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EBS/99/158
Supplement 8

CONFIDENTIAL

October 13, 1999

To: Members of the Executive Board

From: The Secretary

Subject: **Experimental Modular Report on the Observance of Standards and Codes—Bangladesh**

Attached for the information of the Executive Directors is an experimental modular report on the observance of standards and codes for Bangladesh. This report is a supplement to the paper on International Standards and Fund Surveillance—Progress and Issues (EBS/99/158, 8/17/99), which was discussed by the Executive Board on Wednesday, September 8, 1999.

Mr. Wade (ext. 38994) and Ms. Liuksila (ext. 38768) are available to answer technical or factual questions relating to this report.

Att: (1)

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**Experimental Modular Report on the Observance of Standards and Codes:
Bangladesh**

October 1999

Prepared by Statistics Department, in conjunction with the Asia and Pacific Department
and Policy Development and Review Department, on the basis of
information provided by the Bangladeshi authorities

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I. DATA DISSEMINATION MODULE¹

A. The Data Transparency Standard

1. The principal standard against which the transparency of Bangladesh's macroeconomic and socio-demographic data is assessed is the IMF's General Data Dissemination System (GDDS).² The primary focus of the GDDS is on providing a framework for evaluating the need for data improvements and prioritizing such improvements, and guidance on data dissemination. The focus on data quality recognizes the fact that for many countries improvements in data quality are a necessary precursor to enhanced dissemination of data to the public. The features of the GDDS take account of the fact that substantial improvements in data compilation and dissemination practices take considerable time.

2. The GDDS, like the IMF's Special Data Dissemination Standard (SDDS), places emphasis on following sound practices in four dimensions.

- the data dimension (the coverage, periodicity, and timeliness of the data)
- quality of the disseminated data
- integrity of the disseminated data
- access by the public

However, the GDDS is broader in scope in that it includes socio-demographic data in addition to the four data sectors of the SDDS (real, fiscal, financial, and external). The GDDS emphasizes the development of core statistical frameworks and indicators (the SDDS includes only indicators) supplemented by encouraged data systems and indicators. The structure of the GDDS provides clear links to the SDDS, thereby providing a development path to countries that wish to use participation in the GDDS as a step towards subscription to the SDDS. Participation in the GDDS is voluntary; it requires a commitment to use the GDDS as a framework for statistical development, designation of a country coordinator, and preparation of metadata for posting on the Internet on the IMF's Dissemination Standards Bulletin Board.³

¹In preparing this report, IMF staff held discussions with Mr. Mumun-ur-Rashid, Secretary, Statistics Division and Director General, Bangladesh Bureau of Statistics (BBS); Mr. Zobdul Hoque, Joint Director, BBS Bangladesh Bank; Mr. Abed Ali, General Manager, Statistics Department; and Mr. Abdul Maleque Mian, Deputy General Manager, Statistics Department.

² Information on the IMF's General Data Dissemination System and the Special Data Dissemination Standard (SDDS) can be found on the IMF's Dissemination Standards Bulletin Board on the Internet at dsbb.imf.org.

³ Metadata refers to information about the data, such as how data are compiled and disseminated, data coverage, periodicity, and timeliness, etc.

3. Bangladesh has committed to participate in the GDDS by July 2000 and substantial progress has been made on the development of metadata. This report provides an assessment of Bangladesh's dissemination practices in relation to the expectations of the GDDS.

B. Institutional Framework in Bangladesh

4. Three agencies are primarily responsible for the production and dissemination of data covered by the GDDS: the Bangladesh Bureau of Statistics (BBS), Bangladesh Bank (BB), and the Ministry of Finance.

5. The Secretary, Statistics Division and Director General, BBS has been designated as country coordinator for the GDDS. The BBS is the official statistical agency of Bangladesh and is responsible for disseminating data for the real sector, as well as socio-demographic data. There is no comprehensive statistical law governing the operation of the BBS. The dissemination of most data is carried out as a public service. Specific legislation provides for carrying out and publishing the results of the Population and Housing Census, the Census of Manufacturing Industries, and the Agricultural Census. Large-scale annual or two-yearly surveys on household expenditure, labor force, poverty, and agriculture and higher periodicity surveys on prices and production are carried out and the results disseminated under government directives (rules of business). National accounts data are also produced and disseminated under rules of business. There are no regulations enforcing confidentiality of reporting, but strict confidentiality is maintained in practice.

6. BB is responsible for producing and disseminating data on the financial sector (monetary survey, central bank, interest rates, and share price indices) and the external sector (balance of payments, merchandise trade, international reserves, and exchange rates). The Bank is the manager of government domestic debt and compiles monthly data on domestic debt for internal government use; at present, no data on domestic debt are disseminated to the public. BB is governed by the provisions of the *Bangladesh Bank Order* (1972), which (1) requires all banks to send to BB returns containing such information as may be deemed necessary for carrying out the purposes of the Order (Chapter 3, Art. 36) and (2) assigns to the research and statistics departments of the Bank the power to request from any natural or juridical person, as well as government, any data or information necessary for the proper execution of its duties (Ch.6 Art. 69). Confidentiality of reported data is assured under the Order by Chapter 6 Article 78. With regard to dissemination of data, the Order states that the Bank shall compile and publish, in such a manner and at such times as the government may direct, a statement from the information that is received under the Order.

7. The Ministry of Finance is responsible for compiling and disseminating data for central government operations and central government external debt. Only annual data on central government operations are compiled and disseminated. No consolidated data are produced and disseminated on total government debt. Data on central government operations are compiled under the terms and conditions of the *Appropriations Act* of 1972 and the *Additional Functions Act* of 1974. The Economic Relations Division of the Ministry of Finance compiles and disseminates comprehensive annual data on external government debt.

8. Data on merchandise trade are compiled and disseminated by BB (payments based imports and exports), the Export Promotion Bureau (customs based exports), and National Board of Revenue (customs based imports).

C. Description of Practice

9. With regard to the data dimension of the GDDS, the coverage, periodicity, and timeliness for macroeconomic data disseminated by Bangladesh are summarized in Table 1. These practices are compared with the recommendations of the GDDS.

- *Real sector data*, particularly for national accounts, prices, and production, are generally produced according to the periodicity and timeliness recommendations of the GDDS. However, dissemination of data is occasionally delayed past recommended timeliness and the authorities' own timetable for the regular release of data is not always observed. The authorities attribute these problems to difficulties in producing hard-copy publications and review by senior officials. Greater use of press releases and (in the near future) Internet will aid in improving timeliness of dissemination. Labor force data—particularly unemployment and wage data—do not meet GDDS coverage recommendations, but these data are not considered a priority by the authorities as their macroeconomic implications are less important in Bangladesh, which has large agricultural and informal sectors.

- *Fiscal sector data* fall short of the GDDS recommendations with regard to coverage, periodicity, and timeliness. At present, no comprehensive data on the actual operations of central government are being produced and disseminated, owing to extensive delays in identifying government transactions. Only revised budget estimates are disseminated. Annual actual data are expected to be disseminated next year for FY 1998-99. There are no plans for producing and disseminating quarterly data on central government operations and significant improvements in integrating current and development budget operations with financing operations will be necessary before quarterly data can be produced. Annual data on external government debt are disseminated, but data for domestic debt are produced only for internal government use. The absence of any system for compiling data on the quasi-fiscal operations of the government, including operations of the enlarged public sector, and on debts with implicit or explicit government guarantees, is a significant shortcoming.

- *Financial sector data* are produced according to the recommendations of the GDDS for coverage, periodicity, and timeliness. Timeliness of data dissemination is expected to improve through greater use of press releases and inclusion of certain data series in higher-frequency publications.

- *External sector data* also generally meet the GDDS data production recommendations for coverage, periodicity and timeliness. As in other areas, timeliness of dissemination, particularly for international reserves, could be improved by more extensive use of press releases. With respect to external debt data, their usefulness could be enhanced by improvements in timeliness and a greater degree of comprehensiveness in coverage.

10. The principles and practices with respect to *data integrity and access to the data by the public* are relatively new in Bangladesh and are therefore not yet fully integrated into data production and dissemination practices. These principles and practices are being reviewed as part of the authorities' decision to participate in the GDDS as of July 2000. Improvements in the integrity of the data production and dissemination process can be achieved, in particular, by clarifying to the public the process of data review by senior officials prior to release to the public and strengthening the legal basis for data collection and dissemination.

11. With regard to *access by the public to the data*, the current widespread practice in certain agencies is to release data on request before general release to the public. To address this potential problem, the adoption of advance release calendars and first release through press releases and Internet dissemination is being considered.

12. With regard to provision of information that allows users to assess the *quality of data*, the BBS in recent years has published detailed methodologies for national accounts compilation and production and price indices. BB provides notes to monetary and balance of payments tables, but more detailed methodologies would be useful to users. The data disseminated by the BBS and BB are presented in sufficient component detail to permit users to assess the reasonableness of data. There is no public dissemination of methodology for compiling fiscal data.

D. IMF Staff Commentary

13. Bangladesh's commitment to participation in the GDDS by July 2000 is welcome. Substantial progress has already been made on fulfilling the requirements for participating in the GDDS. The authorities have reviewed statistical compilation and dissemination practices as a major aspect of their commitment to participate in the GDDS. Substantial improvements have been introduced recently in certain areas. Most notable are improvements in the coverage, classification, and accuracy of estimates for past years' national accounts data and the introduction of balance of payments statements based on the recommendations of the fifth edition of the *Balance of Payments Manual*. Improvements are planned in the short run most notably in the coverage of financial statistics (to include cooperative banks, finance and leasing companies, and microcredit institutions) and revising the weights and basket of the consumer price index to reflect the results of the Household Expenditure Survey of 1995-96.

14. The greatest challenge to improvements in compilation and dissemination is in the fiscal sector where there remain significant technical impediments to the production of comprehensive data for the central government, and a need for greater political commitment to transparency in the classification of government transactions. Current practices on data provision for central government operations and debt largely depart from those recommended by the GDDS with regard to coverage, periodicity, and timeliness. In particular, no data are published on actual government expenditure. Firm government commitment will be required to improve the quality of accounting records on budgetary operations and to reduce delays in identifying transactions so that all transactions can be properly classified shortly after the end of the fiscal period. This

will be necessary to ensure timely production and dissemination of actual government finance data according to international standards.

15. The dissemination of available real sector data is occasionally delayed for reasons that are not clear, creating concern about possible interference by the authorities. This should be addressed by firmly adhering to a preannounced schedule for releasing data to the public (through press releases and Internet dissemination), and by prohibiting prior data releases on request to special interests.

Table 1. Bangladesh: Data Categories and Indicators

Data categories	Indicators	Periodicity	Timeliness ¹ (GDDS recommendation)
Real sector			
National accounts aggregates	GDP (nominal and real) Gross national income Gross national saving	Annual	5 months (6-9 months)
Production index/ Indices	Manufacturing or industrial production Agricultural production index	Monthly Annual	2 months 2 months (6 weeks - 3 months for all indices)
Price indices	Consumer price index Producer price index for manufactured goods	Monthly Monthly	3 weeks (1-2 months) 1 month (1-2 months)
Labor market indicators	Employment index (manufacturing industries) Unemployment Wages	Monthly N.A. N.A.	1 month
Fiscal sector			
Central government budgetary aggregates	Revenue Revenue, expenditure, deficit, financing	Monthly Annual (quarterly)	3 months 11 months (1 quarter)
Central government debt	External debt (by lender, maturity, and currency) Domestic debt	Annual Monthly	10 months (1-2 quarters) Not disseminated
Financial sector			
Broad money and credit aggregates	Net external position, domestic credit, broad or narrow money	Monthly	11 weeks (1-3 months)
Central bank aggregates	Reserve money	Produced monthly; disseminated quarterly	Produced in 5 weeks Disseminated in five months (1-2 months)
Interest rates	Short and long-term government Security rates Policy variable rate (Bangladesh Bank rate)	Monthly	Disseminated on a timely basis in a range of publications
Stock market	Dhaka Stock Exchange share price index	Weekly	Disseminated on a timely basis in a range of publications

Data categories	Indicators	Periodicity	Timeliness ¹ (GDDS recommendation)
External sector			
Balance of payments aggregates	Imports and exports of goods and services, income, current transfers, current account balance, reserves	Quarterly (Monthly summarized data are also produced)	4 months for production; up to 8 months for dissemination (6 months)
International reserves	Gross official reserves denominated in taka	Monthly	3 weeks for compilation; 2-3 months for dissemination (1 - 4 weeks)
Merchandise trade	Total exports and total imports	Monthly	1 month (8 weeks - 3 months)
Exchange rates	Spot rates	Daily	Disseminated on a timely basis in a range of publications

¹Timeliness refers to the lag between the end of the reference period and dissemination of the data, unless otherwise indicated.