetary and social security funds).

However, there are gaps in the coverage of the data. The following items are not included:

- Foreign grants to central government. (These grants are significant, the equivalent of 0.5 percent of GDP in 2001. Although it is expected that these data will begin to be included in the annual data for general government operations due to be disseminated at the end of June 2002, they are not yet included in the 2002 monthly data on central government operations.)
- The debt contracted by central government units such as the extra-budgetary and social security funds. (The amount of outstanding debt of these units is estimated to be about half a billion litai or five percent of the total debt of central government.)

Data are disseminated by the MOF for the GFS Summary Table of Major Components only. The data in this table show (i) total revenue; (ii) tax revenue; (iii) nontax revenue; (iv) total expenditure; (v) current expenditure; (vi) capital expenditure; (vii) lending minus repayments; (viii) deficit (balance); (ix) domestic financing (bank); (x) domestic financing (nonbank); and (xi) foreign financing.

Annual data are compiled, but not disseminated in the national publications, for almost the complete set of GFS tables for consolidated central government, and local government, namely:

#### Consolidated central government

- The Summary Table of Major Components, with additional breakdowns for the data for budgetary central government, social security funds, and extra-budgetary funds.
- Revenue and Grants (GFS Table A).
- Expenditure by Function (GFS Table B).
- Expenditure and Lending minus Repayments by Economic Type (GFS Table C).
- Financing by Type of Debt Holder (GFS Table D).
- Financing by Type of Debt Instrument (GFS Table E).
- Outstanding Debt (GFS Table F)—total, domestic, and foreign.

#### Local government

- Revenue and Grants (GFS Table A).
- Expenditure by Function (GFS Table B).
- Expenditure and Lending minus Repayments by Economic Type (GFS Table C).
- Financing by Type of Debt Holder (GFS Table D).
- Financing by Type of Debt Instrument (GFS Table E).
- Outstanding Debt (GFS Table F)—total, domestic, and foreign.



Although not disseminated in the national publications, these data are reported to the IMF for publication in the *GFSY*.

The monthly data on consolidated central government disseminated by the MOF have the same level of detail as the data on consolidated general government operations, that is, the data shown in the GFS Summary Tables.

### **2.3 Classification/sectorization**

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

The classification is broadly in line with standards, with the following exceptions.

- The payments of the Guarantee Fund are misclassified as Loans minus Repayments, rather than as either Transfers to Households (Line 3.4 in GFS Table C) or Subsidies to Enterprises (Line 3.1.4 of GFS Table C), depending on whether the payments are made directly to the individual employees or to the enterprises.
- The central government debt (State debt) data shown on the DSBB, and on the website of the MOF show the entire amount of the debt liabilities to the IMF as foreign debt of the central government. This is inconsistent with *GFSM 1986* recommendations that the entire amount of the debt liabilities to the IMF be recorded in the analytical balance sheet of the monetary authorities. (However, the related transactions are correctly classified in the data on central government operations disseminated on the MOF website, and both the outstanding liabilities and the related transactions are correctly classified in the data compiled and sent to the IMF for publication in *GFSY*.)
- The portion of central government foreign currency deposits with the BOL that is subsequently redeposited by the BOL with nonresident banks is presently classified in the GFS data as “financing abroad,” in “change in cash and deposits.” Instead, all deposits (regardless of currency) held with BOL should be classified in GFS as domestic financing.
- The monthly and annual data on central government debt disseminated by the MOF both classify the domestic debt and foreign debt on the basis of currency, rather than on the basis of residency. (However, information is available for the data to be compiled on the basis of residency, and the annual data on debt outstanding reported to the IMF for publication in *GFSY* are correctly classified using the residency criteria.)

## **2.4 Basis for recording**

### *2.4.1 Market prices are used to value flows and stocks.*

Data on foreign currency debt stocks are recorded at face value and converted into the unit of account using the official rate provided by the BOL. Similarly, the counterpart value in Litai entered in GFS related to foreign currency inflows and outflows uses the official rate provided by BOL on the day of the transaction.<sup>10</sup> Given the currency board arrangements, foreign exchange valuation effects have not been a major issue for debt denominated in local currency or in the currency of the peg.

In line with *GFSM 1986*, the central government debt is valued at issue value for Treasury bills and at face value for government notes and bonds. Related financial transactions are measured by using the cash inflows and outflows, and the discounts (premia) are recorded as expense at the time of repayment. However, the transactions related to the zero coupon notes and bonds (mainly one-off issues as part of the bank restructuring operations) are valued at face value, both on the financing side and in the counterpart entry (lending minus repayment), which is contrary to *GFSM 1986*.

### *2.4.2 Recording is done on an accrual basis*

In compliance with *GFSM 1986*, the GFS data are measured on a cash basis for both revenue and expenditure. The monthly data on expenditure are, however, recorded on a “cash transfer to appropriation managers” basis (the equivalent of the payment order stage identified in *GFSM 1986*), whereas the quarterly data on expenditure are recorded on the basis of the amounts actually paid. The quarterly GFS data therefore differ somewhat from the sum of the monthly GFS data for the relevant quarter.

The changeover to the accrual basis recommended in *GFSM 2001* will be facilitated by the facts that (i) appropriation managers also keep data on a commitment basis; (ii) the social security funds maintain their accounts on an accrual basis as well as a cash basis; and (iii) the SDMD compiles interest on an accrual basis for the purpose of the EDP Notifications.

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

In line with the international standards, the GFS data are recorded on a gross basis. Revenues collected by budget appropriation managers are not netted from their expenditure. The expenditure and revenue of extra-budgetary funds and social security funds are also recorded on a gross basis. However, in line with the *GFSM 1986* recommendations on consolidation,

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<sup>10</sup> The government holds significant amounts of foreign currency deposits at the BOL.

transactions between the various elements of government are eliminated from the data through the process of consolidation.

The debt data are also recorded on a gross basis, and the gross liabilities are not netted against liquid assets held by the MOF. Furthermore, transactions in liabilities are not netted against transactions in financial assets. As is appropriate, financial transactions are shown on a net transaction basis, i.e., incurrence of liabilities minus repayments, or acquisitions of assets minus disposals. Transactions involving nonfinancial assets are recorded on a gross basis, in the sense that disposals enter as revenue, as prescribed in *GFSM 1986*.

### **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 source is the accounting records of the budgetary units, the extra-budgetary funds, and the social security funds. The Accounting Division of the STD compiles and provides to the FPAD the accounts of the State Budget (budgetary central government) on a monthly basis using the information reported by the budgetary units. The information provided to the FPAD permits a complete consolidation of transactions between units, including interest and financial transactions and stocks—i.e., Treasury bills held by government units and intra-governmental loans.

The Accounting Division produces an annual unpublished document showing the budget execution data in detail, including (i) budget expenditure classified by function (based on the COFOG classification system that is also used in *GFSM 1986*); (ii) budget expenditure classified by economic type; and (iii) balance sheet data.

The Accounting Department also compiles monthly summary statements that include some elements of the balance sheet information (including the cash balances held in so-called “budget funds” accounts managed by STD).

The SDMD provides the FPAD with the following information: (i) GFS-type reporting forms showing debt drawings and reimbursements (amortization payments); (ii) the balance of the “borrowed funds” accounts that are managed by the SDMD; (iii) data related to IMF borrowing; (iv) data on interest receipts and payments; (v) stock data on the State Debt; and (vi) data on the loan portfolio loans (including those which are under management contract with Turco Bankas).

The extra-budgetary funds and social security funds provide the FPAD with monthly data which is mostly in a GFS format. Additional more detailed information is available on a quarterly basis from some social security funds—for example, SoDra.

The data on the execution of the local governments' budgets are reported to the Accounting Division of the STD on a monthly basis for revenue and on a quarterly basis for both revenue and expenditure. Data are also provided on the annual and quarterly financial statements of the municipalities, which comprise their balance sheets.

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

The chart of accounts corresponds to the budget classification and is intended to match the *GFSM 1986* classification categories. The Budget Department is presently working on the draft revision of the chart of accounts to follow the new *GFSM 2001* classification format.

Nevertheless, reclassifications are necessary to obtain GFS—in particular, the treatment of consolidation. There is no automated means of deriving the GFS data directly from the budget items, although the structure of the two datasets is relatively close.

The timing of recording and the valuation of source data are consistent with the GFS methodology, and the accounting records of the appropriation managers are compiled both on a cash basis and on a commitment basis. The social security funds provide the FPAD with data that have already been prepared in a GFS format. Although the SoDra chart of accounts is established on an accrual basis, it also records transactions on a cash basis.

An accounting complementary period of ten days at the end of the year exists during which receipts can be allocated to the previous year.

*3.1.3 Source data are timely*

The budgetary central government (state budget) data are available on an extremely timely basis to the Accounting Division, as well as to the SDMD and to the FPAD. The appropriation managers provide their monthly accounts to the STD within three-four days after the end of the reference period. The tax collecting agencies report monthly data to the Accounting Division within ten days after the end of the reference period.

Order 139 of June 3, 1998 requires that all other central government units report their source data within 15 days for the monthly data, within one month for the quarterly data and within one quarter for the annual data. Finally, local government units report high frequency and detailed data with good timeliness to the STD.

The full detailed annual statements for the State Budget 2001 were available on March 6, 2002.

## **3.2 Statistical techniques**

### **3.2.1 Data compilation employs sound statistical techniques**

Because the GFS data compiled in Lithuania rely extensively on accounting records, the FPAD generally does not need to make estimations. In the exceptional case that an element of the source data is missing, the statistics would be compiled and published using normal estimation techniques. The compilation of data for a breakdown of expenditure by function, and for the fixed capital formation of municipalities do involve some estimates. However, no estimates are made that would permit the monthly GFS data to be adjusted so that they are consistent with the quarterly GFS data.

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

In general, data adjustments carried out by the FPAD, for example applying COFOG to extra-budgetary activities, follow sound and generally accepted techniques.

## **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 nonsampling error; the results of the assessments are monitored and made available to guide planning**

The FPAD uses the most timely source data available—for example, the monthly GFS data are compiled on a “transfer to appropriation manager basis” because the reported “cash-paid” accounts sent by appropriation managers are received too late to enable the data to be compiled with a timeliness of one month. However, the monthly source data are not assessed to determine the extent to which they conform with the “cash-paid” source data used to compile the quarterly GFS data.

## **3.4 Assessment and validation of intermediate data and statistical outputs**

### **3.4.1 Main intermediate data are validated against other information where applicable**

Because of differences in the time of recording, the FPAD does not compare the financing data derived from the Accounting Division and from the SDMD with the daily information that it collects for liquidity monitoring purposes on the main Treasury account held at the BOL. Because of differences in the time of recording and the basis of recording, it also does not compare the financing data with the data from the BOL monetary survey.

### *3.4.2 Statistical discrepancies in intermediate data are assessed and investigated*

The FPD, which uses the data for studies and forecasts and works with the two departments that provide the source data, assesses the plausibility of the data by reference to developments in the rest of the economy.

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

Because of the reliance of accounting records as the data source, there are no statistical discrepancies between the financial and the nonfinancial accounts.

In contrast, the link between the data on central government operations and the central government debt is poor due to differences in sector coverage and classification. (See Sections 2.2 and 2.3 above for details.)

The FPD compares the financing data compiled by the FPAD with the information provided by the BOL (before the publication of the respective data), and the discrepancies are studied in monthly joint sessions between the FPD and FPAD.

## **3.5 Revision studies**

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

The FPAD does not produce revisions studies because the GFS data are not usually revised unless a methodological change occurs.

## **4. Serviceability**

### **4.1 Relevance**

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

The data are relevant to some important users, although GFS is not used for the budgetary process by the Siemas. For example, GFS are used in the dialogue with rating agencies and as the basis for macro-projections made by the FPD of the MOF. The economic analysis and projections document written by this department, which constitutes a note accompanying the budget, uses the GFS presentation in particular for projecting the general government deficit, expenditure, revenue and breakdown. This note is adopted in Spring by the government and updated at time of the budget vote in Parliament. It is accessible on the website.

Users' needs for more detailed data on revenue, expenditure and financing are not being met. It is difficult to reconcile consolidated GFS data with unconsolidated budget execution data

as information on transactions removed in the consolidation process is not disseminated. Periodicity and timeliness of general government operations data (annual with a timeliness of six months) are not sufficient to meet the needs of fiscal policymakers.

However, fiscal data presented in other documents related to the budget preparation mainly follow the budget presentation, which—though different from GFS—follows a similar structure. Those do not show financing. The “budget” itself does not include GFS.

There is no systematic effort to solicit user needs, although the MOF notes frequent inquiries from users via the internet, and regular contacts with rating agencies.

## **4.2 *Timeliness and periodicity***

### **4.2.1 *Timeliness follows dissemination standards***

The timeliness of fiscal data meets or exceeds SDDS requirements. Monthly central government operations are disseminated within one month after the reference period (although these rely on the budget classification rather than the *GFSM 1986*). Annual general government operations are disseminated within six months after the reference period. Monthly central government debt—and its breakdown—is disseminated within one month after of the reference period.

### **4.2.2 *Periodicity follows dissemination standards***

The periodicity of fiscal data meets or exceeds SDDS requirements. Central government operations are disseminated monthly, quarterly, and annually. General government operations are disseminated annually. Central government debt and its breakdown is disseminated monthly.

## **4.3 *Consistency***

### **4.3.1 *Statistics are consistent within the dataset***

Data are internally consistent within a dataset and the deficit is consistent with the financing data. However, monthly data do not add up to quarterly data, due to differences in the time of recording.

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

The historical data are revised in the rare instances of changes in the methodology, where possible, and for changes in classification, in particular. The data have not been adjusted for the progressive absorption of extra-budgetary funds into the state budget. Although, published data on the website cover only 1999–2001 (monthly, quarterly, annually), longer time series are available upon request and published in the *GFSY 2001*.

The *GFSY 2001* identifies breaks in time series. As GFS published on the MOF's website are not shown in the form of time series, no break sign appears, and no further comments, methodological notes, or footnotes are available.

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

Published GFS for 2000 and 2001 are broadly consistent with national accounts sector accounts and aggregates (not published) as the FPAD compiles the nonfinancial data provided in the EDP Notification: net lending/net borrowing (B.9), interest payable (D.41), and gross fixed capital formation (P.51). The DOS publishes only the EDP net lending/net borrowing for 2001.

The FPD monitors the reconciliation between the BOL data sets and GFS. The *GFSY 2001* Table D is inconsistent with information provided in the monetary survey concerning "central bank financing." The SDMD uses information on securities from the Central Securities Depository of Lithuania. Foreign debt published by the MOF on its website and on the IMF's DSBB is not reconcilable with international investment position (IIP) for two reasons: (1) the debt data published by the MOF classified on a currency basis while those on the IIP are on a residency basis; and (2) the MOF debt data are at face value while the IIP data are at market value.

*4.4 Revision policy and practice*

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

The revision policy is explained on the DSBB, which is hyperlinked on the MOF and the DOS websites.

*4.4.2 Preliminary data are clearly identified*

Data are generally not revised and the data are regarded as being final when first released.

*4.4.3 Studies and analyses of revisions are made public*

In rare cases when revisions are made, studies and analysis of revisions are undertaken, but have not been published.



## 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)*

Data are shown following the consolidated presentation recommended in the *GFSM 1986*. Separate tables show general government (and its breakdown) and central government (and its breakdown), but statistics for a given sub-sector differ in the two tables. GFS are presented in a way that allows major aggregates and balancing items to be identified.

However, the accessibility of the data to the general public is extremely limited and no time series are published, except in IMF publications (*GFSY 2001* or *IFS*). They are available from the MOF upon request on an Excel format, but this is not explicitly mentioned on the website or in publications. No monthly GFS data are published. Annual data have virtually no detail concerning government operations (central and general), notably in terms of revenue. The MOF provides no comment or analysis to explain developments.

Some more detailed information on revenue for the national budget is provided on a monthly basis on the website of the MOF on a year-to-date basis—however, such data differ from the GFS presentation. In contrast, significant detail is provided for the state debt, both on the DSBB and the MOF website, along with commentaries, complemented with charts and graphs.

#### 5.1.2 *Dissemination media and formats are adequate*

There is no dedicated annual government finance publication (or a GFS chapter in a large annual publication). The MOF publishes a well presented annual brochure in Lithuanian and English: “State Debt of The Republic of Lithuania” in addition to the information provided on the website. The MOF does not issue any quarterly or monthly publications. The website does not provide any possibility to observe time series or download any data in a spreadsheet or similar mean.

The *Statistical Yearbook* of Lithuania disseminates a limited time series showing limited annual data on the expenditure and revenue of the national budget and the social security funds, as well as debt.

No methodological explanations or footnotes to tables are provided (for example explaining the rule of consolidation).

Until recently, a semi-annual publication, *Government Finance* disseminated quarterly and annual data on revenue and expenditure of the various elements of general government:

- (i) the national budget (i.e., the budget of central government and local government);
- (ii) state budget (i.e., the budget of central government);
- (iii) the municipalities budget (i.e.,

the budget of local government); (iv) the social security funds; and (v) the extra-budgetary funds, as well as data on revenue broken down by type and expenditure, broken down by function and by economic type for the budgetary data. The publication also disseminated detailed quarterly data on debt broken down by debt holder, and debt broken down by debt instrument. However, the publication of this document has ceased with effect from 2002, because of resource constraints. As a result, detailed data on the expenditure of government, such as data on budget execution, will no longer be disseminated by either DOS or the MOF.

#### *5.1.3 Statistics are released on a preannounced schedule*

The public is informed of the dissemination policy and the date of release of GFS. The actual date of publication is met. However, the website of the MOF related to government operations does not mention the DSBB or provide any link to it.

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

Statistics are made available to all users simultaneously. There is no preferential access, and this is mentioned on the DSBB.

#### *5.1.5 Nonpublished (but nonconfidential) subaggregates are made available upon request*

Nonpublished data are available to the public on an equal access basis, but terms and conditions of this access are not publicized. Data can be provided using the spreadsheet presentation showing time series, if requested.

### **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*

Concepts, sources, and methods are published in the summary methodology on the national page of the DSBB, which is hyperlinked on the MOF website. Bridge tables showing the link between budget data and GFS are available upon request.

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

No detailed methodology is published. The summary methodology available on the DSBB is only in English and might not fully meet the needs of domestic users.

### **5.3 Assistance to users**

#### *5.3.1 Contact person for each subject field is publicized*

A contact person for GFS is provided on the DSBB and on the MOF website.

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

There are no regular publications of GFS statistics (see 5.1.2).

Table 4. Lithuania: Data Quality Assessment Framework: Summary of Results for Government Finance Statistics  
(Compiling Agency: Ministry of Finance)

Key to symbols: NA = Not Applicable; O = Practice Observed, LO = Practice Largely Observed, LNO = Practice Largely Not Observed, NO = Practice Not Observed						
Element	NA	Assessment				Comments
		O	LO	LNO	NO	
<b>0. Prerequisites of quality</b>						
0.1 Legal and institutional environment			X			Insufficient coordination with other relevant data-compiling agencies (DOS and BOL) and within MOF.
0.2 Resources			X			Insufficient staff for implementation of <i>GFSM 2001</i> and needed improvements to serviceability and accessibility.
0.3 Quality Awareness		X				
<b>1. Integrity</b>						
1.1 Professionalism		X				
1.2 Transparency			X			Products not clearly identified in publications.
1.3 Ethical standards		X				
<b>2. Methodological soundness</b>						
2.1 Concepts and definitions			X			No migration path to <i>GFSM 2001</i> yet mapped out.
2.2 Scope			X			Foreign grants not covered by government operations data. Debt data include entire liabilities to IMF, but exclude debt of other central government units.
2.3 Classification/Sectorization			X			Currency criterion used to classify debt, rather than residency criterion. IMF debt classified as foreign debt, rather than domestic. Transactions of Guarantee Fund classified as Lending minus Repayments, rather than transfers/subsidies.
2.4 Basis for recording		X				
<b>3. Accuracy and reliability</b>						
3.1 Source data		X				
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				
<b>4. Serviceability</b>						
4.1 Relevance			X			User's needs for more detailed data on revenue, expenditure and financing not being met. Difficult to reconcile consolidated GFS data with unconsolidated budget execution data as information on transactions removed in consolidation process not disseminated.
4.2 Timeliness and periodicity		X				Monthly and quarterly data on government operations not reconcilable because of differences in basis of recording. Data on debt stocks and flows difficult to reconcile because of different basis for defining the foreign/domestic classification. Breaks in time series arising from methodological changes not identified.
4.3 Consistency				X		
4.4 Revision policy and practice		X				

Table 4. Lithuania: Data Quality Assessment Framework: Summary of Results for Government Finance Statistics  
(Compiling Agency: Ministry of Finance)

Key to symbols: NA = Not Applicable; O = Practice Observed; LO = Practice Largely Observed; LNO = Practice Largely Not Observed; NO = Practice Not Observed						
Element	NA	Assessment				Comments
		O	LO	LNO	NO	
5. Accessibility						
5.1 Data accessibility				X		Data disseminated on government operations very limited. No footnotes to explain, e.g., the consolidation process and links between the different tables. Availability of detailed data on request not publicized. No time series data disseminated. Government operations data disseminated only on the website without any accompanying press release or other notice.
5.2 Metadata accessibility			X			No metadata provided with data tables.
5.3 Assistance to users		X				

## V. MONETARY 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*

The Bank of Lithuania (BOL) is responsible for compiling and disseminating the analytical accounts of the central bank and analytical accounts of the banking sector. The legal authority is specified in the Law on the Bank of Lithuania (BOL Law) as amended in March 2001, Article 55 which states that the BOL “shall at least once a month issue information bulletins on the situation in the money and financial markets.”

In terms of data collection, Clause 9 of Article 8.1 prescribes that the BOL “shall collect monetary, banking and balance of payments statistics, as well as data on Lithuanian financial and related statistics, implement standards on the collection, reporting and dissemination of the said statistics.” In addition, Article 54 states that “bodies of state authority and administration, enterprises, institutions and organizations of the Republic of Lithuania must present to the Bank of Lithuania all information required for the performance of its functions.”

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

Data sharing within the BOL is carried out through the use of information systems that give authorized users access to the data collection system and the common database. Access and allocation of user rights are regulated by rules for the administration of the data collection system and the common database.

The Monetary Statistics and Analysis Division (MSAD) of the Monetary Policy Department (MPD) is responsible for the compilation of the analytical accounts of the central bank and the analytical accounts of the banking sector. The balance sheet data of the BOL are prepared by the Accounting Department of the BOL and are transferred to the MSAD. The Accounting Department coordinates with the MSAD in improving the chart of accounts of the BOL. For credit institutions (commercial banks and credit unions), the Credit Institutions Supervision Department (CISD) of the BOL collects balance sheet data, which are shared by the MSAD. The CISD produces and circulates to credit institutions the guidelines for preparing balance sheet reports to standardize the reporting process in coordination with the MSAD. However, in some cases, the coordination between the MSAD and the CISD has been insufficient to make the reports from credit institutions fully useful for statistical purposes.

In the area of monetary statistics, the BOL does not have an ongoing relationship with the MOF and/or the DOS. The cooperation among those institutions is on an ad hoc basis among

groups of interested people. The MSAD does not conduct regular cross-checks with fiscal data and data on other financial institutions, or maintain regular contacts with MOF and/or DOS to ensure proper understanding of data.

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

The confidentiality of individual respondents' data is guaranteed and that guarantee is widely known. Article 15 of the Republic of Lithuania Law on Statistics of December 23, 1999 (the Law on Statistics) prohibits the publication of data in a form in which information on individual respondents can be identified, except with the written permission of the respondent, and also requires that all agencies compiling statistics take steps to ensure the protection of the data collected. The reporting forms sent to data providers all clearly indicate the confidentiality of their individual data.

Procedures are in place to prevent the disclosure of individual data. Article 19 of the BOL Law specifies that the staff of the BOL must maintain the confidentiality of information on BOL activities. These legal requirements are reinforced by the BOL's *Internal Discipline Rules for the Staff of 2002* regarding the disclosure of confidential or sensitive information, as well as by Article 173 of the *Administrative Rules for Infringement*, which stipulates the penalties for using official statistics for nonstatistical purposes. The BOL has a Security Division within its Information Technology Department that is responsible for ensuring that the confidentiality rules are observed by BOL staff. In addition, Article 18, Clause 3, of the Law on Statistics stipulates that staff of official statistical agencies who violate the requirements for data confidentiality shall be held liable under law.

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

The BOL Law (Clause 9 of Article 8.1 and Article 55) grants the legal authority and responsibility to the BOL for the compilation and dissemination of data on credit institutions. In addition, the Law on Commercial Banks of Lithuania (March 28, 2002) and the Law on the Amendment of the Law on Credit Unions (February 27, 2001) specify that the BOL can set data reporting requirements on credit institutions. In addition, Article 172-4 of the Administration Rules for Infringement stipulates the pecuniary penalty for reporting agents' failure to submit reports. The penalty has never been applied.

**0.2 Resources**

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

The MSAD has six professionals involved with issues of methodology, data reporting formats of credit institutions, and data compilation and analysis. The staff are experienced and knowledgeable. All staff have participated in monetary and financial statistics training courses provided by the IMF. Some staff have participated in seminars organized by the ECB, Eurostat, and national central banks in EU.

For the MSAD to comply with the requirements of the ECB on monetary statistics, the MSAD's staffing is tight and other resources are stretched. Currently, the MSAD does not have enough staff to prepare studies of monetary data. In addition, the MSAD does not have an information technology expert within the division, who could support the implementation of a new statistical information system based on a multidimensional time series model. Currently, all information technology staff are assigned to the Information Technologies Department of the BOL.

The systems of data collection are highly computerized and a special software has been developed for these purposes, including procedures of checks aimed at ascertaining the consistency of reports with given criteria and verifying the logical and accounting consistency between reports. Commercial banks report data on-line using the data collection system. The data compilation is also computerized, and special software has been developed for this purpose by the staff of the MSAD. For the preparation of data releases and bulletins, the common database is used.

Financial resources for monetary statistics are allocated through the discussion in the Strategic Committee of the BOL. To date, budgetary requests by the MSAD have been generally approved by the committee, because of the BOL's objective to comply with the ECB statistical reporting requirements.

### *0.2.2 Measures to ensure efficient use of resources are implemented*

Three-year strategic plans are prepared annually for each division and department of the BOL. The draft plans are posted on the BOL's internal website and commented on by other departments in a process designed to ensure that overlaps in activities and use of resources are eliminated. The revised plans are then reviewed by senior management and approved by the Board of Directors. Status reports are submitted to senior management on a quarterly basis. The Organization and Personnel Division of the BOL monitors overall resource allocation within the organization and plays an active part in reviewing the strategic plans and status reports.

## **0.3 Quality awareness**

### *0.3.1 Processes are in place to focus on quality*

An important responsibility of the MSAD is to monitor new regulations and requirements on monetary statistics released by ECB and Eurostat. Staff of the MSAD have participated in seminars on statistical methodologies held by ECB and Eurostat. In addition, the MSAD is studying the methodology of IMF's *Monetary and Financial Statistics Manual (MFSM)* with a view to implementation. The BOL staff work closely with the ECB in an ongoing effort to focus on quality.



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

Data sent through the data collection system are automatically cross-checked and any discrepancies and/or excessive variations are checked by the CISC and MSAD. This process involves verifying data sources with reporting institutions. The CISC and MSAD make sure that the data reporting practices followed by the credit institutions are consistent with the guidelines established by the BOL, and that the reported data can be reconstructed from the accounting records during the scheduled inspections for prudential purposes.

*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*

Internal users of the monetary statistics, such as the Macroeconomics and Forecast and Monetary Policy Instruments Divisions of MPD, comment on the accuracy, timeliness, and comprehensiveness of the data. External users also comment on the data through the Public Relations Division or directly to the MSAD. However, the MSAD does not have regular contact with users in the form of users' surveys or regular meeting with users.

The data releases for the analytical accounts of the central bank and the analytical accounts of the banking sector are reviewed by deputy governors before being signed off by the governor. The deputy governors check those data with secondary data reported by other departments.

**1. Integrity**

***1.1 Professionalism***

*1.1.1 Statistics are compiled on an impartial basis*

Clause 1, Article 18 of the BOL Law states that the staff of the BOL "shall perform the functions of the BOL laid down in this law by implementing resolutions of the Board of the BOL and orders of the Chairperson, and by observing the regulations of a respective structural division and employment contracts." This provision under which the MSAD staff compile monetary statistics is adequate to ensure their independence in conducting these functions.

The professionalism of the MSAD staff is supported by recruitment procedures and a selection process that evaluates exclusively the merit and the potential of candidates and current employees. The MSAD staff are encouraged to participate in professional conferences, working group meetings, and seminars, such as those held by the ECB and Eurostat. Professionalism is promoted by participation in monetary and financial statistics courses provided by the IMF and other institutions.

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

The choices of source data and statistical techniques are determined solely by statistical considerations, of which the ECB statistical reporting requirements cover important elements.

The MSAD has not introduced seasonal adjustment in monetary statistics, but is investigating seasonal adjustment methods recommended by the ECB and Eurostat.

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

The Public Relations Division is responsible for communicating with the media. When deemed necessary, it, in consultation with the MSAD, releases comments and explanations to the public, in order to avoid misinterpretations of statistics.

Senior staff sometimes have informal seminars to explain the use and background of monetary statistics. However, they feel that correcting erroneous interpretation and misuse of statistics is generally difficult.

**1.2 Transparency**

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

The laws and decrees that set the terms and conditions for the compilation and dissemination of monetary statistics are available to the public. Access to those regulations is available on the BOL's Internet website or by inquiry to the BOL's Public Relations Division. Also, given that Lithuania is SDDS subscriber, information on the terms and conditions governing the compilation and dissemination of monetary statistics is available on the IMF's DSBB.

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

No official outside the BOL has access to the data prior to publication. Except for the MSAD staff, only the governor, who signs off the data, deputy governors, and the director of the MPD have access to the data prior to the day of publication. Data are sent to the ECB, Eurostat, IMF, and other institutions after the official release.

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

The BOL's MSAD is internally and externally identified as the source of the analytical accounts of the central bank and the analytical accounts of the banking sector. Data released to the public are identified on the BOL's website.

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

Changes in methodology, source data, and statistical techniques are explained in footnotes at the time the change is introduced. Advance notice is not given even when major changes to the statistical methodology are being introduced.

**1.3 Ethical standards**

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

Clause 1, Article 18 of the BOL Law provides guidelines for staff behavior. In addition, according to Article 19, BOL staff are contractually obliged to maintain the confidentiality of the information constituting the BOL's activities and professional confidentiality. Data confidentiality is also safeguarded by an internal edict on preventing the disclosure of confidential or sensitive data by BOL staff, *Internal Discipline Rules for the Staff, 2002*.

Internal rules and regulations on staff behavior and the requirement to safeguard data confidentiality are available to all staff on the internal website and in the form of a brochure. Every new BOL employee participates in an extensive orientation and training program that is aimed at explaining the fundamental duties and powers of the BOL and its employees.

**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 methodological framework used by the BOL to compile the analytical accounts of the central bank and the analytical accounts of the banking sector reflects concepts and standards that are broadly consistent with the *MFSM*.

The analytical accounts of the central bank are derived from the BOL balance sheet, and the analytical accounts of the banking sector are prepared by consolidating the analytical accounts of the central bank with those of credit institutions, which are derived from the credit institutions' aggregated sectoral balance sheets. The framework focuses on a measure of reserve money and monetary aggregates (M2), liabilities of money issuers and assets of money holders, as well as claims of the BOL and credit institutions on other sectors of the economy.

## 2.2 *Scope*

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

The Lithuanian financial corporations sector comprises the BOL, commercial banks (domestic banks and branches of foreign banks), credit unions, a collective investment scheme, leasing companies, investment companies, insurance companies, insurance brokers, securities brokers, State Enterprise Deposit Insurance Fund, and Turto Bankas.<sup>11</sup>

According to the *MFSM*, depository corporations consist of all resident financial corporations and quasi-corporations mainly engaged in financial intermediation, whose liabilities consist of deposits or financial instruments that are included in the definition of broad money. The national definition of broad money is thus fundamental to the methodology of the *MFSM*, in that it determines which units in the financial system are classified as other depository corporations.

The analytical accounts of the banking sector cover the BOL, commercial banks, and credit unions, which issue deposits. Thus, the coverage is basically following the *MFSM* methodology. However, the coverage of the analytical accounts of the banking sector is incomplete in that banks in liquidation have not been included since July 1997. Although this change was based on the ECB's regulations and internal guide on the coverage of the Monetary Financial Institutions sector, it is not consistent with the *MFSM* methodology. Financial instruments, especially deposits, issued by the banks in liquidation continue their economic existence until liquidated through sale, assumption, repayment or write-off, and therefore banks in liquidation should be included in the analytical accounts of the banking sector.

In addition, the Central Credit Union and the Joint Stock Company VB Lending for House Purchase and Bonds Bank were established in May 2002. Given that they issue deposits and are regarded as money issuers, they should be included in the analytical accounts of the banking sector.

Turto Bankas was excluded from the analytical accounts of the banking sector and reclassified as an other financial institution in July 2001, just after its banking license was revoked. Although it still holds small amounts of deposit liabilities, which were taken over from a bankrupt bank, its main activities are loan management and administration, and therefore it is appropriately classified as an other financial institution.

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<sup>11</sup> Since 1994, a number of banks have been liquidated and their assets and liabilities have been transferred to Turto Bankas, a state-owned company, which was established in November 1996 to function as a loan workout institution with a banking license. In July 2001, its banking license was revoked.

A collective investment scheme was established in 2001, but it invests mainly in shares and other equity. Therefore, it is not considered as a money issuer in Lithuania, as defined by the *MFSM*. Leasing companies and investment companies do not issue close substitutes of deposits and raise funds by borrowings from commercial banks, and therefore, they are not money issuers, as defined by the *MFSM*. Insurance companies, insurance brokers, and securities brokers are not money issuers, as defined by the *MFSM*.

## **2.3 Classification/sectorization**

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

The principles underlying the classification of financial instruments and the sectorization of institutional units are broadly consistent with the *MFSM* methodology. The delineation between resident and nonresident, as well as among money-holding sectors (households, nonprofit institutions serving households, private and public nonfinancial corporations, local governments, and other financial corporations), money-neutral sectors (central government and social security funds), and money issuers (the BOL and credit institutions) is consistent with the *MFSM*. Financial assets and liabilities are classified based on the liquidity of assets and liabilities and the legal characteristics that describe the underlying creditor/debtor relationship, and the categories are consistent with the *MFSM*.

However, there are some deviations in the money-holding sector. First, sole proprietorships are classified as nonfinancial private enterprises although they should be classified as households. Second, all nonprofit institutions are included indistinguishably in one category, although only nonprofit institutions serving households should be separately identified; nonprofit institutions serving other sectors should be classified in the sectors that they serve. Third, the nonfinancial public enterprises sector includes only those enterprises that are 100 percent owned by government, whereas the *MFSM* recommends that enterprises that are 50 percent or more owned by government or controlled by government should be classified as nonfinancial public corporations.

In line with the *MFSM*, nonnegotiable securities (other than shares) are classified as loans, instead of securities other than shares. Also, the securities repurchase agreements (repos) and securities resale agreements (reverse repos) are recorded as deposits on the liability side and loans on the asset side. Repos held by the money-holding sector are included in broad money. The provisions for loan losses are recorded as separate accounts in capital accounts. However, loan loss provisions should be classified in other liabilities in conformity with the *MFSM*.

The *MFSM* recommends that all financial derivatives with market value or fair value, which are subject to on-balance-sheet recording, should be presented as a separate category. Currently, financial derivatives are presented in on-balance-sheet accounts under “other assets” and “other liabilities” to record claims and obligations, respectively. Although the

BOL has started to collect the data on financial derivatives with fair values from commercial banks, the MSAD has not presented them as a separate category. This is because data are not broken down by counterparties sectors and the balances are still small.

## **2.4 Basis for recording**

### *2.4.1 Market prices are used to value flows and stocks*

Regarding the valuation of securities (securities other than shares as well as shares and other equity) in the analytical accounts of the central bank, marketable securities are valued once per month on the last working day, using the mid-market prices prevailing at the secondary markets, in line with *MFSM*. For the analytical accounts of the banking sector, credit institutions, which are allowed to adopt International Accounting Standards 32 or 39 by the Resolution of the BOL Board, value securities based on the holding purposes rather than marketability. Therefore, securities held to maturity are shown with their historical value, even though they are traded in the secondary market. Thus, credit institutions' valuation of securities is inconsistent with *MFSM*.

As stated in 2.3.1 and in line with the *MFSM*, the valuation of loans is based on creditors' gross outstanding claims. However, loan portfolios are valued with the outstanding principal amount only, that is, excluding any accrued interest, which is inconsistent with the *MFSM* (see 2.4.2).

In the analytical accounts of the central bank, monetary gold is valued once per month on the last working day, using the mid-market prices prevailing at the secondary markets, in line with the *MFSM*.

In line with the *MFSM*, foreign currency denominated assets and liabilities in the analytical accounts of the central bank and those in the analytical accounts of the banking sector are converted into national currency on the basis of official exchange rates announced daily by the BOL on the basis of the foreign exchange market's exchange rate. The accounts denominated in foreign currency are revalued monthly on the balance sheet date. IMF related positions denominated in SDRs are translated into domestic currency at the market rates quoted by the BOL.

The *MFSM* recommends the compilation of stock data and data on three separate flow components—transactions, revaluations, and other changes in the volume of assets—that together account for the period-to-period changes in outstanding stocks. The MSAD compiles the transaction data for the analytical accounts of the central bank by removing the effects of exchange rate movements from changes in outstanding stocks, but does not publish them as transactions or publish effects of exchange movements as revaluations. In addition, large amounts of bank loans have been written off. These amounts have not been published as other changes in volume.

#### *2.4.2 Recording is done on an accrual basis*

Consistent with the general principle of accrual accounting, the amount of interest payable/interest receivable are recorded on the balance sheet as the interest accrues. However, in accordance with the ECB Regulation concerning the consolidated balance sheet of the monetary financial institutions sector, accrued interest on loans and deposits are recorded in the balance sheet item “other assets/other liabilities,” with the exception of accrued interest on securities at discount, which are recorded in the underlying securities. This recording of accrued interest deviates from the accrual accounting principles recommended in the *MFSM*. Interest due but not paid on financial instruments should be incorporated into the outstanding amount of the financial asset or liability, rather than being treated as part of other accounts receivable/payable. It should be noted that the amounts of interest accrual are identified in the source data of the analytical accounts of the central bank and the analytical accounts of the banking sector.

#### *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 BOL, commercial banks, and credit unions are collected and compiled on a gross basis. Claims on particular transactors are thus not netted against liabilities to those transactors.

Repos held by the BOL were recorded on a net basis before May 2000. However, they have been recorded on a gross basis since then, in line with the *MFSM*, with the revision of the respective historical time series.

For the compilation of the sectoral balance sheet of the BOL and that of credit institutions, the data on financial assets and liabilities are aggregated into major categories (e.g., claims classified by debtors and deposits classified by creditors). In the analytical accounts of the banking sector, claims on the central government and social security funds are netted against liabilities to the central government and social securities funds, as well as foreign assets and liabilities are netted out.

### **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 analytical accounts of the central bank are the accounting records of the BOL, which are prepared by the Accounting Department. The basic data sources for the analytical accounts of the banking sector are the individual report forms of commercial banks and credit unions. Those source data are collected from comprehensive data collection programs that are performed by the CISD.

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

The source data reasonably approximate the definitions, classifications, time of recording, and valuation required. However, the definitions and scopes of sole proprietorships, those of nonprofit institutions serving households, and those of nonfinancial public enterprises in the credit institutions' report form are not consistent with the definition and scope defined in the *MFSM* (see 2.3.1). In addition, credit institutions' valuation method of securities and the treatment of interest accrual of loans and deposits are not fully consistent with the *MFSM* (see 2.4.1).

In the report form of credit institutions, nonnegotiable securities are classified as securities. However, the MSAD reclassifies them as loans, in line with the *MFSM* (see 2.3.1).

*3.1.3 Source data are timely*

The balance sheet of the BOL, the balance sheets of commercial banks, and their respective supplementary reports, are sufficiently timely to allow for timely compilation of monetary statistics. The balance sheet of the BOL is prepared on a daily basis and is available on the next day. The balance sheets of commercial banks are submitted on a monthly basis and available on the eighth calendar day following the end of the month, and become final on the thirteenth calendar day following the end of the month after the data-checking by the CISD and MSAD. In contrast, the balance sheets of credit unions are submitted only on a quarterly basis, although the submission schedule is the same as that of commercial banks.

**3.2 Statistical techniques**

*3.2.1 Data compilation employs sound statistical techniques*

The statistical techniques used to compile monetary statistics include computerized checks by standardized macros to identify coding and other discrepancies (such as excessive balances variations, and logical and tabulating errors) in the source data. Computerized checks are built in between balance sheet items and supplementary reports' data, which contain detailed information on certain positions (deposits, outstanding loans, securities, etc.).

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

The MSAD needs to estimate monthly data of credit unions, because they report to the BOL only on a quarterly basis. In doing so, the MSAD carries forward the latest quarterly data for the following two months.



The MSAD has not introduced seasonal adjustment in monetary statistics, but is investigating seasonal adjustment methods recommended by the ECB and Eurostat.

### **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 nonsampling error; the results of the assessments are monitored and made available to guide planning***

The balance sheet of the BOL and the balance sheets of credit institutions contain sufficient information for generating monetary statistics. However, the MSAD's request to the CISD to correct the definition and scope of sole proprietorships, of nonprofit institutions, and of nonfinancial public enterprises on the credit institutions report form has not been carried out, as the CISD is reluctant to adopt the definition and scope without a clear legal basis. The MSAD has not been able to utilize other data sources to compensate for the deficiencies in the credit institutions report form.

### **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 accuracy of the balance sheets submitted by credit institutions is checked against secondary data sources, such as breakdowns of deposits by residual maturity, loan breakdown by borrower's economic activities, and open market operation records.

#### **3.4.2 *Statistical discrepancies in intermediate data are assessed and investigated***

The BOL investigates statistical discrepancies, e.g., discrepancies in interbank positions, and determines major factors that might be contributing to them.

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

Large fluctuations in monetary aggregates are rare, and likely to occur only after a significant change in statistical methodology. In these circumstances, upon the release of monetary statistics, the MSAD is likely to receive inquiries from data users and handles them directly. In the case of large and unexplained fluctuations in data series, the MSAD investigates possible classification/sectorization errors by individual respondents.

### **3.5 Revision studies**

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

Revisions of the analytical accounts of the central bank and the analytical accounts of the banking sector are rare. Studies and analyses of revisions in source data, methodology, and compilation techniques are undertaken irregularly. When investigations on revisions are carried out, their results are taken into account in compiling data for the subsequent periods.

## **4. Serviceability**

### **4.1 Relevance**

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

The Macroeconomics and Forecast and Monetary Policy Instruments Divisions, which belong to the MPD, use the monetary data and analyze their relevance and practical utility. In addition, making the monetary statistics compatible with the ECB, Eurostat, and IMF requirements and improving the coverage of new instruments and new institutions are important aspects of the MSAD's review work. The Statistical Council helps monitor the relevance of the data.

Users' needs (e.g., users engaged in macroeconomic surveillance) for data on monetary authorities accounts are not being fully met, the analytical accounts of the central bank do not record borrowings of the Treasury Department of the MOF from the IMF, and information on the monetary authorities' accounts is not provided as memorandum items to the analytical accounts of the central bank. As discussed in the *MFSM*, in situations where certain central banking functions are performed wholly or partly by the central government, consideration could be given to compiling a monetary authorities account. Alternatively, data on monetary authorities' activities outside the central bank may be shown as memorandum items accompanying the analytical accounts of the central bank.

### **4.2 Timeliness and periodicity**

#### **4.2.1 *Timeliness follows dissemination standards***

The analytical accounts of the central bank are disseminated within 10-working days (two weeks) after the end of the reference month, and the analytical accounts of the banking sector are disseminated within 18-working days (one month) after the end of the reference month, which is in line with the SDDS specifications.

#### *4.2.2 Periodicity follows dissemination standards*

The analytical accounts of the central bank and the analytical accounts of the banking sectors are disseminated on a monthly basis, which meets the prescribed periodicity of the SDDS.

### **4.3 Consistency**

#### *4.3.1 Statistics are consistent within the dataset*

Interbank positions within the analytical accounts of the banking sector are consistent and the MSAD regularly monitors their consistency.

Financial data on other financial institutions (lease companies, investment companies, insurance companies, insurance brokers, securities companies) are collected and published as the other financial institutions balance sheet by the DOS. The other financial institutions balance sheet shows the aggregated financial assets and liabilities of all other financial institutions. However, the claims on and deposits from other financial institutions of the analytical accounts of the banking sector are not consistent with the data in the other financial institutions balance sheet; loans to and deposits from other financial institutions in the analytical accounts of the banking sector are generally smaller than borrowings and deposits of other financial institutions in the other financial institutions balance sheet. It is assumed that the data in the other financial institutions balance sheet include other financial institutions' borrowings from and deposits with the foreign banks. Those two sets of data are not reconcilable with each other, because the other financial institutions balance sheet does not have counterpart breakdowns into domestic/foreign (resident/nonresident) in its borrowings and deposits data.

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

The monetary data are generally consistent over a reasonable period of time. Historical time series of the analytical accounts of the central bank and/or the analytical accounts of the banking sector have been reconstructed as far back as possible when significant changes in methodologies have been introduced.

In July 1997, when banks in liquidation were excluded from the analytical accounts of the banking sector, historical series were revised from the beginning of the data onwards. In April 2000, the recording of repos changed from a net basis to a gross basis, and historical time series data were revised from the beginning of the repos transactions onward. In July 2000, when commercial banks' loans to social security funds were separated from loans to nonfinancial corporations in the report form, data were revised from the beginning of the loans to social security funds onward.

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

The net foreign assets in monetary statistics are generally consistent with the corresponding measure derived from the international investment position. The MSAD, in cooperation with the Balance of Payment Statistics Division, regularly cross-checks data on the net foreign assets positions of the BOL and the banking sector with the corresponding measures derived from the international investment position. However, the monetary data are not always consistent with balance of payments statistics in terms of the concepts and methodologies. For example, until June 2001, Turto Bankas was classified as a bank in monetary statistics, whereas it has been classified in other sector in the balance of payment statistics.

There are inconsistencies between government finance statistics and monetary statistics, arising from an insufficient data presentation of government finance statistics. In the table of Financing by Type of Debt Holder Consolidated Central Government, government deposits with the BOL and credit institutions are not included in the calculation of financing by monetary authorities and that by Deposit Money Banks. Therefore, it is not possible to reconcile the net domestic financing to the central government derived from the analytical accounts of the central bank and the analytical accounts of the banking sector with the net domestic borrowing of the central government in government finance statistics. In this connection, government deposits (in foreign currency) with the BOL are treated as financing abroad under changes in cash, deposits, etc., if the BOL redeposits the money with nonresident banks. Only government deposits (in litas or foreign currency) that are not redeposited with nonresident banks are treated as domestic financing under other domestic financing. In the analytical accounts of the central bank, all government deposits are appropriately classified as liabilities to the central government and all BOL's deposits with nonresident banks are appropriately classified as foreign assets. In addition, the treatment of borrowings from the IMF in monetary statistics is inconsistent with that in government finance statistics. Although the central bank's borrowings from the IMF is recorded in the analytical accounts of the central bank, the entire borrowing from the IMF, including those of the central bank, is recorded in the outstanding debt of central government in government finance statistics.

#### **4.4 Revision policy and practice**

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

Given that the monetary data are generally final when first released, revisions are infrequent. However, in accordance with the principles and guidelines on revision policy set out by the ECB, revisions are to be carried out at the time of the next release; once the revisions are incorporated, the data are considered final. This practice is well-established, but is not made known to the public in a written text by the BOL.

#### *4.4.2 Preliminary data are clearly identified*

The last month's data are preliminary, although revisions of preliminary data are rare. Preliminary data are clearly identified with asterisk in disseminated formats.

#### *4.4.3 Studies and analyses of revisions are made public*

Data revisions are needed when there are changes in the chart of accounts or when major methodological improvements are implemented, which requires the revision of historical time series to reflect these improvements. Users are informed about these revisions in the data. No studies and analyses of revisions are carried out routinely.

### **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)*

In monthly and quarterly bulletins, published monetary data are supplemented by descriptions of their movements. In annual reports of the BOL, development of the monetary base, monetary aggregates, and their counterparts are explained with charts. However, these descriptions and explanations are not deep enough to facilitate proper interpretations and meaningful comparisons.

##### *5.1.2 Dissemination media and formats are adequate*

The BOL provides access to these data through hardcopy news releases and an internet website containing monetary statistics for Lithuania

##### *5.1.3 Statistics are released on a preannounced schedule*

An advance release calendar, giving four months ahead notice of precise release dates, is disseminated on the BOL's website, as well as on the IMF's DSBB. A regular notice to this effect is published in the BOL's monthly bulletin.

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

Monetary data are released simultaneously to all interested parties. The analytical accounts of the banking sector are released by issuing the press release "Analytical Accounts of the Banking Sector" and posting the data on BOL's internet website. The analytical accounts of the central bank are released by issuing the press release "Analytical Accounts of the Bank of Lithuania" and posting the data on BOL's Internet website.

*5.1.5 Nonpublished (but nonconfidential) subaggregates are made available upon request*

In addition to published information, the MSAD produces time series data containing detailed subaggregates for internal use. These data are mainly used for analytical and verification purposes. External users do not get access to the whole set of nonpublished, detailed data. However, specific requests for detailed information that do not violate data confidentiality are normally satisfied.

**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*

Summary methodology statements for all monetary data categories are posted on the DSBB, and a hyperlink is available on BOL's website to directly get to DSBB. Also, brief explanatory notes on the methodology are published in the BOL's quarterly bulletin.

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

The MSAD prepared information that was included in the ECB publication *Money and Banking Statistics in the Accession Countries: Methodological Manual* and distributed copies to major users of the BOL monetary statistics. Copies are also provided to users upon requests.

**5.3 Assistance to users**

*5.3.1 Contact person for each subject field is publicized*

The communication with external is carried out by the Public Relations Division, which contacts the MPD to address technical questions on monetary statistics. However, the names of contact persons in the MSAD are also available in the BOL's website and monthly and quarterly bulletins and the IMF's DSBB.

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

Catalogues listing publications are available in the BOL's website.

Table 5. Lithuania: Data Quality Assessment Framework: Summary of Results for Monetary Statistics  
(Compiling Agency: Bank of Lithuania)

Key to symbols: NA = Not Applicable; O = Practice Observed; LO = Practice Largely Observed; LNO = Practice Largely Not Observed; NO = Practice Not Observed						
Element	NA	Assessment				Comments
		O	LO	LNO	NO	
<b>0. Prerequisites of quality</b>						
0.1 Legal and institutional environment		X				
0.2 Resources		X				
0.3 Quality Awareness		X				
<b>1. Integrity</b>						
1.1 Professionalism		X				
1.2 Transparency		X				
1.3 Ethical standards		X				
<b>2. Methodological soundness</b>						
2.1 Concepts and definitions		X	X			Banks in liquidation are not included in the banking sector. Sectorization of sole proprietorships, nonprofit institutions and nonfinancial public corporations is not consistent with <i>MFSSM</i> . Securities held to maturity are valued at historical cost even if they are traded in the secondary market. In addition, interest accrual is not added to loans and deposits.
2.2 Scope			X			
2.3 Classification/Sectorization						
2.4 Basis for recording			X			
<b>3. Accuracy and reliability</b>						
3.1 Source data		X				Incorporation of statistical needs in credit institutions' report forms is not sufficient.
3.2 Statistical techniques		X	X			
3.3 Assessment and validation of source data						
3.4 Assessment and validation of intermediate data and statistical outputs		X				
3.5 Revision studies		X				
<b>4. Serviceability</b>						
4.1 Relevance		X	X			Data on monetary authorities are not published.
4.2 Timeliness and periodicity						There are inconsistencies between monetary data and balance sheet data of other financial institutions, as well as between monetary data and government borrowing data.
4.3 Consistency			X			
4.4 Revision policy and practice		X				
<b>5. Accessibility</b>						
5.1 Data accessibility		X				
5.2 Metadata accessibility		X				
5.3 Assistance to users		X				

## VI. BALANCE OF PAYMENTS 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*

The Bank of Lithuania (BOL) is responsible for compiling and disseminating the balance of payments statistics for Lithuania. The legal responsibility is set out in the Law on the Bank of Lithuania (the BOL Law) as amended on March 13, 2001, No. IX-205, Article 8 which lists the functions of the BOL. Specifically, Clause 9 of Article 8.1 states that the BOL shall “collect ... balance of payments statistics..., implement standards on the collection, reporting and disseminating of the said statistics and compile the balance of payments of the Republic of Lithuania.”

In addition, Resolution on the Compilation of the Balance of Payments of the Republic of Lithuania, No. 445/4 of May 8, 1997 (Resolution on the Compilation of Balance of Payments), states that the BOL has the responsibility to prepare the quarterly and annual balance of payments statistics, to coordinate all activities related to the compilation of the data, and to ensure that the balance of payments statistics are compiled using the methodology of the IMF and the EU.

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

The May 1997 Resolution on the Compilation of Balance of Payments requires that the BOL coordinate with the relevant institutions to “establish the functions of the inter-institutional group coordinating the compilation of the balance of payments and organize its work.” Although this group initially met on a quarterly basis, meetings are now irregular, and coordination is undertaken on an ad hoc basis. Although the system of data sharing among the compiling agencies is generally adequate, and coordination between the BOL and the Department of Statistics (DOS) in particular is very good, there have been instances where BOL has not been kept informed of improvements in the data sources available from other agencies, such as the availability of Ministry of Finance (MOF) data on accrued interest on government debt, (see Section 2.4.2 below).

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

The confidentiality of individual respondents' data is guaranteed and that guarantee is widely known. Article 15 of the Republic of Lithuania Law on Statistics of December 23, 1999 (the Law on Statistics) prohibits the publication of data in a form in which information on individual respondents can be identified, except with the written permission of the respondent, and also requires that all agencies compiling statistics take steps to ensure the



protection of the data collected. The reporting forms sent to data providers all clearly indicate the confidentiality of their individual data.

Procedures are in place to prevent the disclosure of individual data. Article 19 of the BOL Law specifies that the staff of the BOL must maintain the confidentiality of information on BOL activities. These legal requirements are reinforced by the BOL's *Internal Discipline Rules for the Staff of 2002* regarding the disclosure of confidential or sensitive information, as well as by Article 173 of the *Administrative Rules for Infringement*, which stipulates the penalties for using official statistics for nonstatistical purposes. The BOL has a Security Division within its Information Technology Department that is responsible for ensuring that the confidentiality rules are observed by BOL staff. In addition, Article 18, Clause 3, of the Law on Statistics stipulates that staff of official statistical agencies who violate the requirements for data confidentiality shall be held liable under law.

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

The BOL has the legal mandate and authority to collect the data required to compile the balance of payments data. Specifically, Article 54 of the BOL Law states that “bodies of state authority and administration, enterprises, institutions and organizations of the Republic of Lithuania must present to the Bank all information required for the performance of its functions.” This legal mandate has been further reinforced through the approval of the Resolution on the Compilation of Balance of Payments, which included a Procedure of Submission of the Reporting Data Necessary for the Compilation of the Balance of Payments of the Republic of Lithuania, which stipulates the specific data to be provided by each reporting agency to the BOL for the compilation of the balance of payments statistics.

The BOL is also conscious of the need to maintain the goodwill of its data providers. When the monthly survey of selected enterprises was recently introduced, the Balance of Payments Division (BOPD) of the MPD sent a special letter to each enterprise, explaining the nature and importance of balance of payments statistics in the economy of Lithuania and offering to provide data providers with aggregate data on their specific area of interest—an offer that has been taken up by a number of enterprises.

**0.2 Resources**

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

The BOPD of the BOL has nine professional staff, having recently gained one additional staff member to assist in the compilation of the monthly balance of payments data required by the EU. A strong emphasis is put on training, and all but one of staff members have been trained at IMF courses in balance of payments statistics. The staff have also attended training courses at the Bank of England, as well as periods of secondment to Eurostat—in all, the BOPD staff have attended 14 formal training courses since 1995, as well as numerous

seminars. The staff are also very experienced, with an average of six years' experience in balance of payments compilation, including five staff with experience of nine years or more.

While the number of staff is considered to be adequate for the compilation of the balance of payments statistics, a slight increase in staff would permit work to be enhanced on improving data sources, reviewing the methodology, ensuring consistency across macroeconomic datasets, and analyzing the data.

The computer resources are considered to be adequate, and computerized systems for the compilation and cross-checking of the data are in place. The financial resources are allocated as part of the annual budget review process and are considered to be adequate.

#### *0.2.2 Measures to ensure efficient use of resources are implemented*

Three-year strategic plans are prepared annually for each division and department of the BOL. The draft plans are posted on the BOL's internal website and commented on by other departments in a process designed to ensure that overlaps in activities and use of resources are eliminated. The revised plans are then reviewed by senior management and approved by the Board of Directors. Status reports are submitted to senior management on a quarterly basis. The Organization and Personnel Division of the BOL monitors overall resource allocation within the organization and plays an active part in reviewing the strategic plans and status reports.

### **0.3 Quality awareness**

#### *0.3.1 Processes are in place to focus on quality*

The BOL recognizes that official statistics must have the confidence of their users. As Lithuania is an EU accession country, the BOL is also very aware of the quality requirements of Eurostat and the ECB, and is working on a national plan for the compilation of balance of payments statistics that includes information on the measures taken to ensure the quality of the data—this national plan is required to be presented to the Eurostat Committee on Monetary, Financial and Balance of Payments Statistics later this year.

The focus on quality covers all levels of the organization and senior management, and the Board of the BOL are kept informed of issues affecting data quality. For example, during the project to develop the monthly balance of payments required by the EU, BOPD, and MPD managers met regularly with the deputy governor to discuss methodological and compilation issues affecting the quality of the monthly data, and presentations were also made to the Board on these issues.

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

The MPD has systems and procedures in place to ensure quality in the data compilation and dissemination of the balance of payments statistics. The director and the deputy director of MPD play particularly important roles in reviewing the quality of the data and asking for explanations for significant developments, such as changes in trends. Both the governor and the deputy governor review the data, and the governor is required to approve the data for release. (See also Sections 3.3 and 3.4 below for more information on the quality control checks undertaken within the BOPD.)

*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*

The three-year strategic plans prepared each year by all departments of the BOL are required to address issues affecting the quality of the data, such as plans to improve data sources, or the need to change data reporting forms to improve the coverage or classification of the data.

**1. Integrity**

**1.1 Professionalism**

*1.1.1 Statistics are compiled on an impartial basis*

The BOL Law and the Resolution on the Compilation of Balance of Payments clearly establish the independence of the BOL in compiling the balance of payments statistics. The BOL is not required to submit the balance of payments statistics to any civil servants or ministers for approval prior to their dissemination, and the decision to release the data is made entirely within the BOL—the prime minister, president, parliament, and ministers all receive the data at the same time as they are released to the general public.

Professionalism is actively promoted and supported within the BOL. Professional competency plays a key role in the recruitment and promotion policies, and the BOL has recently introduced a formal system of annual performance review. Professionalism is also promoted through the publication of methodological papers. The MPD publishes the quarterly *Monetary Studies* that includes articles on balance of payments statistics as well as monetary statistics, and has an independent editorial board that reviews the quality of the articles being published.

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

Decisions about the choice of data sources and statistical techniques are made solely on the basis of statistical techniques. Furthermore, Clause 2.3 of the Resolution on the Compilation of Balance of Payments specifies the independence of the BOL in resolving issues affecting

the preparation, implementation and organization of new surveys and reporting forms needed to compile the balance of payments.

Information on the reasons for the choice of data sources is sometimes discussed with specialists and analysts from interested agencies, but is not usually provided to the general public, except in rare instances such as when a government decision regarding Customs regulations has an impact on a data source used to compile the balance of payments statistics.

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

The BOL is entitled to comment on instances of erroneous interpretation of the balance of payments data. Although any such comments are usually made through the Public Relations Division of the BOL, the Director of the MPD occasionally provides interviews to the media to discuss macroeconomic issues in which he may address erroneous interpretation of aspects of the balance of payments such as the current account deficit, or the change in international reserves. The Governor holds a regular monthly press briefing at which he may also occasionally address issues on the misuse or misinterpretation of the data.

**1.2 Transparency**

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

Information is available to the public about the terms and conditions under which the balance of payments data are collected, compiled and disseminated. The BOL Law and the Law on Statistics are posted on the websites of the BOL and the DOS, respectively. The metadata posted on the IMF's DSBB includes information on the relevant clauses of these two laws that affect the terms and conditions under which the data are compiled, as well as information on how the public can obtain copies of the laws. An advance release calendar that gives the precise release dates of the balance of payments statistics is also disseminated in the BOL publications and website (see Section 5.1.3 below for more details).

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

No public officials outside the BOL, other than the DOS staff compiling the national accounts data, have access to the data prior to their release, and the data are released simultaneously to all interested parties (See Section 5.1.4 below for more details). The public are informed of this in the metadata posted on the DSBB to which the BOL website is hyperlinked.

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

The balance of payments data are disseminated on the BOL website and in hardcopy publications that clearly identify the name of BOL. Although the data tables do not specify

the name of the compiling division and agency, a note at the back of the quarterly publication indicates that the data in certain tables are compiled by the DOS, not the BOL.

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

Advance notice is not given of major changes in methodology, source data and statistical techniques, although in some instances the public are informed of these changes at the time they occur. (See Section 4.3.2 below for more details of such instances.)

**1.3 Ethical standards**

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

The legal requirements governing certain aspects of behavior for the staff of the BOL are specified in Articles 18, 19, and 54 of the BOL Law, and in the confidentiality requirements of the Law on Statistics. In addition, the internal rules and regulations on staff behavior and data confidentiality, such as the *Internal Discipline Rules for the Staff of 2002* and the *Administrative Rules for Infringement*, are published in a brochure and posted on the BOL's internal website. Every new employee of the BOL participates in an extensive orientation and training program aimed at explaining the duties and responsibilities of the BOL and its employees. An internal staff newsletter also has occasional articles on issues regarding the BOL's ethical standards.

**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 balance of payments statistics of Lithuania follow the concepts and definitions set out in fifth edition of the *Balance of Payments Manual (BPM5)*.

**2.2 Scope**

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

In principle, all resident-nonresident transactions as specified in the *BPM5* are covered in the balance of payments statistics, and no major component of the balance of payments are excluded from the data.

Although the data do not cover (i) the counter-entries for migrants' transfers in kind; and (ii) purchases and sales of real estate in Lithuania by nonresident individuals and purchases

and sales of real estate abroad by Lithuanian resident individuals, these transactions are not considered to be significant.

There are also gaps in the data coverage of air and road passenger transportation debits that result from the difficulty in obtaining data from foreign transportation operators. However, past problems with undercoverage of the data for merchandise trade arising from shuttle trade and smuggling, and the data for elements of services and income, have now been largely addressed either through adjustments to the data, or through improvements to the data sources. (See also Sections 3.2.2 and 3.3.1 below.)

### **2.3 Classification/sectorization**

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

Institutional units are classified according to *BPM5*. The classification system used in the Lithuanian national presentation is broadly consistent with the structure of *BPM5*, with the following exceptions:

- The merchandise trade data do not distinguish between (i) merchandise goods; (ii) goods for processing; (iii) goods procured in ports; (iv) goods for repair, and (v) nonmonetary gold, but instead misclassify all these items as merchandise goods. (The data reported to the IMF for publication do, however, classify these items correctly, with the exception of the data for goods for repairs, which are classified indistinguishably under goods for processing.)
- Adjustments to the Customs data on imports of merchandise goods to convert from a c.i.f. basis to an f.o.b. basis are all classified as freight, rather than being split between freight and insurance.
- Transfers (grants) from the EU to the Lithuanian government are classified according to the sector of the ultimate beneficiary of the funds (General Government or Other Sectors), rather than the sector of the recipient of the grants (General Government).
- Capital transfers are not split into (i) General government, and (ii) Other sectors, even though these data are compiled and reported separately to the IMF for publication.
- Transactions involving the acquisition or disposal of nonproduced, nonfinancial assets are classified indistinguishably under other capital transfers.

## **2.4 Basis for recording**

### *2.4.1 Market prices are used to value flows and stocks.*

Market prices are used to value most flows and stocks. The only exception is that unlisted equity securities are valued by some data providers at book values, notwithstanding instructions in the report forms to the contrary. However, as most equity securities in Lithuania are listed on the stock exchange, the volume of unlisted equity securities valued at book value is insignificant. All foreign currency transactions are converted to the unit of account using the exchange rate prevailing on the day of the transaction, as required by accounting law in Lithuania.

### *2.4.2 Recording is done on an accrual basis*

Transactions are recorded on an accrual basis as recommended by *BPM5*, with one exception. The data on interest payments for government debt provided by the MOF are reported on a cash basis. Quarterly interest data on an accrual basis to be compiled by the MOF are expected for 2004. (See also section 0.1.2 above.)

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

In line with the recommendations of *BPM5*, current account transactions are recorded on a gross basis, and financial account transactions are recorded on a net basis, separately for the individual asset and liability components.

## **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 primary data sources are broadly sufficient to compile the balance of payments statistics. These sources are as follows:

- **Goods.** The primary data source is foreign trade data provided by the DOS, based on Customs data on imports and exports.
- **Transportation services.** The primary data sources are quarterly surveys of the cross-border transactions of major road, air, sea, and rail transportation enterprises operating in Lithuania conducted by the DOS (Forms F-08, F-10, F-11, F-12, and F-13). The quarterly road transport survey is supplemented by a comprehensive annual survey of small road transport operators covering their quarterly and annual transactions (DOS Form F-17).

- **Travel services.** The primary data sources are (i) a quarterly survey of tourism companies operating in Lithuania conducted by the DOS (Form F-09); and (ii) quarterly estimates of travel expenditure by travelers in Lithuania and abroad. The latter are based on monthly data on the number of persons entering and leaving Lithuania provided by the Border Police, multiplied by (i) the average expenditure of nonresidents obtained from a semi-annual survey conducted by the Department of Tourism, in the case of the credit data; and (ii) estimates of average expenditure of residents traveling abroad (which is assumed to be the same as that of nonresidents from the Commonwealth of Independent States countries traveling in Lithuania), in the case of the debit data.
- **Other services.** The primary data sources are (i) a quarterly survey of communication enterprises conducted by the DOS (Form F-14); (ii) a quarterly survey of cross-border transactions of nonbank enterprises conducted by the DOS (Form F-06); (iii) a quarterly survey of cross-border transactions on own behalf of banks conducted by the BOL (Form B-09-01); (iv) quarterly data provided by the Ministry of Foreign Affairs on expenditure by Lithuanian embassies abroad and foreign embassies in Lithuania; (v) quarterly data provided by the MOF on technical assistance provided by nonresidents; and (vi) quarterly data provided by the Lithuanian Tax Authorities on value added tax refunds to embassies and international organizations.
- **Income.** The primary data sources are (i) estimates of employee compensation based on quarterly information provided by the Post Office (e.g., on money order), and quarterly data on social insurance contributions paid by nonexempt foreign embassies for resident employees in Lithuania; (ii) quarterly surveys of cross-border transactions of nonbank enterprises conducted by the DOS (Form F-06); (iii) quarterly surveys of cross-border transactions on own behalf of banks conducted by the BOL (Form B-09-01); and (iv) quarterly data provided by the MOF on interest and payments for government debt.
- **Current transfers.** The primary data sources are (i) quarterly data on humanitarian aid provided by the DOS; (ii) quarterly data on current transfers from abroad to government and other sectors provided by the Ministry of Foreign Affairs and the MOF; (iii) quarterly estimates of compensation of employees and workers' remittances based on data on cross-border transfers provided by the Post Office; (iv) quarterly data on cross-border pension receipts and payments provided by the Social Insurance Fund Board and Savings Bank; (v) data on grants in kind to general government (such as military equipment) provided by Customs; and (vi) data on cross-border transactions by individuals, sporting organizations etc., obtained from a monthly survey of banks conducted by the BOL (Form B-09-03).
- **Capital transfers.** The primary data sources are (i) quarterly data on capital transfers to government and other sectors provided by the Ministry of Foreign Affairs and the



MOF; (ii) data on debt forgiveness transactions of other sectors obtained from the quarterly survey of cross-border transactions of nonbank enterprises conducted by the DOS (Form F-06); and (iii) data on debt forgiveness transactions of banks obtained from the quarterly survey of cross-border transactions of banks conducted by the BOL (Form B-09-01).

- **Direct investment.** The primary data sources are (i) a quarterly survey of enterprises involved in direct investment conducted by the DOS (Form TUI-01); (ii) data provided by the ministry of economy on the equity capital transactions of new direct investment enterprises registered during the latest quarter but not yet covered by the DOS survey; and (iii) quarterly data provided by the MOF on direct investment arising from the privatization of state-owned enterprises (the revenues of the Privatization Fund).
- **Portfolio investment.** The primary data sources are (i) the quarterly survey of cross-border transactions of nonbank enterprises conducted by the DOS (Form F-06); and (ii) the quarterly survey of cross-border transactions of banks conducted by the BOL (Form B-09-01).
- **Other investment.** The primary data sources are (i) the quarterly survey of cross-border transactions of nonbank enterprises conducted by the DOS (Form F-06); and (ii) the quarterly survey of cross-border transactions of banks conducted by the BOL (Form B-09-01).
- **Reserve assets.** The data are provided by the MSAD of the Monetary Policy Department of the BOL and are derived from the stock data in the BOL balance sheet. Sufficient information is provided to calculate transactions data that exclude valuation changes.

The survey framework is dependable. The coverage of the quarterly surveys conducted by the DOS for air, sea, and rail transport operators, and tourism companies is comprehensive. The quarterly surveys conducted by DOS of nonbank enterprises (Form F-06) and direct investment enterprises (Form TUI-01) cover all known entities with relevant cross-border transactions (approximately 5,000 enterprises in the case of Form F-06, and approximately 2,000 direct investment enterprises in the case of Form TUI-01). The quarterly survey by the BOL (Form B-09-01) is also comprehensive and covers all banks with cross-border transactions. The response rate for the BOL surveys is 100 percent, while the average response rate for the various DOS surveys is 75 percent, covering approximately 90 percent of transactions. The exception is the surveys for air, sea, and road transportation, where the response rate from foreign transport operators is low.

An enterprise register is maintained by the DOS and updated on a quarterly basis using information on (i) enterprises with cross-border transactions obtained from a monthly BOL survey of transactions made through the banking system (Form B-09-03); (ii) joint venture

and foreign capital enterprises newly registered in Lithuania obtained from the ministry of economy (all such enterprises are required to register with the ministry of economy); (iii) enterprises with foreign loans obtained from the Loans Division of the International Relations Department of the BOL (all entities with foreign loan transactions and stocks are required to register with the BOL); and (iv) new direct investment enterprises arising from the acquisition of equity on the Lithuanian Stock Exchange obtained from the Securities Commission and the Central Securities Depository of Lithuania. In addition, the register is updated once a year using information obtained from (i) a comprehensive annual survey of all entities in Lithuania conducted by the DOS, which asks whether the entities have cross-border transactions; and (ii) the DOS Foreign Trade Register of entities involved in foreign trade.

Developments in the external sector are monitored, and relevant transactions are incorporated in the balance of payments statistics. The press and other media are monitored on a daily basis and information on international transactions followed-up with the relevant entity as necessary. Close relationships are maintained with the financial community to identify new developments, and the BOL staff regularly participate in conferences and seminars related to the improvement of data sources and, as an accession country to the EU, those organized by the ECB and Eurostat, in particular.

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

The source data approximate the definitions, scope, classifications, valuation, and time of recording in most instances. Where necessary, specific procedures have been used to adjust the data to improve the coverage (see Section 3.2.2 below). No timing adjustments are made to the merchandise trade data, but the significance of this omission is not known, as no information is available on the extent to which the period in which the goods enter/leave the country does not coincide with the period in which the change of ownership takes place. However, the timing difference may not be significant.

### *3.1.3 Source data are timely*

The source data are timely. The report forms clearly indicate the reporting deadlines and most respondents comply with those deadlines. Follow-up telephone reminders are made prior to the deadlines and additional follow-up reminders usually result in late respondents providing the missing data within one-two days after the deadline. Most of the data needed to compile the balance of payments statistics are available to the BOL compilers four-six weeks after the end of the reference quarter. The exception is the aggregate data from the quarterly DOS surveys of nonbank enterprises (Form F-06) and direct investment enterprises (Form TUI-01), which are frequently not available until ten weeks after the end of the reference quarter, given the need to validate the data from the large number of individual respondents.

## 3.2 *Statistical techniques*

### 3.2.1 *Data compilation employs sound statistical techniques*

In general, data compilation procedures are sound. The report forms are designed to be easy to complete and can be transmitted to the BOL or DOS by electronic means if desired. However, in the case of the DOS surveys, there is a legal requirement that forms sent by electronic means be followed up with hardcopies that include the signature of the respondent.

Regardless of whether the data are transmitted in electronic form or hardcopy format, they are entered manually by the BOPD staff into the computerized compilation tables, with the resultant risk of errors in the data entry process. The detailed compilation tables that have been developed in an Access database clearly indicate the source of each data item. These programs, which are in the format used in the national presentation, also automatically calculate the difference from the previous period data and flag any significant differences for follow-up. In addition, each staff member is responsible for preparing standard analytical tables for the components of the balance of payments for which they are responsible that show trends, changes etc., using programs developed by the BOL Information Technology Department. They are also required to prepare commentaries for management on the reasons for the significant movements. The detailed tables prepared by each staff member are then aggregated to compile the overall balance of payments statistics for review by BOL management, and the commentary that accompanies the dissemination of the data to the public is prepared for management approval.

Once the detailed compilation worksheet in Access is complete, the data are again entered manually into the Excel spreadsheets provided by the IMF for reporting the standard *BPM5* components. Data entry errors can and do arise from this process. However, the BOL is in the process of developing computer programs to automatically convert the data in the national format into the formats required by the IMF for the quarterly data and by the ECB and Eurostat for the monthly data.

The detailed data compilation procedures of the BOL staff responsible for the balance of payments statistics are not documented.

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

Adjustments are made to the data for coverage and classification. The coverage adjustments are intended to address concerns about under-reporting of exports and business services arising from shuttle trade, trade in used cars, smuggling, etc., as well as the under-reporting of compensation of employees.

In the case of the exports and services data, these concerns appear to be supported by the following:

- Quarterly changes in the net purchases of foreign exchange by commercial banks during the quarter, which indicate that Lithuania is a net exporter of U.S. dollar banknotes. (The level of commercial banks' net purchases of foreign exchange is also known to be particularly high in cities where trade in used cars is concentrated.)
- A report released in 2001 on the results of a survey undertaken by Customs of goods carried by passengers entering and leaving Lithuania that indicate that exports were being under-reported in the customs data by approximately 14 percent, compared with under-reporting of imports of 4 percent. (The threshold amount for customs declarations is considerably higher for exports than for imports—1,000 litai for imports and 4,000 litai for exports.)

In the case of the data on compensation of employees, the concerns about under-reporting are supported by the fact that estimates of compensation of employees take no account of short-term work abroad and that not all foreign embassies are required to pay social insurance contributions for resident employees.

To address these concerns, the BOL makes adjustments to the data equal to (i) the net purchases of foreign currency from households by commercial banks; (ii) 20 percent of the net increase in foreign currency deposits of households with commercial banks (on the assumption that some individuals engaged in the activities above may wish to keep foreign currency deposits in Lithuania instead of selling the foreign currency to commercial banks); and (iii) the balances of identified transactions resulting from travel and transfers. The adjustments are made to the following components of the balance of payments in proportion to their share of the total transactions:

- Exports of merchandise goods, less energy and food products—the adjustment is made to the line for other goods in the national presentation.
- Services—the adjustment is made to the line for other business services, credits.
- Income—the adjustment is made to compensation of employees, credits.

The use of bilateral trade data to review the appropriateness of the adjustment to exports has been considered, but rejected because of inconsistencies found in the recording of the geographic allocation of the data by partner countries.

Classification adjustments are also made to the data to convert the Customs-based import data from a c.i.f. basis to an f.o.b. basis. The adjustment is equal to 5 percent of the value of imports, which is based on a benchmark survey undertaken by the DOS in 1997, and reviewed each year, of the c.i.f. amounts shown on the Customs declarations. The entire amount of the adjustment is added to freight, debits, rather than being allocated between freight and insurance, as no survey of transport enterprises has been undertaken to determine the appropriate split between the two components.

No timing adjustments are made to the merchandise trade data to convert the customs-based data that are recorded on the date the goods enter/leave the country to the date of change of ownership recommended in *BPM5*. No studies have been undertaken to establish the possible need for such an adjustment. (See also Section 3.1.2 above.)

### **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 nonsampling error; the results of the assessments are monitored and made available to guide planning***

The accuracy of the data from surveys is routinely assessed, and the responses are validated at each level of aggregation—in the case of the quarterly surveys undertaken by the DOS, validation is undertaken by (i) the regional branch of the DOS that receives the response, by checking that the opening balances for the current period are the same as the closing balances of the previous period, and to query gaps in the data; (ii) the DOS head office; and (iii) the BOL compilation staff. Information is also provided by the DOS to the BOL on the response rates of each quarterly survey.

High-value transactions and significant changes in the individual data are also confirmed with respondents by both the DOS and the BOL, a process that is facilitated by the fact that, in addition to the aggregate data, the BOL also has access on a confidential basis to the electronic version of each individual survey response held by the DOS. The level of errors is considered to be generally low, although there have been instances in the past where the validation process has identified instances of misclassification of large transactions.

Source data are routinely assessed to ensure adequate coverage, and changes are made to the data sources to address problems identified. Recent examples of improvements to the data sources resulting from this process are:

- As a result of concerns about the under-recording of travel debits, the DOS began in 2002 to conduct a quarterly survey, designed in consultation with the BOL, on the average expenditure of Lithuanians traveling abroad. The data from this survey will be used to revise the annual and quarterly 2002 balance of payments data and will in future replace the estimates of average expenditure of Lithuanian residents traveling abroad, which are thought to be too low.
- The report form used for the quarterly BOL survey of banks (B-09-01) has been amended with effect from the beginning of 2001 so that the transactions data now exclude changes in foreign exchange values, rather than being calculated simply as the change between the opening and closing balances for the quarter.

- Adjustments to the data on current transfers, credits, made in earlier years are no longer necessary as new data sources have been developed (i) data provided by the DOS for humanitarian aid received from charitable organizations; and (ii) data on current transfer receipts of individuals obtained from the new BOL monthly survey of banks (B-09-03).

### **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 data obtained from the surveys are validated against other independent data sources whenever appropriate. Specific cross-checks that are routinely undertaken are the following:

- The data on dividend income (both direct investment and portfolio investment), and interest income on portfolio investment debt securities, are cross-checked against quarterly data on stocks provided by the Central Securities Depository of Lithuania.
- Portfolio investment financial transactions are cross-checked against quarterly data provided to the BOL by the Securities Commissions (for transactions data) and the Central Securities Depository of Lithuania (for stock data).
- The data on interest income on loans for other sectors are cross-checked against quarterly data provided by the Loans Division of the International Relations Department of the BOL on foreign loan transactions during the period and foreign loans outstanding.
- Information from the media is used to verify high-value direct investment and other investment transactions as appropriate.

#### **3.4.2    *Statistical discrepancies in intermediate data are assessed and investigated***

The behavior of data series is cross-checked with related series. For example:

- Reported data on investment income transactions are reconciled with the corresponding quarterly stock data in the international investment position, a process that is facilitated by the fact that the format of the report form for the latter distinguishes between opening balances, transactions during the period, other adjustments for changes in value, etc., and closing balances.
- Reported financial transactions are compared with the corresponding stock data for external debt outstanding, both for government debt and for the debt of other sectors.

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

The size of net errors and omissions is closely monitored and efforts are made to understand the reasons for changes. In a number of instances, the monitoring process has resulted in the identification and correction of reporting errors prior to dissemination of the data, and has also led to improvements in the data sources, as well as adjustments to the data to improve coverage. The trend on net errors and omissions is also closely monitored to determine whether these are persistently positive or persistently negative, either of which would be a cause for concern.

Data on selected debt transactions are compared with the Bank for International Settlements locational international banking statistics. Although the lack of timeliness and incomplete coverage of banks in the Baltic region limit the usefulness of the Bank for International Settlements data, the data on nonbank deposits with foreign banks are considered to be helpful for comparison purposes.

## **3.5 Revision studies**

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

Although no formal revision studies are conducted, the reasons for significant revisions to the data are investigated and documented.

## **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 established process of consultation with policy departments or ministries, and no formal user advisory group. However, the BOL balance of payments staff consult regularly with those DOS staff who use the balance of payments statistics as a major data source for the external sector of the national accounts, to ensure that the balance of payments data meet their needs.

The balance of payments staff also regularly participate in international statistical meetings and seminars organized by international and regional organizations on compilation issues. In particular, the staff participate in the programs of seminars organized by the ECB and Eurostat for EU accession countries, and also attend the semi-annual meetings of the Eurostat Monetary, Financial and Balance of Payments Statistics, the Eurostat Working Group on Balance of Payments, and the ECB Working Group on Balance of Payments and External Reserves, all of which discuss issues affecting the relevance and practical utility of the

balance of payments data. In addition, the staff are actively involved in the annual seminars organized by the central banks of the three Baltic countries to examine balance of payments compilation issues and developments affecting their region.

## **4.2 *Timeliness and periodicity***

### **4.2.1 *Timeliness follows dissemination standards***

Quarterly balance of payments statistics that meet the SDDS requirement of one quarter after the end of the reference quarter are disseminated on the BOL website and in the BOL quarterly bulletin *Balance of Payments of the Republic of Lithuania*. In addition, the monthly balance of payments indicators that began to be disseminated at the beginning of 2002 on the BOL website and in the monthly leaflet *Balance of Payments of the Republic of Lithuania, Main Indicators* have a timeliness of 30-working days after the end of the reference month.

Lithuania also disseminates a range of related external sector data. Data on international reserves are disseminated within one week after the end of the reference month, which meets the SDDS timeliness requirements. The template on international reserves and foreign currency liquidity is disseminated within one week after the end of the reference month, and the merchandise trade data are disseminated six-seven weeks after the end of the reference month—timeliness that exceeds the SDDS requirements for these data of one month and eight weeks, respectively.

### **4.2.2 *Periodicity follows dissemination standards***

Lithuania compiles and disseminates both quarterly and monthly balance of payments, which meet and (in the case of the monthly data) exceed the periodicity requirements of the SDDS. The data on international reserves, the template on international reserves and foreign currency liquidity, and the data on merchandise trade are all disseminated with a periodicity of one month, and all meet the periodicity requirements of the SDDS for these categories.

## **4.3 *Consistency***

### **4.3.1 *Statistics are consistent within the dataset***

The concepts, definitions, and classifications for compiling the quarterly and annual statistics are the same. Any discrepancies between the sum of the quarterly data and the annual data are removed through revisions to the data for the first three quarters, which are preliminary when first released.

Net errors and omissions have not been large in recent years, averaging 1.1 percent of total merchandise goods exports and imports over the past three years, and 1.6 percent over the past five years.

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



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

Quarterly and annual time series of balance of payments statistics are available for the period since 1993. When data sources permit, the historical data are revised following major changes to the classification and coverage of the data. For example, in 1997 the historical data were revised following the reclassification of debt guaranteed by the government from the general government sector to the other sectors category, and the change in the classification was explained in the methodological notes accompanying the release of the revised data.

Although in the case of the decision to adjust the coverage of the data for exports, the lack of suitable data sources prevented the revision of the historical data, the change in the coverage was announced in the methodological notes at the time the change was introduced in 1997.

However, in the case of the following major changes in the data sources and compilation methods, the historical data were not revised and the changes were not announced to the public and the breaks in the time series were not identified.

- The adjustments to the data for business services and for compensation of employees introduced in 1995.
- The change to the data source introduced in 2001 that enabled changes in foreign exchange valuations to be removed from the transactions data of the banking sector.
- The cessation in 2001 of adjustments to the data on current transfers, credits, following the introduction of the new data sources for humanitarian aid received from charitable organizations and for current transfers received by individuals.

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

The balance of payments data are consistent with the national accounts data, as they form the primary data source for the external sector of the national accounts statistics. The transactions data in the balance of payments can be fully reconciled with the stock data in the international investment position, and the reporting forms for the latter are designed to facilitate this reconciliation.

The balance of payments data are also broadly consistent with the government finance statistics (GFS), with the following exceptions:

- The data on transactions involving the foreign debt of government used in the GFS data are based on the currency of the debt, whereas those used in the balance of payments statistics are based on the residency of the debt holder. (However, the MOF plans to begin to disseminate annual data on foreign debt transactions and stock on a

residency basis with effect from the 2001 data due to be released by the end of June 2002.)

- The GFS data presently exclude the grants received from the EU, although the MOF plans to include these grants with effect from the 2001 data.
- The sectoral classification of the EU grants in the balance of payments data differs from that used to compile the 2001 GFS data. (However, the BOL plans to consult with the DOS compilers of the national accounts data and with the MOF compilers of the GFS data and, if necessary, revise the balance of payments data for 2001 and possibly for earlier years at the end of 2002, so that the sectoral classification of these grants is consistent across all three macroeconomic datasets.) (See also Section 2.3 above.)
- The classification by economic type of the EU grants (into current and capital) differs from that used to compile the 2001 GFS data, although the BOL and the MOF have yet to reconcile the reasons for the differences. In the event that the BOL data need to be revised so that they are consistent with the GFS data, the BOL plans to make the necessary revisions at the end of 2002.

The balance of payments data on transactions of the banking sector are broadly consistent with the monetary statistics, and are regularly checked, using an electronic program, against the source data used to compile the monetary statistics, namely, the bank balance sheet data obtained by the Supervision Department of the BOL.

#### **4.4 *Revision policy and practice***

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

The revision policy is predetermined and is described in the metadata posted on the DSBB, to which the BOL website is hyperlinked. However, the national publications do not disseminate the revision policy. The data are revised only once at the end of each year, following the compilation of the fourth quarter and annual data, even though revised data on certain components, such as merchandise trade, are available at an earlier date.

##### **4.4.2 *Preliminary data are clearly identified***

The preliminary status of the data for the first three quarters is not clearly identified in the publications or the data tables. The revised status of the data is not clearly indicated in the data tables, although a statement indicating that the data for the first three quarters have been revised is included together with the list of abbreviations at the beginning of the fourth quarter bulletin in which the revised data are disseminated.

#### 4.4.3 *Studies and analyses of revisions are made public*

Although the revisions are measured, assessed, and explained as part of the internal data validation process, the size and the reasons for the revisions are not generally 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)*

A great deal of detailed data on the balance of payments statistics is disseminated on the BOL website and in the quarterly bulletin *Balance of Payments of the Republic of Lithuania*. However, while the format of the balance of payments data tables in the national presentation broadly follows the aggregates of the *BPM5* presentation, there are several aspects that hinder the interpretation and meaningful comparison of the data by users:

- The data in the hardcopy publication issued for the first three quarters of a calendar year have limited time series data, as the tables show only the quarters for the current year, rather than a rolling four-quarter time series. (It would also be helpful to indicate in the hardcopy publication where users can locate the extensive quarterly time series data that are available on the BOL website.)
- As indicated in section 4.4.2 above, the status of the data (preliminary, revised, final) is not indicated in the tables.
- As indicated in section 4.3.2 above, no footnotes are provided in the tables to explain breaks in the data or the reasons for major revisions, although in some instances explanations are provided in the text.
- The breakdown of exports and imports of goods in the main tables differs from the breakdown used in the detailed tables “Imports and Exports by Flow of Goods,” and neither breakdown follows the standard *BPM5* structure.
- Reconciliation of the data in the main tables for exports and imports of goods with the data in the detailed tables is seriously hindered by the fact that neither set of tables indicates that the coverage of the data in the two sets is different: (i) those in the main table for exports include the adjustment for the undercoverage of exports, while those in the detailed tables for exports are unadjusted; and (ii) those in the main table for imports have been adjusted to an f.o.b. basis, while those in the detailed tables for imports are on a c.i.f. basis.

- No notes are provided in the table to explain deviations from the international standards regarding classification—such as the fact that the insurance element of the c.i.f. data is included in the freight data.
- No notes are provided to explain the adjustments made for undercoverage of exports, other business services, and compensation of employees.

The addition of numbers to the titles of the tables would also assist the user, given that many tables, such as the four tables on the geographic allocation of foreign direct investment in Lithuania, have similar main titles, with the distinguishing feature of each table explained only in the subtitles.

Although the commentary accompanying the tables provides brief information on the developments in the current period, additional commentary on the reasons for significant movements and trends would also assist the users in the interpretation of the data.

#### *5.1.2 Dissemination media and formats are adequate*

The dissemination media and formats are adequate for user needs. The data are first released in a press release with a short version of the data and commentary. At the same time the entire 90-odd pages of data and commentary in the quarterly bulletin is posted on the BOL website in both Lithuanian and English. The hardcopy of the quarterly publication is released approximately four-five weeks later. In addition to the data in the quarterly bulletin, quarterly time series data for the period since 1993 are available on the BOL website, free of charge, on a site that allows users to tailor the data tables to their individual needs, and to also download the data into an Excel spreadsheet. Information on the location on the BOL website of the electronic version of the quarterly publication is published in the hardcopy version of the document.

#### *5.1.3 Statistics are released on a preannounced schedule*

An advance release calendar that gives the precise release dates for the monthly and quarterly balance of payments statistics for the next three quarters is published in the *Quarterly Balance of Payments Bulletin* and also posted on the BOL website. A notice indicating the location of the calendar on the BOL website is also published in each issue of the BOL's *Monthly Bulletin*.

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

The data are released simultaneously to all interested parties through press release and the posting of the data and commentary on the BOL website. No officials outside the BOL have access to the data prior to their release to the public.

### *5.1.5 Nonpublished (but nonconfidential) subaggregates are made available upon request*

Although the data disseminated are extensive, additional nonpublished and nonconfidential data are available on request. The availability of this additional data 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 that provide documentation on the concepts, scope, classification, basis of recording, data sources, etc., for Lithuania are disseminated in the balance of payments summary of methodology statement posted on the DSBB to which the BOL website is hyperlinked. These metadata indicate the deviations from international standards in some instances. Shorter versions of the methodology are disseminated in each issue of the *Quarterly Balance of Payments Bulletin*, as well as in the methodological notes provided by the authorities for publication in the IMF's *Balance of Payments Statistics Yearbook*.

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

Metadata are disseminated at varying levels of detail to meet the needs of the intended audience. In addition to the detailed metadata disseminated on the DSBB, and the four-page description of the methodology used to compile the Lithuanian balance of payments data that is disseminated in each issue of the *Quarterly Balance of Payments Bulletin* metadata are disseminated in the *Quarterly Bulletin of the Bank of Lithuania*. This publication, which is intended for a wider audience than the quarterly balance of payments bulletin, and is available in both English and Lithuanian, includes in its glossary a brief description of the balance of payments statistics, and the items that are included under the main data components.

## **5.3 Assistance to users**

### *5.3.1 Contact person for each subject field is publicized*

Prompt and knowledgeable assistance is available to users of statistics. The *Quarterly Balance of Payments Bulletin* publishes the name, division, department, telephone number, facsimile number, and e-mail address of the balance of payments contact person. The same information is also disseminated on the balance of payments page for Lithuania on the DSBB. Assistance provided to users is not monitored.

Although no documentation has been developed specifically to educate users, each issue of the *Quarterly Balance of Payments Bulletin* includes several paragraphs that explain the objective of the balance of payments, the valuation and double-entry principles used to

compile the data, the meaning of the positive and negative signs, and the concept of net errors and omissions.

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

The BOL website lists all publications and documents, including information on how to subscribe, if applicable. In addition, the DSBB indicates the dissemination formats for all relevant data categories of the external sector.

Table 6. Lithuania: Data Quality Assessment Framework: Summary of Results for Balance of Payments Statistics  
(Compiling Agency: Bank of Lithuania)

Key to symbols: NA = Not Applicable; O = Practice Observed; LO = Practice Largely Observed; LNO = Practice Largely Not Observed; NO = Practice Not Observed							
Element	NA	Assessment				Comments	
		O	LO	LNO	NO		
<b>0. Prerequisites of quality</b>							
0.1 Legal and institutional environment		X					
0.2 Resources		X					
0.3 Quality Awareness		X					
<b>1. Integrity</b>							
1.1 Professionalism		X					
1.2 Transparency		X					
1.3 Ethical standards		X					
<b>2. Methodological soundness</b>							
2.1 Concepts and definitions		X				Classification of parts of the merchandise trade, insurance, and capital transfers data not consistent with <i>BPM5</i> structure. Sectoral breakdown of foreign grants based on ultimate beneficiary rather than grant recipient.	
2.2 Scope		X	X				
2.3 Classification/Sectorization							
2.4 Basis for recording		X					
<b>3. Accuracy and reliability</b>							
3.1 Source data		X					
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					
<b>4. Serviceability</b>							
4.1 Relevance		X				Major changes in coverage, adjustments, and data sources not identified and explained in all instances. Preliminary or revised data not identified. Size of and reasons for revisions not generally made public.	
4.2 Timeliness and periodicity		X					
4.3 Consistency			X	X			
4.4 Revision policy and practice							
<b>5. Accessibility</b>							
5.1 Data accessibility			X			Presentation of tables not conducive to proper interpretation and meaningful comparisons of data.	
5.2 Metadata accessibility			X				
5.3 Assistance to users			X				

### **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
- 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.
- Maintain an Internet website, referred to as the National Summary Data Page, 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 National Summary Data Pages 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
<b>Prerequisites of quality<sup>1</sup></b>	<p><b>0.1 Legal and institutional environment</b>—<i>The environment is supportive of statistics.</i></p> <p><b>0.2 Resources</b>—<i>Resources are commensurate with needs of statistical programs.</i></p> <p><b>0.3 Quality awareness</b>—<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><b>1. Integrity</b></p> <p><i>The principle of objectivity in the collection, processing, and dissemination of statistics is firmly adhered to.</i></p>	<p><b>1.1 Professionalism</b>—<i>Statistical policies and practices are guided by professional principles.</i></p> <p><b>1.2 Transparency</b>—<i>Statistical policies and practices are transparent.</i></p> <p><b>1.3 Ethical standards</b>—<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
<b>2. Methodological soundness</b>  <i>The methodological basis for the statistics follows internationally accepted standards, guidelines, or good practices.</i>	<b>2.1 Concepts and definitions—</b> <i>Concepts and definitions used are in accord with internationally accepted statistical frameworks.</i>  <b>2.2 Scope—</b> <i>The scope is in accord with internationally accepted standards, guidelines, or good practices.</i>  <b>2.3 Classification/sectorization—</b> <i>Classification and sectorization systems are in accord with internationally accepted standards, guidelines, or good practices.</i>  <b>2.4 Basis for recording—</b> <i>Flows and stocks are valued and recorded according to internationally accepted standards, guidelines, or good practices.</i>	2.1.1 The overall structure in terms of concepts and definitions follows internationally accepted standards, guidelines, or good practices: see dataset-specific framework  2.2.1 The scope is broadly consistent with internationally accepted standards, guidelines, or good practices: see dataset-specific framework.  2.3.1 Classification/sectorization systems used are broadly consistent with internationally accepted standards, guidelines, or good practices: see dataset-specific framework.  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.

Data Quality Assessment Framework—Generic Framework  
(July 2001 Vintage)

Quality Dimensions	Elements	Indicators
<b>3. Accuracy and reliability</b>  <i>Source data and statistical techniques are sound and statistical outputs sufficiently portray reality.</i>	<p><b>3.1 Source data</b>—<i>Source data available provide an adequate basis to compile statistics.</i></p> <p><b>3.2 Statistical techniques</b>—<i>Statistical techniques employed conform to sound statistical procedures.</i></p> <p><b>3.3 Assessment and validation of source data</b>—<i>Source data are regularly assessed and validated.</i></p> <p><b>3.4 Assessment and validation of intermediate data and statistical outputs</b>—<i>Intermediate results and statistical outputs are regularly assessed and validated.</i></p> <p><b>3.5 Revision studies</b>—<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 nonsampling 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
<b>4. Serviceability</b>  <i>Statistics are relevant, timely, consistent, and follow a predictable revisions policy.</i>	<b>4.1 Relevance</b> — <i>Statistics cover relevant information on the subject field.</i>  <b>4.2 Timeliness and periodicity</b> – <i>Timeliness and periodicity follow internationally accepted dissemination standards.</i>  <b>4.3 Consistency</b> — <i>Statistics are consistent within the dataset, over time, and with major datasets.</i>  <b>4.4 Revision policy and practice</b> — <i>Data revisions follow a regular and publicized procedure.</i>	4.1.1 The relevance and practical utility of existing statistics in meeting users' needs are monitored.  4.2.1 Timeliness follows dissemination standards. 4.2.2 Periodicity follows dissemination standards.  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.  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.

Data Quality Assessment Framework—Generic Framework  
(July 2001 Vintage)

Quality Dimensions	Elements	Indicators
<b>5. Accessibility</b>  <i>Data and metadata are easily available and assistance to users is adequate</i>	<b>5.1 Data accessibility</b> — <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>  <b>5.2 Metadata accessibility</b> — <i>Up-to-date and pertinent metadata are made available.</i>  <b>5.3 Assistance to users</b> — <i>Prompt and knowledgeable support service is available.</i>	5.1.1 Statistics are presented in a way that facilitates proper interpretation and meaningful comparisons (layout and clarity of text, tables, and charts). 5.1.2 Dissemination media and formats are adequate. 5.1.3 Statistics are released on the preannounced schedule. 5.1.4 Statistics are made available to all users at the same time. 5.1.5 Nonpublished (nonconfidential) subaggregates are made available upon request.  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. 5.2.2 Levels of detail are adapted to the needs of the intended audience.  5.3.1 Contact person for each subject field is publicized. 5.3.2 Catalogues of publications, documents, and other services, including information on any charges, are widely available.

### Users' Survey

With the assistance of the authorities, and as a complement to the mission's own assessment of the quality of Lithuania's statistics, a survey was conducted among users of macroeconomic statistics. The survey asked users to evaluate a range of aspects of national accounts, prices, fiscal, monetary, and balance of payments statistics. Out of 89 questionnaires sent, the mission received 26 responses, i.e., a response rate of 29 percent. Of the responses, 38 percent were submitted by government organizations (Table 7). The responses are tabulated in Table 8.

In general, users who responded appear to be pleased with the institutional coverage, detail provided, frequency, and accessibility of the statistics. This was confirmed at a meeting of users, which took place during the mission where most users were very supportive of the quality of the statistics produced. Though some concern was expressed about the quality, timeliness, and accessibility of the metadata available to support the statistics. A number of users are also concerned about the lack of published information on revisions. Also, a few users consider that the statistics are biased or inaccurate. Additionally, a number of users are unaware of the availability of advance release calendars in some areas.

Some of the respondents also took the opportunity to provide comments and suggestions (see Box 1). There were some concerns about the level of detail provided for some statistical series, and with their timeliness. A few users would also like an increase in the range of available statistics, e.g., to include leading indicators. Additionally, some users showed a lack of satisfaction with the availability of data on government finance.

Table 7. Lithuania: Questionnaire Results Analyzed By Type of User (May 2002)  
(total number)

Type of Correspondent	Sent	Received
Government	16	10
State owned agencies (enterprises)	4	2
Banks	14	3
Other enterprises	30	5
Embassies	5	0
Universities (researcher)	2	1
Media	11	1
Supervisory, Regulatory Institutions (stock exchange)	7	4
<b>Total</b>	<b>89</b>	<b>26</b>

Source: Department of Statistics, Lithuania.

Table 8. Lithuania: Results of User Survey ( May 2002)

General Information about Uses of Official Macroeconomic Statistics of Lithuania	Total Number of Responses
1. Which official statistics do you use regularly?	
1.1 National accounts (NA)	17
1.2 Prices	22
1.3 Government finance statistics (GFS)	18
1.4 Monetary and financial statistics (Monetary)	18
1.5 Balance of payments (BOP)	16
1.6 Other:	
Production indices	10
Labor market	13
Merchandise trade	15
International reserves and foreign currency liquidity	8
External debt	12
International investment position	10
Other	10
2. Where do you obtain the national official statistics?	
2.1 Official press releases and publications on macroeconomic statistics	26
2.2 Private sector summaries and analyses	12
2.3 Official policy papers	14
2.4 Publications from international organizations about the country	18
2.5 Other sources	9
3.0 Do you refer to official descriptions of the sources and methods that were used to compile the official statistics?	
3.1 Yes	15
3.2 No	10
4.0 For what purposes do you use the official statistics?	
4.1 Analysis of current developments for short-term decision making	20
4.2 Analysis of trends for longer-term policy formulation	23
4.3 Econometric model building and forecasting	13
4.4 Economic research	12
4.5 Comparison with economic development in other countries	19
4.6 General economic background	20
4.7 Other	6



Information Concerning Quality Aspects of the National Official Macroeconomic Statistics						
5. Coverage and detail						
	NA	Prices	GFS	Monetary	BOP	Other
5.1 In general, are you satisfied with the coverage of official statistics?						
Yes	16	23	10	20	17	8
No	3	0	2	0	3	1
5.2 In general, are you satisfied with the official statistics in terms of their level of detail?						
Yes	14	21	18	19	18	6
No	3	0	2	1	2	1
6. Periodicity and timeliness						
6.1 Are you satisfied with the frequency of compilation of the official statistics (e.g., weekly, monthly, quarterly, annual)?						
Yes	18	23	20	212	19	7
No	1	0	1	0	2	0
6.2 In general, do you consider that the official statistics are disseminated with the appropriate timeliness (the time lag after the period to which they pertain, e.g., 60 days after the reference period)?						
Yes	11	17	14	18	15	6
No	7	5	6	3	5	2
7. Other dissemination practices						
7.1 Do you know if there is a publicly disseminated calendar that announces in advance the dates on which the various official statistics will be disseminated?						
Yes	17	19	13	19	17	6
No	4	5	8	2	5	1
7.2 If there is a calendar of release dates, in your experience, are the official statistics released on the dates announced?						
Yes	17	19	13	16	16	6
No	0	0	0	0	1	1
7.3 Is there enough information about revisions to official statistics ?						
Yes	15	18	15	16	15	5
No	3	3	4	3	4	0
8. Accessibility						
8.1 Can you easily access the following official statistics?						
Yes	19	24	21	21	21	7
No	1	0	2	0	0	0

Information Concerning Quality Aspects of the National Official Macroeconomic Statistics						
8.2 Can you easily access information pertaining to official statistics you use (explanatory notes, methodological descriptions, reference concerning concepts, classification, statistical practice)?						
Yes	14	18	15	15	14	6
No	5	3	4	4	5	0
8.3 Is the above information on methodology sufficiently clear and at an adequate level of detail to be useful to you?	Yes			No		
	12			8		
8.4 How do you get access to official statistics?						
Official releases	20					
Hard copy publications	24					
Data specifically requested	15					
Official Website	24					
Other	6					
E-mail requests	5					
9. Overall assessment	NA	Prices	GFS	Monetary	BOP	Other
9.1 In your opinion, is the underlying methodology of official statistics sound and appropriate?						
Yes	13	18	15	20	17	7
No	3	2	3	0	1	1
9.2 In general, do you consider the official statistics to be unbiased and accurate?						
Yes	14	16	14	18	17	5
No	4	3	4	2	2	0
9.3 How would you compare the quality of official statistics of the country with those of other countries in the region?						
Better	1	1	1	2	2	1
Same	12	13	12	11	12	3
Worse	1	1	1	2	2	0
9.4 How do you assess the overall quality of the official statistics? (1 rated as poor and 5 as excellent)	3.76	4.10	3.70	4.15	3.90	3.78

NA = National Accounts; Prices refers to (CPI Consumer Price Index) and (PPI) Producer Price Index;  
GFS = Government Finance Statistics; Monetary = Monetary Statistics; and BOP = Balance of Payments Statistics

### Box 1. Lithuania: Comments by Users of Macroeconomic Statistics (May 2002)

Additional comments, including areas where you see room for improvement

#### Respondent 1

- Balance of payments statistics in line with norms but we would prefer clearer numbers on debt service of private sector.
- We would like monthly balance of payments statistics.
- Limited information on real GDP by expenditure is available on regular basis. It is hard to monitor local government finances and general government arrears.
- Figures are good enough. They are not biased as such, but question marks are put over GDP deflator. We wonder about consolidation of fiscal numbers at general government level.
- There is room for improvement in general government balances, monitoring of arrears by general government, and private sector external debt amortization.

#### Respondent 2

- Monthly balance of payments statistics should be provided by BOL.

#### Respondent 3

- We use statistics to compare ourselves with competitors, to relate to other branches of industry, and to set out prospective regions and activities which are worth following.
- It would be better to have the preliminary evaluations published in the first stage (sooner) and only later on to confirm.

#### Respondent 4

- Sometimes, we miss special indices like those on food, beverages, and tobacco.
- We would like that the time lag of national accounts would be shortened.

#### Respondent 5

- For national accounts, the specialized information is needed, which is not published anyway (confidentially).
- GDP statistics are short of detail. For example, more detail on classification is needed. Only three digit level has been provided.
- Periodicity is not sufficient for national accounts.
- There is not officially set source where the information on revision would be available.
- Sometimes, we feel short of concrete indices methodological description and tabulation.
- Compared with EU, transport activity is difficult, and therefore the indices are formatted in a different way. I hardly believe official statistics soundness is appropriately developed.
- At the moment, the official statistics (GDP and prices) are not accurate not objective (if it is possible to put together GDP at all).

#### Respondent 6

- The BOL provides the review on money only in the way of table without any comments.

#### Respondent 7

- There is enough information about revisions because it is always pointed out/high lighted. It is difficult not to notice it.

#### Respondent 8

- The access to the information on the website of the Statistics Department should be improved.

#### Respondent 9

- We can provide professional information only on statistics of financing education.
- The system of Lithuanian educational statistical rates are still to be completed to meet the up-to-date demand of domestic and international organizations.

#### Respondent 10

- User does not follow according to calendar.

#### Respondent 11

- In our daily work, we use statistics for analyzing and monitoring Lithuanian economy.
- For national accounts and BOP, there are no data on financial asset balances.
- There are no data on case flows from production to consumers.
- There are not enough data on budgets of state and municipalities.
- We are not satisfied with the state finance account data.
- The access to state finance is very hard.

There is room for improvement in national accounts, state finance statistics, household statistics, population, income statistics, and company statistics.

Source: Department of Statistics, Lithuania.