

Achieving Exhaustiveness in the Measurement of the Non-observed Economy in the Philippines

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Outline of Presentation

1. Introduction
2. Framework for the analysis of the Non-Observed Economy (NOE)
3. Assessment of the National Accounts of the Philippines
4. Improvements in the compilation procedures

Introduction

- Definition of the Non-Observed Economy (NOE)
 - Economic activities that are not explicitly captured in regular statistical enquiries.
- Importance of measuring the NOE
 - Comprehensiveness, consistency, and integration as principles ensures the quality of National Accounts compilation.

Introduction

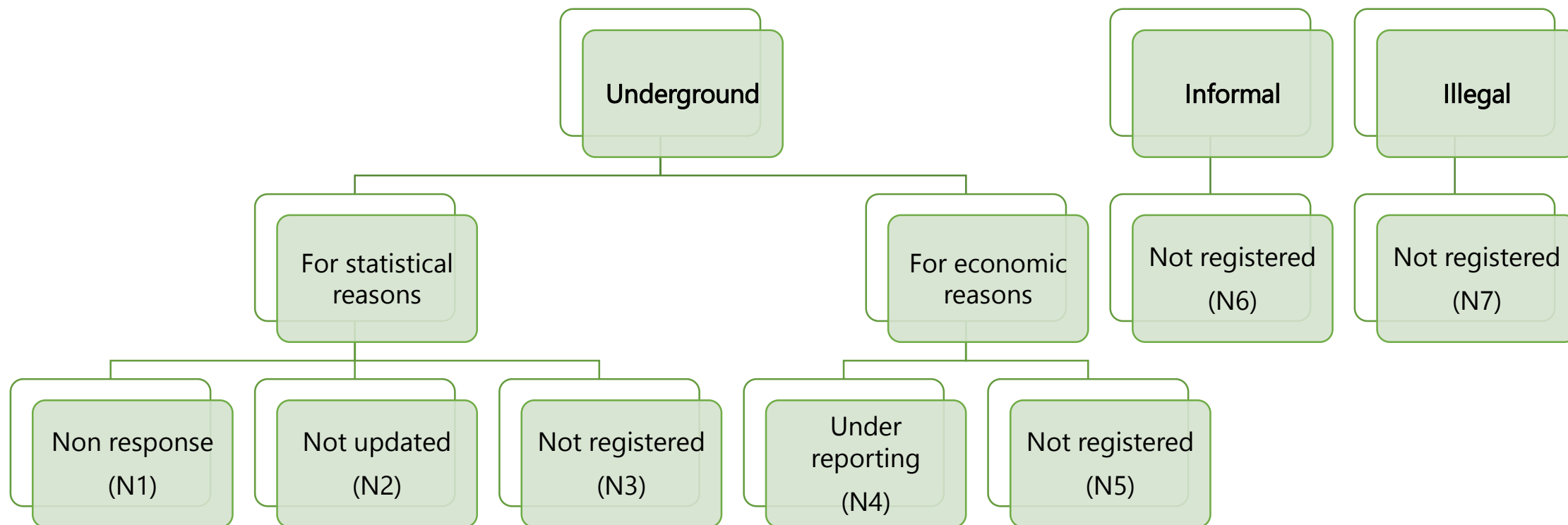
- Lines of actions in the NOE measurement strategy:
 1. Define the NOE, and set the framework for the analysis
 2. Assess the economic activities that fall under the bounds of NOE
 3. Identify the improvements in the compilation procedures

Framework for analysis

- The problem areas of the activities not explicitly observed
 - Underground production: activities that are legal, but are deliberately concealed
 - Illegal production: activities that are either the distribution or possession is forbidden by law, or are practiced by unauthorized producers
 - Informal sector production: productive activities by the unincorporated enterprises
 - Production missed due to deficiencies in the data collection program
- The essence is to divide the groups for identification and proper measurement

Framework for analysis

- Istat Analytical Framework



Framework for analysis

- Eurostat Tabular Framework
 - This framework includes production for own final use, wages and salaries in kind (T8)
 - It summarizes activities by type, and adjustments made for each type
- Unit and Labor Input Framework
 - It integrates concepts and data from the business register, enterprise data, labor force survey, and supply and use tables

Assessment of the National Accounts of the Philippines

Industry	Issues	NOE Type
Agriculture, Forestry and Fishing	Subsistence farming	T8
	Illegal production such as illegal fishing and logging	T7
	Growth of cultivated products that may not be captured in the capital formation	
Mining and quarrying	Household production of small-scale gold mining	T4
Construction	Under collection of construction activities in the Approved Building Permits Statistics	T4
Transportation and storage	Households providing transport service through the transport network vehicle service	T2
Trade	Transactions that happen on a consumer-to-consumer basis, which emerged with the rise of the social media networks	T6

Assessment of the National Accounts of the Philippines

Expenditure Items	Issues	NOE Type
Household Final Consumption Expenditure	The definition of the residency concept affects the accounting of the <i>balikbayan boxes</i> and the expenses of the Filipino residents abroad	T6
Breeding Stocks and Orchard Development	Capital formation are modeled from production indicators, which may not be reflective of the market situation in the acquisition, disposal, and development of capital formation items.	
Exports and Imports of Goods	Trade statistics could identify inconsistencies on the declared tariff code vs. the description of the commodity but is inconclusive whether a traded good is smuggled. Backdoor transactions may not be captured in the current data collection.	

Improvements in the compilation procedures

- List of Establishments

- It is the most comprehensive updating of the status and basic characteristics of establishments listed in the Statistical Business Register (SBR).

- Labor Force Survey

- It is a survey of households that collects information on salaries and other demographic characteristics.

Industry	Employment not in LE	Percentage of small-sized establishment
Agriculture, forestry and fishing	98.2%	74.0%
Water suppl; sewerage, waste management	98.3%	53.1%
Wholesale and Retail Trade	80.2%	94.4%
Arts, entertainment and recreation	76.4%	93.0%
Other service activities	92.7%	96.1%