

**France: Report on the Observance of Standards and Codes—Data Module,
Response by the Authorities, and Detailed Assessments Using the
Data Quality Assessment Framework**

This Report on the Observance of Standards and Codes on the Data Module for **France** was prepared by a staff team of the International Monetary Fund as background documentation for the periodic consultation with the member country. It is based on the information available at the time it was completed on **October 21, 2003**. The views expressed in this document are those of the staff team and do not necessarily reflect the views of the government of **France** or the Executive Board of the IMF.

The Response by the Authorities on this report, and the Detailed Assessment Using the Data Quality Assessment Framework (DQAF) are also included.

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FRANCE

Report on the Observance of Standards and Codes (ROSC)—Data Module

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ACRONYMS

BdF	Banque de France
<i>BPM5</i>	<i>Balance of Payments Manual, 5th edition</i>
CNIS	National Council for Statistical Information
COFOG	Classification of Functions of Government
COICOP	Classification of Individual Consumption by Purpose
CPI	Consumer price index
DQAF	Data Quality Assessment Framework
DSBB	Dissemination Standards Bulletin Board
EC	European Commission
ECB	European Central Bank
EMU	Economic and Monetary Union
<i>ESA 95</i>	<i>European System of Accounts 1995</i>
ESCB	European System of Central Banks
EU	European Union
Eurostat	Statistical Office of the European Communities
IMF	International Monetary Fund
INSEE	Institut national de la statistique et des études économiques
IO	Input-output
ITRS	International Transactions Reporting System
MFI	Monetary Financial Institution
<i>MFSM</i>	<i>Monetary and Financial Statistics Manual (2000)</i>
MINEFI	Ministry of Economy, Finance, and Industry
NACE	Statistical Classification of Economic Activities in the European Community, Rev. 1.1
PPI	Producer Price Index
ROSC	Report on the Observance of Standards and Codes
SDDS	Special Data Dissemination Standard
<i>1993 SNA</i>	<i>System of National Accounts 1993</i>
SSM	Statistical services of the ministries
VAT	Value added tax

EXECUTIVE SUMMARY

This Report on the Observance of Standards and Codes (ROSC) data module provides a review of France's data dissemination practices against the International Monetary Fund's (IMF) Special Data Dissemination Standard (SDDS), complemented by an in-depth assessment of the quality of six sets of macroeconomic statistics: national accounts, consumer price and producer price indices, government finance statistics, monetary statistics, and balance of payments statistics. The Institut national de la statistique et des études économiques (INSEE) produces the first four data sets and the Banque de France (BdF), the other two. The assessment was carried out by a mission from the IMF's Statistics Department that visited Paris during March 5–19, 2003.

The mission reached the following main conclusions :

- **SDDS observance:** France is in observance of SDDS. The in-depth quality assessment of six macroeconomic datasets of the SDDS shows the following:
- **Prerequisites of quality:** The mandate of INSEE and the BdF for the production of the six macroeconomic datasets is clearly defined, with the reporting burden and the confidentiality provisions given special consideration notably through the CNIS. It would be useful to further clarify the responsibility of INSEE as the producer of government finance statistics since the Ministry of Economy, Finance and Industry (MINEFI) is also closely involved in preparing the data. The BdF should continue to actively pursue ways to share data with the rest of the French statistical system, notably for balance of payments with the national accounts. Resources for producing the six datasets are adequate, although the computer system for national accounts needs updating to meet the statistical study requirements that have emerged in recent years. The two agencies are fully aware of the importance of quality in data production.

Furthermore, through its membership in the European Union (EU) and European Monetary Union (EMU), France is part of the European statistical system. Drawing upon its strong statistical tradition, France takes an active role in the European statistical environment. This increasingly important environment is shaped by legal requirements, notably in the area of monetary and balance of payments statistics. The European environment led, among other things, to BdF adapting its statistical management and activities to the transfer of monetary policy-making to the European Central Bank (ECB) and the creation of the European System of Central Banks (ESCB).

- **Integrity:** Professionalism is central to the statistical operations of the two institutions. Both institutions are transparent in their policies and practices, and they disseminate their annual work programs. There exist a civil service code of ethics (in the case of INSEE) as well as staff regulations and a code of ethics (in the case of the BdF).

- **Methodological soundness:** In terms of concepts and definitions, coverage, classification and sectorization, basis of recording, and valuation, the six datasets generally follow internationally and/or European accepted methodologies. However, there are instances where the classification and valuation methods employed in statistics for depository corporations, and the valuation method in balance of payments statistics would gain from being reviewed.
- **Accuracy and reliability:** The degree of accuracy and reliability of the six datasets is remarkable, in terms of both the comprehensiveness and detail provided. The data sources are exceptionally broad; their validation is greatly facilitated by each economic unit identified uniquely across data sources and the use of common concepts and nomenclatures in all surveys and administrative records. Statistical techniques are sound, although the national accounts' estimation of changes in stocks could use more source data in lieu of residual derivation. Assessment and validation of intermediate data and outputs are thorough. For the producer price index, validation could, however, rely on computerized methods to detect errors of measurement. INSEE could finalize the current implementation of quarterly government finance statistics by using estimates when accounting data are not readily available and relying on revision studies to enhance the reliability of these estimates over time.
- **Serviceability:** Generally speaking, French statistics are relevant, consistent, and available on a timely basis with the required periodicity. In view of the definite interest in government finance statistics expressed by users, notably in the EU context, the statistical authorities could consider disseminating them as a separate statistical product (the data are now produced as part of the national accounts). It would be useful to enhance the consistency between the current account of the balance of payments and the goods and services account in the national accounts, pursuing the work of the joint BdF-INSEE task force on that issue. The revision policy of the national accounts would be more transparent if the quarterly and annual accounts were revised over the same period.
- **Accessibility:** The sets of data are accessible to the public. This accessibility is greatly facilitated because the two agencies largely view their products as a public good. The agencies release methodological notes for the data—but to a lesser degree for government finance statistics (INSEE produces substantial and valuable internal documentation that could be adapted for publication purposes). Finally, the various data releases could more readily identify the data production units of INSEE as contact points, to better meet user demand.

I. INTRODUCTION

1. The data dissemination module of this ROSC provides a summary of France's practices with respect to the SDDS and is complemented by a summary assessment of the quality of six key macroeconomic datasets using the Data Quality Assessment Framework

(DQAF) developed by the IMF's Statistics Department (volume I). The underlying detailed assessments (published as volume III of this report) are based on information provided before and during an IMF staff mission¹ of March 5–19, 2003. The assessments are also based on publicly available information, as well as on consultation of data users through a survey followed by a face-to-face meeting during the mission. Finally, the report includes France's response to the assessment (Volume II).

2. Section II of the data dissemination module presents an assessment of France's data dissemination practices against the SDDS. Section III summarizes an assessment of the quality of the six macroeconomic datasets, using the dataset-specific assessment frameworks of the DQAF. Section IV sets out recommendations to achieve further improvements in France's macroeconomic statistics.

II. DATA DISSEMINATION PRACTICES AND THE SPECIAL DATA DISSEMINATION STANDARD

3. France subscribed to the SDDS on August 8, 1996 and began posting its metadata on the Dissemination Standards Bulletin Board (DSBB) on September 27, 1996 (for a summary of the SDDS, see Appendix 1 of volume III, detailed assessments). Since April 27, 2001, France is in observance of the SDDS, having met the specifications for coverage, periodicity, and timeliness of the data, and for the dissemination of advance release calendars. The Data Template on International Reserves and Foreign Currency Liquidity was hyperlinked to the DSBB on January 24, 2000.² The National Summary Data Page (NSDP) was hyperlinked to the DSBB on November 16, 2001.

4. Three official institutions are responsible for compiling and disseminating the SDDS-prescribed data categories:

- INSEE: national accounts, production indices, labor market, price indices, general government operations (through the general government account), merchandise trade, and population.

¹ The mission was headed by Ms. Lucie Laliberté and included Messrs. Vincent Marie, Pierre Papadacci, René Piché (all STA), Mrs. Gylliane Gervais and Mr. John Astin (Experts), and Mr. Henry Wright (Administrative Assistant, STA).

² Available since June 1999, but certified in observance of the SDDS in January 2000.

- BdF: analytical accounts of depository corporations and of the BdF, balance of payments and international investment position, interest rates, and template on international reserves and foreign currency liquidity.
- MINEFI: operations and debt of central government.

Euronext compiles the share price indices.

Users may access these data in publications and on the following Internet websites:

INSEE:	http://www.insee.fr
BdF:	http://www.banque-france.fr/
MINEFI:	http://www.minefi.gouv.fr/
Euronext:	http://www.euronext.fr

Data dimension: coverage, periodicity, and timeliness

5. France meets the SDDS specifications for the data dimension for all data categories, availing itself of flexibility options for the timeliness of the data on central government operations and the industrial production index (see Table 1).

Access dimension

6. France meets the SDDS requirements for access to data by the public. It disseminates advance release calendars that meet the SDDS requirements both in hard copy as well as on INSEE and BdF websites. And it supplements these advance release calendars by a quarter-ahead presentation of release dates on the DSBB.

7. The agencies release data simultaneously to all interested parties, generally via press releases, the agencies' websites, and France's National Summary Data Page. The page is maintained by INSEE at http://www.INSEE.fr/fr/ffc/fmi/index_fmi.htm.

Integrity dimension

8. As required by the SDDS, information on the terms and conditions that govern the collection, compilation, and dissemination of data, including the confidentiality of the data collected, is available.

9. On the DSBB, France discloses modalities of internal government access to the data before public release. According to these metadata, France provides internal access to the data prior to public release, not earlier than 24 hours before release, to the following: the Minister of the MINEFI (national accounts, production index, employment, unemployment, wages/earnings, consumer price index (CPI), producer price index (PPI), operations of the general government, international reserves, merchandise trade, and balance of payments); the Minister of Labor (employment, unemployment, wages/earnings); and the Foreign Trade Minister (merchandise trade).

10. Ministerial comments are sometimes made at the time of dissemination of the national accounts, the CPI, the labor market, and the general government statistics, while the balance of payments is released in a bulletin published under the dual auspices of the MINEFI and the BdF. The source of the comments is flagged as being distinct from the data source for the national accounts, the CPI, and the balance of payments (as of March 2003), but not for the general government statistics.

Table 1. France: Overview of Current Practices Regarding Coverage, Periodicity, and Timeliness of Data Compared to the Special Data Dissemination Standard (SDDS)

SDDS Data Category	Coverage (meets SDDS requirements)	Periodicity		Timeliness		Comments
		SDDS	France	SDDS	France	
Real sector						
National accounts	Yes	Q	Q	1Q	8W	Timeliness exceeds SDDS requirements.
Industrial production index	Yes	M	M	6 weeks (1M encouraged)	6-7W	Flexibility option used for timeliness of the data.
<i>Forward-looking indicators</i>		<i>M or Q</i>	<i>M</i>	<i>M or Q</i>	<i>1M</i>	<i>Encouraged category</i>
Employment	Yes	Q	Q	1Q	6-7W	Timeliness exceeds SDDS requirements.
Unemployment	Yes	Q	M	1Q	1M	Timeliness exceeds SDDS requirements.
Wages/earnings	Yes	Q	Q	1Q	6-7 weeks	Timeliness exceeds SDDS requirements.
CPI	Yes	M	M	1M	3.5 weeks	Timeliness exceeds SDDS requirements.
PPI	Yes	M	M	1M	3.5 weeks	Timeliness exceeds SDDS requirements.
Government finance						
General government operations	Yes	A	A	2Q	2 quarters	Data on revenue and expenditure are disseminated in early-March. Data on financing are disseminated in June, although available upon request in April.
Central government operations	Yes	M	M	1M	6 weeks	Flexibility option used for timeliness of the data.
Central government debt	Yes	Q	M/Q	1Q	2-5 weeks	
Financial sector						
Analytical accounts of the banking sector	Yes	M	M	1M	M	
Analytical accounts of the central bank	Yes	M (1W encouraged)	M	2W (1W encouraged)	2 weeks	
Interest rates ^{1/}	Yes	D	D	...	D	
Stock market index ^{1/}	Yes	D	D	...	D	
External sector						
Balance of payments	Yes	Q	M	1Q	M	Periodicity and timeliness exceed SDDS requirements.
International reserves	Yes	M (1W encouraged)	M	1W	W	
Reserves template	Yes	M	M	1M	M	
Merchandise trade	Yes	M	M	8W (4-6W encouraged)	6-7W	Timeliness exceeds SDDS requirements.
International investment position	Yes	A (Q encouraged)	A	2Q (1Q encouraged)	2Q	
<i>External debt</i>		<i>Q</i>		<i>Q</i>		Transition period ends March 31, 2003.
Exchange rates ^{1/}	Yes	D	D	...	D	
Addendum: Population	Yes	A	A	...	M	
<p>Note: Periodicity and timeliness: (D) daily; (W) weekly or with a lag of no more than one week from the reference data or the closing of the reference week; (M) monthly or with a lag of no more than one month; (Q) quarterly or with a lag of no more than one quarter; (A) annually; and (...) not applicable.</p> <p>1/ Given that the data are broadly disseminated by private means, the timeliness with which official data are disseminated is not time critical.</p>						

Quality dimension

11. The French statistical authorities provided the IMF 17 of the 21 summary methodology statements³ called for as part of subscription to the SDDS and these were posted on the DSBB as of March 2003. In addition, the concerned institutions disseminate methodological information for most of the data covered by the SDDS.

12. French statistical authorities also disseminate subaggregates and additional series that make possible cross-checks and checks of reasonableness for all data categories.

Monitoring of data

13. The IMF staff began in July 2000 monitoring subscribers' performance under the SDDS with regard to the dates stated in the advance calendar releases and the metadata. This verifies not only that the data are disseminated according to the calendar, but also that the data disseminated correspond to the metadata on the DSBB. France's dissemination practices are in observance of the SDDS.

III. SUMMARY ASSESSMENT OF DATA QUALITY

14. Interest in assessing the quality of data derives from the need to complement the SDDS by focusing more closely on the quality of the data that underpin surveillance of countries' economic policies. Against this background, the Statistics Department of the IMF has developed a tool, the Data Quality Assessment Framework (DQAF), to provide a structure and a common language to assess data quality. The DQAF comprises a generic framework and dataset-specific frameworks. The frameworks cover five dimensions of data quality—integrity, methodological soundness, accuracy and reliability, serviceability, and accessibility—and a set of prerequisites. ROSC data modules typically include an assessment of the quality of six datasets—national accounts, consumer price index, producer price index, government finance statistics, monetary statistics, and balance of payments—carried out using the DQAF.⁴

15. The conclusions from the application of the DQAF by the IMF to the French statistical system are presented below, following the structure of the DQAF. The detailed assessments of each dataset (volume III) support the conclusions. Also, the conclusions are presented in the form of standardized summary tables, in which the data practices are

³ Excluding the forward-looking indicators, central government operations, central government debt and interest rates.

⁴ See Appendix II of volume III for the generic framework. Further information on data quality can be found at the IMF's "Data Quality Reference Site" (<http://dsbb.imf.org/dqrsindex.htm>).

assessed on a qualitative basis that uses a four-part scale (Table 2 of this data module and, in volume III, Tables 1-6).

16. In summary, France's macroeconomic statistics are of high quality. They are comprehensive, timely, and accurate and, thus, are adequate to conduct effective surveillance of economic policy.

Prerequisites of quality

This category in the DQAF identifies conditions within the agency in charge of producing statistics that have an impact on data quality. The elements within the category refer to the legal and institutional environment, resources, and quality awareness.

17. Both **INSEE** and the **BdF** conduct their statistical operations under the legal and institutional environment provided by the CNIS as well as the European Commission (EC) and the ECB. The CNIS, which has its origins in Law No. 51-711 of June 7, 1951, as amended, plays a major role in coordinating the statistical production, largely upstream, of France's decentralized statistical system. The CNIS works to encourage the use of administrative data in statistics compilation, to coordinate the needs for survey data, to provide for the confidentiality of individual data, and to establish statistical reporting requirements and measures. The measures range from setting out penalties to ensuring the quality of survey operations. While much of the coordination focuses on the early phases of the statistical process, further coordination at the level of the statistical outputs could be reinforced given France's statistical decentralized system.

18. France's memberships in the EU and the EMU have in many cases merely confirmed practices firmly anchored in France's strong statistical tradition (such as confidentiality safeguards for individual data). As in other EMU countries, the impact on statistical practices has been greater in those areas where there has been a transfer of responsibility, such as the conduct of monetary policy. The impact has also been felt where the statistics are now central to objectives, such as those expressed for the Stability and Growth Pact (SGP) or the established goal of keeping annual inflation under a threshold. The impact highlights the need not only to have accurate statistics, but also to guard vigorously the independence of statisticians and shield them from pressures or temptation to arrive at "acceptable" figures. In other cases, the EU/EMU requirements call for disseminating more timely and frequent data (e.g., quarterly government finance data) than national practices do. Finally, for data compilation methods, the EU/EMU may specify methodological guidelines and otherwise leave substantial room for national practices.

19. Among the datasets assessed in this report, **INSEE** is responsible for the national accounts, consumer and producer price indices, and government finance statistics, which are produced as part of the national accounts. The agency produces these datasets in a context that is specific to the French statistical system, with administrative ministries (statistical services of the ministries, SSM) and other data producing agencies actively involved in data production. On the basis of legal texts that date back to 1946, as well as to the 1951 law,

INSEE, the major statistical agency in France, plays an important role in harmonizing these statistical operations. It provides the secretarial support for the CNIS; seconds its personnel to the SSM and other data producing agencies; and encourages the use of common registers, concepts, and nomenclatures. The responsibility of INSEE is clearly recognized for national accounts and price indices but could be further clarified for government finance statistics from that of the MINEFI, which also closely cooperates in the compilation process.

20. Overall, for the four datasets, resources are adequate and procedures indicate quality awareness. In national accounts, the delicate trade-off between the expertise required (because of the complexity of the accounts) and the mobility needs of staff for career development purposes could be at times better balanced. Furthermore, insufficient resources are allocated to revamping the computer system for the annual accounts, which makes it difficult to carry out statistical studies of these accounts, such as consistency of time series and data revisions. The current system allows for consistency checks across variables but does not easily lend itself to comparisons over time, changes in nomenclatures, adjustments, or revision studies.

21. The **BdF** has the mandate to produce the monetary and balance of payments statistics. The BdF's authority to collect information from monetary financial institutions stems from the 1984 banking law and the Monetary and Financial Code, further formalized recently within the BdF. While the BdF is responsible for compiling the balance of payments, the statistics are initially disseminated via a press release of the MINEFI co-signed by the BdF (prior to 2001, it was signed only by the MINEFI). The balance of payments statistical tables on the MINEFI website identify the Ministry as the source, leaving the wrong impression of its involvement in the data compilation.⁵ The BdF should continue to actively pursue ways to share data with the rest of the French statistical system, notably for balance of payments with the national accounts and this could be pursued through the joint BdF-INSEE task force on eliminating discrepancies with national accounts.

22. Within the European framework, the BdF's statistical authority is conferred by the charter of the ESCB and the ECB; the regulations governing the collection of information required for the performance of the ESCB's responsibilities; as well as other pertinent regulations.

23. BdF's resources are commensurate with the workload of the statistical program. The BdF recognizes the importance of quality awareness at several levels. Information systems adequately inform staff of the resource needs for developing and implementing statistical action plans. Day-to-day, staff monitor and supervise data collection and processing through efficient computer systems. Committees and procedures, at the national and European levels, further support and promote the various aspects of data quality.

⁵ This situation was fully corrected by end-March 2003.

Integrity

Integrity identifies features that support firm adherence to objectivity in the collection, compilation, and dissemination of statistics so as to maintain users' confidence. Elements refer to the professionalism and ethical standards that should guide policies and practices, which should be reinforced by their transparency.

24. **INSEE** and the **BdF** maintain a very high degree of professionalism. This degree results from the quality of the recruitment and training provided by the French higher education system—and in particular the École nationale de la statistique et de l'administration économique. The two institutions base their choices of statistical techniques and sources exclusively on statistical criteria. However, comments on the misinterpretation of statistics are not part of the institutions' outreach strategy; the agencies favor instead a preventive and educational approach with the media.

25. The transparency of statistical policies and practices is strengthened by the CNIS publishing the annual statistical programs of the data producing agencies, as well as substantial documentation covering a broad range of topics related to statistical production. Each data table identifies the data producing agency. The macroeconomic statistics are provided to the government prior to their release to the public, and, in the case of aggregate data on monetary financial institutions, to the ECB. Except via the DSBB, the public is not informed, however, of the government's access to the data before their official release, nor of the period of access prior to release. Changes are generally explained when they are implemented, but there are also times when they are announced in advance (e.g., the conceptual changes of the latest rebasing of the national accounts that were presented to the press, the CNIS and other users).

26. While there are civil service codes and related practices, INSEE does not have specific instructions to remind the staff to comply with ethical standards. On the other hand, there is a well-entrenched tradition whereby professionalism and independence are perceived as prerequisites for producing statistics. This is well exemplified by the custom whereby the Director General of INSEE who, although appointed by the Council of Ministers, remains in office for a period that extends beyond the government's term of office.

27. The charters of the ESCB and the BdF confirm the BdF's full autonomy from government authorities. Statutory provisions applicable to the staff, and recently complemented by a code of ethics dealing with financial matters, guarantee the independence of statistical production. However, even though the staff are cognizant of them, no single document summarizes the ethical standards, making their access more difficult.

Methodological soundness

Methodological soundness refers to the application of international standards, guidelines, and agreed practices. Application of such standards, which are specific to the dataset, is indicative of the soundness of the data and fosters international comparability. Elements

refer to the basic building blocks of concepts and definitions, scope, classification and sectorization, and basis for recording.

28. The *European System of Accounts (ESA 95)* provides the conceptual framework for compiling **national accounts**. In terms of scope, the French national accounts comprise all the prescribed or recommended annual and quarterly accounts, including the complete sequence of accounts for the institutional sectors (with financial accounts and balance sheets) at annual intervals. France also builds an annual input-output (IO) table. Gross Domestic Product is estimated through the production, the expenditure, and the income approaches, even though a single estimate is published. The compilation of the annual accounts is essentially based on the IO table. Quarterly accounts are estimated by a similar method, but with a smaller IO table. The delineation of production and assets as well as the principles of classification, sectorization, and basis for recording comply with *ESA 95* guidelines. The French national accounts are very comprehensive, notably regarding the measurement of production and value added that are systematically adjusted upward, by activity and sector, to take into account tax evasion and informal market activity.

29. The compilation of price indices at INSEE confirms France's reputation for a high degree of methodological soundness in price statistics and may serve as model for many countries. The concepts, definitions, and basis for recording of the **CPI** follow most of the *ESA 95* principles and EU regulations pertaining to the harmonized index of consumer prices. The scope of the CPI encompasses the expenditures of all resident households. Expenditures are classified in accordance with the classification of individual consumption by purpose (COICOP). The basket used to calculate the CPI is of an appropriate size, comprising 305 sets of goods and services, whose annual weights come from the national accounts.

30. The concepts and definitions underlying the **PPI** are in line with those in *ESA 95* and Council Regulation (EC) No. 1165/98 concerning short-term statistics in the recording and valuing of prices and weights. The scope of the PPI encompasses all resident enterprises engaged in commercial activity. In line with the EU regulation that recommends the use of factory gate prices, the scope of the PPI does not include changes in inventories. Likewise, the PPI does not include own-account production for final consumption, unlawful sales to willing buyers, and services. The classification of establishments and products by activity follows international standards. The same is true of the basis for recording prices and of the weights of products intended for the domestic market, excluding the value added tax and transport costs.

31. The concepts, definitions, scope, and valuation methods used for the annual statistics of the **general government account** conform with those recommended by *ESA 95* and the *ESA 95 Manual on Deficit and Debt*. However, these statistics are prepared only as part of the government sector in the national accounts, and not within a comprehensive and integrated government finance framework. The latter could be constructed from various components of the national accounts: flows of transactions (revenues, expenditures, and financing), other economic flows (revaluations and changes in volume), and balance sheets

as well as debt. Classifications follow national accounts guidelines rather than those of the *Government Finance Statistics Manual 2001*.

32. The analytical framework for **monetary statistics** relies on concepts, definitions and scope broadly in line with the recommendations of the *Monetary and Financial Statistics Manual (MFSM)*. The classification of financial assets and the sectorization of institutional units are generally in line with *MFSM* recommendations, except for certain derivatives that are not recorded in the balance sheet and monetary financial institutions (MFIs) that are not apportioned by type of creditor or debtor—whether national central bank, other components of the ESCB, or other MFIs. Likewise, no detail is provided on the claims on governments of the BdF and other MFIs, hampering the identification of operations with the central government. The basis for recording of flows and stocks broadly follows international standards, except for certain securities held through to maturity and issued debt instruments which are not at market prices. In accordance with the *MFSM*, financial operations are recorded on the basis of their gross value inclusive of accrued interest.

33. The statistical authorities prepare the **balance of payments** in conformity with the concepts and definitions of the *Balance of Payments Manual, 5th edition (BPM5)*. Major construction-related service projects are treated as services, however, rather than as direct investment. The authorities follow the principles set forth in *BPM5* with respect to scope and classification of transactions; however, direct investment transactions, referred to as “reverse investment,” are usually not recorded under direct investment, except for specific cases retreated manually. For most categories, the highly detailed classification facilitates monthly cross-checks by group of activities/transactions, which are extremely useful for national accounts purposes. In addition, the authorities value stocks of portfolio investment and direct investment at market prices, with the latter also available at book value. However, the adjustments made for accrued coupons for bonds overestimate gross income from holding of debt securities for selected transactions, although net income remains unbiased.

Accuracy and reliability

Accuracy and reliability identifies features that contribute to the goal that data portray reality. Elements refer to identified features of the source data, statistical techniques, and supporting assessments and validation.

34. The data sources for **national accounts** (surveys and administrative data) are very comprehensive, and exploited systematically. The *Système intermédiaire d'entreprises*, which incorporates tax-related and survey-related data, includes individual statements for the 100,000 largest nonfinancial firms and allows for in-depth validation. Staff compile the accounts using sound statistical techniques and nomenclatures sufficiently detailed for the results to correctly reflect trends. A broad range of quality price indices underlies the volume estimates. However, merchandise trade is deflated using unit value indices, because explicit price indices are not generally available. Moreover, in both the annual and quarterly accounts, statistical data are used only to a minimal extent to estimate changes in stocks, which are otherwise derived residually. The quarterly accounts are estimated and

disseminated in an unadjusted version, as well as in a version adjusted for trading days and seasonal variations, with adjustment techniques applied uniformly. The use of the three approaches to compile the GDP allows staff to further assess and validate data. Staff use the results of revision studies effectively to improve subsequent estimates.

35. Source data for prices and weights of the **CPI** consist of surveys with exceptionally broad coverage. Except for Corsica, France carries out the monthly price survey in all regions during the whole month. This approach is noteworthy given that most countries carry out their survey only during part of the month. The agency makes approximately 200,000 observations each month, which compares well with other countries of similar size in the EU. The statistical techniques used to calculate the index, as well as the assessment and validation during the process are adequate. Revision studies as such are not applicable since the definitive CPI is never revised; however, the agency carries out technical studies regularly to improve the methodology.

36. For the **PPI**, France updates the list of products and weights on a five-year cycle. The source data on prices and weights also come from wide-ranging surveys. The agency surveys approximately 24,000 prices monthly, during the whole month. Products no longer sold are generally replaced with similar products, and the changes in prices of the two products are linked. Products that are completely new are not incorporated until the time of the next renewal of the list. The statistical techniques used are sound. However, regarding assessment and validation, no computerized method is applied systematically to detect potential measurement errors in the PPI. The index is preliminary for six months, although it is generally stabilized after three months. With source data fully incorporated early in the statistical process, revision studies would not have a statistical impact.

37. The source data for the annual statistics on the accounts of the **general government** are derived from the public accounts for the operations of central government and local government, and from the income statements and balance sheets for other central government agencies and social security entities. The Directorate General of Public Accounting of the MINEFI transcribes the public accounts data on a national accounts basis. These data are then adjusted and validated by the BdF (financial accounts) and by INSEE (nonfinancial accounts). The statistical techniques are sound and, insofar as the accounting data are compiled on a cash basis, the agencies adjust these data to reflect transactions on an accrual basis. INSEE assesses and validates the data, among other things, by combining the accounts of the general government with those for other institutional sectors (thereby ensuring consistency across sectors and the various statistical areas). Each year, revisions are accounted for and analyzed for internal use; however, few revision studies are made of long-term series. Should quarterly government accounts be compiled on the basis of estimates for missing accounting data, a greater use of revision studies would help to ensure the reliability of such provisional results.

38. The BdF collects source data for **monetary statistics** by extensively covering depository corporations and other MFIs. The data span the entire spectrum of financial assets and economic sectors and are also sufficiently detailed to allow an accurate classification of

all financial assets and all institutional sectors. In particular, the MFI sector is adequately subdivided into “central bank” and “other depository corporations.” The statistical techniques are sound and yield reliable results. The following factors all contribute to the reliability of monetary statistics: computerized systems for source data reporting and processing, the automated validation modules, the quality of the documentation, and the periodic assessment and validation of source data, intermediate data, and final results. Staff regularly carry out revision studies to identify the main causes of discrepancies between provisional data and final data.

39. The **balance of payments source data** come from a comprehensive international transactions reporting system (ITRS), complemented with surveys. The procedures in place effectively address the usual problems associated with the ITRS. However, following an EU recommendation, the implementation of a threshold of 12,500 euros in the ITRS has led to a loss of information on transactions of households and small businesses. A redesign of the data collection system, spanning 2004 to 2006, should help to remedy this deficiency. The procedures for assessing and validating source data and intermediate data are exhaustive and systematically applied. The procedure for validating statistical outputs, which entails frequent referrals to the source data, enhances overall accuracy. The statistical techniques are well founded, and regular revision studies guide the choice of statistical collection and adjustment methods.

Serviceability

Serviceability focuses on practical aspects of how well a dataset meets users’ needs. Elements refer to the extent to which data are relevant, produced, and disseminated in a timely fashion with appropriate periodicity, are consistent internally and with other datasets, and follow a predictable revisions policy.

40. INSEE ensures that statistical outputs for **national accounts** are relevant through discussions about the statistical program within the CNIS (which includes data users and producers) and frequent contacts with the various user constituencies (government, academia, business). However, there is no organized forum solely devoted to consulting users of national accounts. The timeliness of the preliminary quarterly accounts (50 days) is in conformity with the SDDS. The periods of revision of the annual and quarterly accounts differ and the revision policy is not clearly disseminated. The latter would be more transparent if the period of revision of the quarterly accounts was aligned on that of the annual accounts. INSEE makes revision studies public for the quarterly accounts; however, for the annual accounts, where revisions are much smaller, the need for such studies is very limited. In regard to data consistency, the series within the national accounts are fully integrated. Time series based on *ESA 95* are available at annual and quarterly frequencies beginning from 1978. There are inconsistencies between the rest of the world account in the national accounts and the balance of payments. The publications identify the statistics as being preliminary, but revised data are not identified as such.

41. The **CPI** and **PPI** meet users' needs. The staff monitor the relevance and consistency of these data in various ways. Apart from discussion within the CNIS, there is no organized group of users. However, users offer numerous comments, both directly and indirectly—for instance, to INSEE Information Service. The PPI Internet site is heavily used (approximately 20,000 visitors per month). The indices meet the SDDS requirements for timeliness and periodicity. The revision policy and practices for both indices is disseminated: the CPI is published in a definitive version in full detail on the 25th day of the following month (a provisional version, limited to few items, is provided 12 days following the month). This is unlike the PPI which is revised up to the sixth month following the reference month.

42. The relevance of the statistics for the **general government accounts** is evidenced by their wide use by the government authorities and the public at large for, among other things, monitoring deficit and debt criteria for EU purposes. However, as pointed out by many users, the usefulness of these statistics could be enhanced by adapting them in a fiscally oriented publication. Such a framework would show more detailed links between national accounts-based statistics and administrative data on Treasury operations, including budget revenues, expenditures, and financing. The degree of detail could be improved, particularly by completing the work on the introduction of a functional classification as well as on the production of data with quarterly periodicity. The statistics are annual and published in full scope (data on revenue, expenditure, and financing) at the latest six months after the reference period, in accordance with the periodicity and timeliness of the SDDS. As for France's monthly figures on central government budget operations, they are published 40 days after the end of the reference month, that is 10 days beyond the SDDS recommendation. As part of the national accounts, the statistics are consistent and follow the same pattern as the annual national accounts. Furthermore, the revision policy is that of the annual national accounts. As is the case for national accounts, the statistics are identified as being preliminary, but not as being revised.

43. The relevance of **monetary statistics** is assured through various means. Their usefulness for certain users (ECB and the General Directorate of Economics and International Relations of the BdF) are checked periodically. The BdF has implemented a permanent consultation procedure with the ECB and a regular procedure with other institutions, the banking and financial community, and academia. The timeliness and periodicity are consistent with the SDDS. The BdF releases its data within a period of two weeks after the reference data and disseminates the data on other monetary financial institutions within one month after the reference date. The data are both internally consistent and consistent across time periods. Data revision policy and practice follow precise procedures in line with the principles and guidelines established by the ECB. The aggregate position for the MFIs, apart from the central bank, is provisional for one or two months. Users are notified that the first data published are preliminary and subject to revision. The revisions derive mostly from the replacement of provisional source data with final source data. The most significant revisions and their causes are highlighted.

44. One step taken to ensure the relevance of **balance of payments** statistics is the presentation of the annual balance of payments statistical program to the committee (*'formation'*) of CNIS. Another is the participation in the Commission des comptes et

budgets économiques de la Nation and in various task forces or committees of Eurostat, the ECB, and the EU Commission. Data timeliness and periodicity are in line with the ECB requirements, more stringent than those of the SDDS. Balance of payments data are consistent with monetary statistics, but discrepancies remain between the current account and the account for the rest of the world in the national accounts; the two agencies have created a task force to harmonize these series. Annual series broadly in line with the *BPM5* classification are available beginning from 1946. The BdF publicizes the revision policy adopted in 2002 and identifies the status of each series in the statistical tables. However, few revision studies or analyses are made public.

Accessibility

Accessibility deals with the availability of information to users. Elements refer to the extent to which data and metadata are clear and easily available and to which assistance to the user is adequate to help them find and use the data.

45. The **national accounts** are readily accessible. The hard copy publications give quite a clear presentation of statistics, as well as commentary, tables, and graphics that facilitate analysis. The accompanying CD-ROMS are well-organized and include long series in two formats—HTML and Excel. However, some series are presented in the form of indices or trends, reducing their usefulness compared to series expressed as levels. They are published in accordance with calendars announcing the release two months as well as two weeks beforehand, with the exact date provided one week in advance. The data are made available to all users at the same time. The publications contain metadata, glossaries, and nomenclatures. A large number of series, including detailed data, are published free of charge on INSEE's Internet site. In recent publications, however, the producing unit and contact persons are not identified, reflecting INSEE's centralization of assistance to users, with requests forwarded to the producing units when applicable. Every year, INSEE updates its catalog of publications, documents, and other services it provides, indicating any charges involved and how to order.

46. The INSEE Internet site contains detailed data for the **CPI** for the past 13 months, with longer series provided in aggregate only; access to these longer-term data or to metadata is not very user-friendly. On the other hand, users may easily access (for the past 36 months) both data and metadata for the **PPI** on INSEE's Internet site as well as in the publication *Les Indices de prix de vente industriels et des services aux entreprises*. INSEE disseminates the CPI and the PPI in accordance with a regular calendar; all users receive the data at the same time. The monthly publications contain sufficient detail regarding indices. User support is available for the two indices. In terms of assistance to users, the CNIS and the PPI website "Indices Pro" indicate the names of contact persons, but the statistical publications do not.

47. Data accessibility for government finance statistics is good. INSEE disseminates the statistics for the **general government** in accordance with an advance release calendar. The *Rapport sur les comptes de la Nation* includes metadata in the form of methodological explanations; however, the exhaustive sources and methods—which do not appear to be

confidential—are not systematically released to the public, though they can often be obtained upon request. As is the case of national accounts, contact persons are not identified; this is especially confusing as the various MINEFI units involved in the compilation are also identified along with INSEE in the publication releases. Catalogs, either in hard-copy form or on-line, supply lists of available documents. The statistics disseminated on INSEE's Internet site extend from 1978 to the penultimate year available (data for the latest year are available only for a fee).

48. **Monetary statistics** are readily accessible on the Internet site of the BdF and its regular publications. A calendar of advance release dates is published. Data are disseminated to all interested parties simultaneously, and nonpublished data are made available free of charge. Access to metadata is provided by means of the BdF statistical publications as well as the Internet sites of the ECB and the BdF. User support is rapid and efficient. Each publication, and each statistical table inside each publication, include the contact information of the data producing unit. A catalog of publications is available on the BdF's Internet site as well as in complimentary hard-copy form.

49. The BdF's Internet site greatly facilitates access to **balance of payments data** and metadata as it contains the most recent edition of the *Bulletin de la Banque de France*, the annual report *La balance des paiements et la position extérieure de la France*, as well as detailed methodological notes. It also gives access free of charge to numerous balance of payments series and an advance release calendar. Data and metadata are also available on the MINEFI's website. The quality of the presentation and analysis of balance of payments statistics, particularly in the annual report, makes it easier to understand recent developments. User support is a priority; each statistical table identifies the unit responsible for its preparation and a telephone number. The Internet site indicates to whom users should send any request for information and each request is logged. A catalog of BdF publications, indicating the cost of products, is published annually.

IV. STAFF RECOMMENDATIONS

50. On the basis of the results of the data quality assessment, discussions with data-producing agencies in France, and user feedback (see Appendix III of the detailed assessments), the following measures have been proposed to strengthen conformity to international standards and enhance the analytical usefulness of France's macroeconomic data.

General Recommendations

- Offer a statistical map to help users identify the available statistical outputs; in this regard, actively pursue the idea of a statistics portal. In a decentralized statistical system, coordination is just as important for data dissemination as for data collection.
- Promote a broader understanding of statistical revisions by publishing revision studies, to familiarize users with the workings of the statistical process.

- Inform the public that the government has access to statistics prior to their publication, specifying the precise time at which the government gains access thereto.
- Increase the coordination for all agencies dealing with the SDDS.

INSEE

- Ensure that the status of statistics (whether preliminary, semi-final, or final) is clearly identified in publications.
- Ensure that the data-producing unit is identified in publications (at the foot of tables, for example) including a telephone number and e-mail address.
- Post on the Internet more documentation on the methodologies for macroeconomic series.

National Accounts

Priorities

- Allocate greater resources for implementing a new computer system for annual accounts.
- Make greater use of survey data on stocks to measure changes in stocks, instead of calculating them residually, in the annual and the quarterly accounts.
- Align the period of revision of the quarterly accounts on that of the annual accounts and make the revision policy known to the public.

Other recommendations

- Expedite the production of explicit price indices for exports and imports of goods.
- Improve the breakdown of intermediate consumption by product.
- Explore the possibility of making quarterly accounts more consistent with annual accounts with respect to volume measurement.
- Review the deflation of exports and imports of services, making better use of balance of payments source data.
- Adopt a more structured approach toward consultations with users.

Consumer Price Indices

Priorities

- Update the methodological guide on the consumer price index in hard-copy form and on the INSEE website.
- Disseminate longer time series on the INSEE website.
- Disseminate information on anticipated major changes in advance.
- Envisage publicly identifying more details in the commodities selected (known as variety).
- In the methodology available to the public, explain the method used to calculate utility prices, using notional examples.

Producer Price Index

Priority

- Establish a computerized method for evaluating potential measurement errors in the procedures for the PPI, to be used systematically.

Other recommendations

- Regard the index as being final three months after the reference date, instead of six months, given the negligible differences between the two versions.
- Explore the possibility of developing a module for detecting anomalous price shifts in the new automatic price collection system.

Consumer and Producer Price Indices

Priority

- Introduce closer cooperation between the two price divisions. Although their source data and part of their methodologies differ significantly, there are fairly substantial similarities in other aspects of these indices, leading to synergies that could benefit both divisions and also other units working on price indices.

Government Finance Statistics

Priorities

- Produce a publication focusing on government finance, comprising such as the following:
 - tables of flows and stocks according to a “government finance” framework similar to the one in the *Government Finance Statistics Manual 2001*;
 - more detailed revenue and expenditure tables;
 - a table on cash-based revenues, expenditures, and financial flows;
 - bridge tables for the main aggregates between government accounting data and the account of the central government (“*État*”) subsector; and
 - a bridge table between tax and budget nomenclatures, and *ESA 95* classifications.
- Complete and disseminate statistics on general governments on a quarterly basis.
- Identify in a clearer manner assistance to users.

Monetary Statistics

Priorities

- Extend the general principle of market valuation for items in the balance sheet, preparing a detailed summary table of deviations from *MFSM* methodology.
- Record all financial derivatives in the balance sheet.
- In the survey for the BdF and in the aggregate survey for other resident MFIs, refine the sectorization of claims on and liabilities to all MFIs to distinguish between the central government, central bank, other components of the ESCB, and other MFIs.

Balance of Payments

Priorities

- Identify the BdF as the producer of the statistics in the statistical tables published by the MINEFI.⁶
- Revise the adjustments for accrued coupons (“coupons courus”) on transactions in bonds to better measure investment income.
- Pursue the efforts of the joint DBDP-INSEE task force to achieve greater coherence between the balance of payments current account and the rest of the world account in the national accounts.

Other recommendations

- Pursue the integration of the balance of payments production process into the French statistical system, notably through exchanges of source data.
- Publish revision studies and analyses regularly.

⁶ Implemented as of end-March 2003.

Table 2. France—Data Quality Assessment Framework—Summary Presentation of Results

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

Element	National accounts	Consumer price index	Producer price index	Government finance statistics	Monetary statistics	Balance of payments statistics	Comments
0. Prerequisites of quality							
0.1 Legal and institutional environment	O	O	O	O	O	LO	See paragraph 21
0.2 Resources	LO	O	O	O	O	O	See paragraph 20
0.3 Quality awareness	O	O	O	O	O	O	
1. Integrity							
1.1 Professionalism	O	O	O	O	O	O	
1.2 Transparency	O	O	O	O	O	O	
1.3 Ethical standards	O	O	O	O	O	O	
2. Methodological soundness							
2.1 Concepts and definitions	O	O	O	O	O	O	
2.2 Scope	O	O	O	O	O	O	
2.3 Classification/sectorization	O	O	O	O	LO	O	See paragraph 32
2.4 Basis for recording	O	O	O	O	LO	LO	See paragraphs 32 and 33
3. Accuracy and reliability							
3.1 Source data	O	O	O	O	O	O	
3.2 Statistical techniques	LO	O	O	O	O	O	See paragraph 34
3.3 Assessment and validation of source data	O	O	LO	O	O	O	See paragraph 36
3.4 Assessment and validation of intermediate data and statistical outputs	O	O	O	O	O	O	
3.5 Revision studies	O	NA	O	O	O	O	See paragraph 35
4. Serviceability							
4.1 Relevance	O	O	O	LO	O	O	See paragraph 42
4.2 Timeliness and periodicity	O	O	O	LO	O	O	See paragraph 42
4.3 Consistency	O	O	O	O	O	LO	See paragraph 44
4.4 Revision policy and practice	LO	O	O	O	O	O	See paragraph 40
Accessibility							
5.1 Data accessibility	O	O	O	O	O	O	
5.2 Metadata accessibility	O	O	O	O	O	O	
5.3 Assistance to users	O	O	O	LO	O	O	See paragraph 47

INTERNATIONAL MONETARY FUND

FRANCE

Report on the Observance of Standards and Codes (ROSC)—Data Module

Response by the Authorities

October 21, 2003

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Reactions concerning balance of payments and monetary statistics have been written by the Banque de France. Other reactions come from INSEE.

GENERAL RECOMMENDATIONS

Offer a statistical map to help users identify the available statistical outputs; in this regard, actively pursue the idea of a statistics portal. In a decentralized statistical system, coordination is just as important for data dissemination as for data collection.

INSEE intends to facilitate users' search for statistics on the web. In order to reach this objective, a project of web portal for official statistics will be launched at the beginning of 2004. A first version of this portal is scheduled to be accessible to users by the end of 2004.

Promote a broader understanding of statistical revisions by publishing revision studies, to familiarize users with the workings of the statistical process.

INSEE regularly conducts revision studies, some of which being published. A further step will be taken in the direction of publishing revision studies.

The Banque de France which already informs the users in its publications for the major revisions will take steps to increase its communication in this respect.

Inform the public that the government has access to statistics prior to their publication, specifying the precise time at which the government gains access thereto.

INSEE already gives a precise description of Government's access to statistics prior to their publication, including the exact timing and identity of the relevant members of Government, in the Dissemination Standards Bulletin Board of the IMF. In order to improve transparency vis-à-vis the general public, INSEE will also provide this information in its own web site.

Concerning the Balance of Payments statistics, The Banque de France and the Treasury will keep on endeavoring to reduce to the minimum needed the time frame between the availability of information and its public disclosure.

Increase the coordination for all agencies dealing with the SDDS.

INSEE takes all possible steps to improve the coordination for all agencies dealing with the SDDS. From now on, INSEE will inform the IMF of all updates of the release calendar and the SDDS data web page. A network between all agencies dealing with the SDDS will be activated for an instantaneous sharing of information.

INSEE

Ensure that the status of statistics (whether preliminary, semi-final, or final) is clearly identified in publications.

This recommendation has already been taken into consideration. Indeed, publications on price indices already mention the status of the data. As regards national accounts, a clarification has been recently made, as part of a new communication policy towards users (see below the response to the third priority among the national accounts recommendations).

Ensure that the data-producing unit is identified in publications (at the foot of tables, for example) including a telephone number and e-mail address.

Providing users access to telephone numbers and e-mail addresses would undoubtedly entail unnumbered basic requests. These basic requests would be more efficiently replied by specialized units (whether the users ask for data or for standard metadata). This centralized management of user's requests is more cost effective. Availability of the mere name of the data-producing units is insufficient in ensuring that the user finds the right contact person. Such an intermediary solution would mislead users and cause many dissatisfactions among them.

In order to succeed in this centralized management of users' requests, INSEE has recently implemented a new service called "INSEE Contact" which:

- collects all requests of information,
- answers them directly if they are standard basic ones,
- is responsible for the transmission of non standard or basic requests to the right contact persons among the data-producing units. Then, INSEE Contact tracks the whole answering process.

It will be possible to assess the efficiency of this new service by the end of 2004.

Post on the Internet more documentation on the methodologies for macroeconomic series.

As regards this recommendation, INSEE has already planned necessary action in the national accounts work program. However, the existing methodological documentation, aimed exclusively at internal use, has to be adapted before being made available to a larger audience. Therefore, summaries of some of these methodological documents are being prepared. Such an adaptation is very costly. New methodological information will be available on the Internet by the end of 2003. A decisive progress will be achieved and noticeable in 2004.

NATIONAL ACCOUNTS

Priority

Allocate greater resources for implementing a new computer system for annual accounts.

Among the priorities, our attention has been particularly held on the resources necessary to implement the new computer system for annual accounts. New developments have already been achieved and part of the new system is already implemented. Moreover, a temporary high level statistician function has been budgeted by INSEE in order to go further and reorganize a more consistent and integrated system.

Make greater use of survey data on stocks to measure changes in stocks, instead of calculating them residually, in the annual and the quarterly accounts.

This priority meets our plans although we do not believe much in the possibility of improvements. French national accountants have been concerned by improving the measurement of change in stocks for a long time and a specific survey has been conducted for many years. But the results proved to be weak and very volatile. A quality assessment was achieved by checking with annual data from the highly developed business statistics system. The regular use of these annual business accounting data led to a first progress. However, since quarterly data are obviously necessary, a new test of the possible use of the quarterly survey will be completed as soon as it is renovated (second semester of 2003).

Align the period of revision of the quarterly accounts on that of the annual accounts and make the revision policy known to the public.

The periods of revision of the quarterly and annual accounts are aligned in the sense that the sum of the unadjusted data of the four quarters of a year are maintained equal to the corresponding annual data. The IMF seems to recommend in addition that quarterly profiles should not be revised after the annual data are made definitive. INSEE will not follow this recommendation because it would entail a major modification of the compilation methods of these quarterly accounts. Indeed, keeping the old quarterly profiles unchanged would damage the quality of the recent years, since quarterly accounts are calculated each quarter over a long historical period.

Anyway regular users of quarterly accounts download the data from a database and no inconvenience due to these revisions were ever expressed by them until now. However, INSEE recognizes that the revision policy should be made clearer to the public. Following this recommendation, the communication towards users in this respect has already been improved. Information on the revisions and the dissemination policy (including delays and contents) has indeed already been added in the CD-Rom published in June 2003. Furthermore, shorter explanations on the revisions have been included in the quarterly press releases since the end of September 2003 and will be added in the next annual press release (April 2004).

Other recommendations

Expedite the production of explicit price indices for exports and imports of goods.

INSEE has started implementing explicit indices for exports of goods from September 2001, and the whole industry should be covered within 3 to 4 years. Work on indices for imports will start in the beginning of 2004, that is to say before the adoption of the revised European regulation in this matter. It is a very costly program, thus difficult to expedite.

Improve the breakdown of intermediate consumption by product.

French national accountants are progressively improving this breakdown by using different sources on specific products. Although it exists in some countries, a general survey in this matter is not appropriate in France, where statistical burden is a great concern.

Explore the possibility of making quarterly accounts more consistent with annual accounts with respect to volume measurement.

The implementation of this recommendation has already been taken into consideration in INSEE's work program for 2004.

Review the deflation of exports and imports of services, making better use of balance of payments source data.

INSEE will not be able to follow this recommendation because there exist no appropriate data in the balance of payments source.

Adopt a more structured approach toward consultations with users.

This recommendation has already been taken into consideration. As underlined in the report national accountants are used to inform various users of national accounts on specific occasions, mainly at the moment of important changes of the base year. But INSEE is currently implementing a permanent organized forum devoted to consulting users of national accounts, in addition to the already existing discussions taking place within the CNIS which are more devoted to statistical sources. This forum will be organized through electronic discussions in between annual meetings. The first meeting is to be organized by the end of 2003.

CONSUMER PRICE INDEX

Priority

Update the methodological guide on the consumer price index in hard-copy form and on the INSEE website.

INSEE recognizes that the information available to users in this matter is insufficient. Therefore, INSEE added in its mid term work program a complete review of the documentation disseminated, including in particular a broader use of Internet.

Disseminate longer time series on the INSEE website.

This was already a preoccupation of INSEE, and led to the recent inauguration of the "indice.insee.fr" website, which offers for the moment access to all CPI series back to three years ago. These back data will be completed in April 2004. Furthermore, the overall consumer price index is already available at "insee.fr" website. The series begins in 1970.

Disseminate information on anticipated major changes in advance.

Efforts will be made in this direction in close future.

Envisage publicly identifying more details in the commodities selected (known as variety).

INSEE understands the IMF's view, but would like to remind here that disclosure rules applying to CPI have been justified by the need both to comply to statistical confidentiality obligations and to prevent any attempt of external intervention on prices that may result in index modifications. However, taking into account the evolution of economic and social environment, INSEE intends to reassess the justification of these rules.

In the methodology available to the public, explain the method used to calculate utility prices, using notional examples.

The already published methodological reference manual will be available on INSEE's website in 2004.

PRODUCER PRICE INDEX

Priority

Establish a computerized method for evaluating potential measurement errors in the procedures for the PPI, to be used systematically.

At present, businesses' answers to questionnaires are manually checked by sector statisticians. When facing an anomaly or unusual evolutions, they systematically get in touch with the businesses to obtain a confirmation or invalidation from them.

Introducing a computerized check of the likelihood of questionnaires can only be considered in the context of a full redesign of the computer software package : only then will the appropriate controls be introduced in the programs.

In the meantime, the new data collection system via Internet scheduled to be implemented in 2004, will incorporate an automatic data validation module to be used by the sector statisticians. In particular, it will allow for automatic checks of price changes. In short, this recommendation will be progressively followed from 2004 on.

Other recommendations

Regard the index as being final three months after the reference date, instead of six months, given the negligible differences between the two versions.

At present, production price indices are subject to change during a six month period, due to the integration of late answers and changes of weights in the context of the continuous renovation of indices. Taking into consideration the very minor revisions of the recent months, INSEE plans to reduce this period of revision down to three months, as suggested by the recommendation.

Explore the possibility of developing a module for detecting anomalous price shifts in the new automatic price collection system.

As stated above, the 2004 new data collection system via Internet is to incorporate an automatic data validation module. It will in particular include an automatic check of price shifts. This module will be at the disposal of sector statisticians and help them checking the businesses' answers. It is designed exclusively for sector statisticians, not for respondents themselves, in order to avoid any possible bias.

CONSUMER AND PRODUCER PRICE INDICES

Priority

Introduce closer cooperation between the two price divisions. Although their source data and part of their methodologies differ significantly, there are fairly substantial similarities in other aspects of these indices, leading to synergies that could benefit both divisions and also other units working on price indices.

INSEE shares the IMF's view on the need for a closer cooperation between the two price divisions. Efforts will be made to take a step further.

At present, these divisions already participate actively in the monthly meetings of the Indices Workshop. During these sessions, methodological work is presented by CPI or PPI division experts, among others. Cooperation between the two price divisions, which already tackles the energy sectors issues, will move forward in close future. For instance the two divisions will cooperate in Econometric work in order to calculate hedonic estimations of computers prices. As regards PPIs, cooperation on prices in business services and agriculture sectors will intensify.

GOVERNMENT FINANCE STATISTICS

Priority

Produce a publication focusing on government finance, comprising such as the following:

- *tables of flows and stocks according to a "government finance" framework similar to the one in the Government Finance Statistics Manual 2001;*
- *more detailed revenue and expenditure tables;*
- *a table on cash-based revenues, expenditures, and financial flows;*
- *bridge tables for the main aggregates between government accounting data and the account of the central government ("État") subsector; and*
- *a bridge table between tax and budget nomenclatures, and ESA 95 classifications.*

INSEE acknowledges that this recommendation is very relevant, and therefore has decided to work in this direction, that is producing more publications focusing on government finance. Some specialized press releases do exist, but this practice will be extended in 2004 by creating a specific domain devoted to general government accounts on INSEE's website. This domain will contain metadata already available but not broadly enough disseminated as underlined by the IMF. It will also contain bridge tables on main annual data on budget revenues and expenditures (as produced by the public accounting system). However, INSEE will probably not go as far as suggested by the IMF in putting together as many fiscally oriented data as suggested. Indeed, the lack of consistency of these data (due to differences in periodicity and dissemination delays) would result in too much confusion to users.

Complete and disseminate statistics on general governments on a quarterly basis.

This recommendation has already been part of INSEE's plans for two years, as enforcement of the European regulation. As soon as quality is ensured, quarterly accounts on general government will be disseminated. These data are currently being tested for the first time.

Identify in a clearer manner assistance to users.

INSEE will cautiously follow this recommendation, in compliance with the general policy in this matter (see above the response to the second general recommendation regarding INSEE). The name and phone number of a contact person will only be indicated on the CD-Rom publication.

MONETARY STATISTICS

Priority

Extend the general principle of market valuation for items in the balance sheet, preparing a detailed summary table of deviations from MFSM methodology.

To stay coherent with financial institutions' accounting standards, the DESM has only used book-keeping sources and related data.

With a look to the implementation of the International Accounting Standards in Europe, we will extend the valuation at market value where appropriate, regularly updating the detailed summary table of deviation from MFSM methodology.

Record all financial derivatives in the balance sheet.

In connection with ongoing work within the Eurosystem, we are planning to extend the scope of the financial derivatives included in the balance sheet statistics.

In the survey for the BdF and in the aggregate survey for other resident MFIs, refine the sectorization of claims on and liabilities to all MFIs to distinguish between the central government, central bank, other components of the ESCB, and other MFIs.

This distinction is available for quarterly data and will soon be published.

BALANCE OF PAYMENTS

Priority

Identify the BdF as the producer of the statistics in the statistical tables published by the MINEFI.

As indicated in a footnote this recommendation has been implemented since end March 2003.

Revise the adjustments for accrued coupons (“coupons courus”) on transactions in bonds to better measure investment income.

This recommendation will be implemented on the basis of the recent conclusions of a joint ECB-Eurostat task force. Investment income will be recorded on a full accrual basis from the first quarter 2004 b.o.p release and it will be integrated in our information system from 2005 onwards.

Pursue the efforts of the joint DBDP-INSEE task force to achieve greater coherence between the balance of payments current account and the rest of the world account in the national accounts.

The consistency between the two statistics, which is considered by INSEE (DCN) and the Banque de France (DBDP) as a top priority, is also an European objective in order to elaborate the quarterly national accounts on a sectoral basis. A joint DBDP-INSEE task force has been set up to fulfill this goal, in a first step on transportation, where the bias is the most significant, and on bringing together the production time tables.

Other recommendations

Pursue the integration of the balance of payments production process into the French statistical system, notably through exchanges of source data.

Such exchanges, which already exist for instance with the Tourism Directorate or with INSEE (DCN), will be intensified.

Publish revision studies and analyses regularly.

The DBDP publishes several versions of its data, with a clear identification of their status (provisional, semi-definitive or definitive), but has not so far regularly communicated on the reasons of such revisions, except when are implemented important methodological changes. It intends to enhance the quality of its communication in this respect, not only in the annual report, but also on a monthly basis when the revisions are deemed significant for the interpretation of the data.

FINAL COMMENT REGARDING THE ROSC

When preparing for this French ROSC-data module, the IMF staff invited the French authorities to express their views on the ROSC and to make proposals for improving the framework. In this context, the following comment is presented:

Taking into account the importance in Europe of the general government debt (calculated according to the Maastricht treaty definition), the IMF should consider its inclusion in the SDDS set of data on general government operations.

INTERNATIONAL MONETARY FUND

FRANCE

Detailed Assessments Using the Data Quality Assessment Framework (DQAF)

Prepared by the Statistics Department

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October 21, 2003

This document contains a detailed assessment by data sets of the elements and indicators that underlie the data quality dimensions reviewed in France's Report on Observance of Standards and Codes (ROSC)—Data Module. It also includes as appendices the summary of the SDDS, the DQAF generic framework used in assessing the quality of macroeconomic statistics for France and the summary of discussion with users.

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ACRONYMS

BAFI	Database of financial agents doing business in France
BdF	Banque de France
BIS	Bank for International Settlements
BSME	Banque de France database of monetary and economic series
CB	Commission bancaire (Banking Commission)
CIF	Cost, insurance, freight
COFOG	Classification of the Functions of Government
CMF	Code monétaire et financier (Monetary and Financial Code)
CMFB	European Union Committee on Monetary, Financial and Balance of Payments Statistics
CNIL	Commission nationale de l'informatique et des libertés (National commission on data processing, computer records, and freedom)
CNIS	Conseil national d'informations statistiques (National Statistical Information Council)
COICOP	Classification of Individual Consumption by Purpose
CPF	Classification des produits française (French product classification)
CPI	Consumer Price Index
DBDP	Direction de la balance des paiements (BdF Balance of Payments Directorate)
DCN	Département des comptes nationaux (National Accounts Department)
DDG	Déclaration directe générale (General direct reporting)
DDP	Déclaration directe partielle (Partial direct reporting)
DESM	Direction des études et des statistiques monétaires (BdF Monetary Research and Statistics Directorate)
DGCP	Direction générale de la comptabilité publique (Directorate General for Public Accounting)
DGDDI	Direction générale des douanes et des droits indirects (Directorate General for Customs and Excise)
DGEI	Direction générale des études et des relations internationales (Directorate General for Research and International Relations)
DQAF	Data Quality Assessment Framework
DSE	Direction des statistiques d'entreprise (Enterprise Statistics Directorate)
EAB	Enquête annuelle de branche (annual industry survey)
EAE	Enquête annuelle d'entreprises (annual enterprise survey)
ECB	European Central Bank
<i>ESA 95</i>	<i>European System of Accounts 1995</i>
ESCB	European System of Central Banks
EU	European Union
Eurostat	Statistical Office of the European Communities
FOB	Free on board
GDDS	General Data Dissemination System
GDP	Gross Domestic Product
GFCF	Gross Fixed Capital Formation
GFS	Government Finance Statistics
<i>GFSM 1986</i>	<i>Government Finance Statistics Manual 1986</i>

<i>GFSM 2001</i>	<i>Government Finance Statistics Manual 2001</i>
<i>GFSY2001</i>	<i>IMF Government Finance Statistics Yearbook</i>
<i>1984 Guide</i>	<i>A Guide to Monetary and Banking Statistics in International Financial Statistics</i>
HICP	Harmonized Index of Consumer Prices
IIP	International investment position
ILO	International Labor Organization
IMF	International Monetary Fund
INSEE	Institut national de la statistique et des études économiques (National Institute of Statistics and Economic Studies)
IO	Input-output table
ISIC	International Standard Industrial Classification of All Economic Activities
ISWGNA	Inter-Secretariat Working Group on National Accounts
ITRS	International transaction reporting system
<i>BPM5</i>	<i>Balance of Payments Manual</i> , fifth edition
MFIs	Monetary Financial Institutions
<i>MFSM 2000</i>	<i>Monetary and Financial Statistics Manual 2000</i>
MINEFI	Ministry of the Economy, Finance and Industry
MINEQUIP	Ministry of Public Works, Transport and Housing
NACE	Statistical Classification of Economic Activities in the European Community
NCB	National Central Bank
NPISHs	Nonprofit institutions serving households
ODAC	Central government and central government agencies
OECD	Organization for Economic Cooperation and Development
OFIs	Other financial institutions
PPI	Producer Price Index
ROSC	Report on the Observance of Standards and Codes
SASM	Service des analyses et statistiques monétaires (BdF Monetary Analyses and Statistics Unit)
SDDS	Special Data Dissemination Standard
SESOF	Service d'études et statistiques des opérations financières (BdF Financial Transactions Survey and Statistics Unit)
SGCB	Secrétariat général de la Commission bancaire (General Secretariat of the Banking Commission)
SIE	Système intermédiaire d'entreprises (Intermediate Enterprise System)
SIREN	Individual company identification number attributed by the SIRENE business register
SIRENE	French register of businesses and their local units
<i>1993 SNA</i>	<i>System of National Accounts 1993</i>
SROT	Situation résumée de opérations du Trésor (summary statement of Treasury operations)
SSM	Ministerial statistics unit
STA	IMF Statistics Department
SUSE	Unified system of business statistics
UCITS	Undertakings for collective investment in transferable securities
WD-SA	Data adjusted for working days and seasonal variations

DETAILED ASSESSMENTS OF FRANCE’S MACROECONOMIC STATISTICS USING THE DATA QUALITY ASSESSMENT FRAMEWORK (DQAF)

The following detailed information on indicators of statistical practices in the areas of national accounts, consumer price index, producer price index, government finance statistics, monetary statistics, and balance of payment statistics was gathered from publicly available documents and information provided by the French officials. The information, which is organized using the generic DQAF (see Appendix II), served to prepare the summary of data quality assessment presented in France’s Report on the Observance of Standards and Codes (ROSC)—Data Module. The report was prepared by a mission from the IMF Statistics Department that visited France from March 5 to 19, 2003. The report also includes the results of consultation with data users through an IMF-designed survey conducted by the French statistical authorities, which was followed by a face-to-face meeting during the IMF mission (See Appendix III).

Four of the datasets assessed are produced by the Institut national de la statistique et des études économiques (INSEE): the national accounts, consumer and producer prices, as well as government statistics. Monetary statistics and balance of payments are produced by the Bank of France (BdF). In order to avoid repetition, the assessment of two institutional-oriented dimensions of the DQAF—Prerequisites of Quality and Integrity—for INSEE is largely grouped in the national accounts section, and supplemented as required in these two dimensions of the three other datasets produced by INSEE. In the same vein, the assessment of the prerequisites and of integrity for the BdF is largely grouped in the monetary statistics section and supplemented as required in the balance of payments section.

I. NATIONAL ACCOUNTS

0. Prerequisites of quality

0.1 *Legal and institutional environment*

0.1.1 *The responsibility for collecting, processing, and disseminating statistics is clearly specified*

INSEE, a Directorate General of the Ministry of the Economy, Finance and Industry (MINEFI), is designated as France’s statistics producing agency under the terms of Articles 32 and 33 of the Budget Law of April 27, 1946. Article 1 of the implementing decree stipulates that INSEE’s tasks include “collecting, compiling, and updating statistics relating to the state and flows of people and goods...”

Even though INSEE is entitled to compile statistics in all areas, France’s statistical output is decentralized. There are 19 government ministries that produce statistics, and the overall system is referred to as the ministerial statistics units or SSMs. Article 2 of Decree 84-628 of July 17, 1984 stipulates that “The [statistics] producing agencies shall be the Institut national

de la statistique et des études économiques, ministerial statistics units, government agencies, public entities or entities in which government agencies hold a majority interest, and private entities responsible for providing public services or which collect and process economic and social data with government financing or government consent.”

The reference legislation for INSEE and the ministerial statistics units consists of Law 51-711 of June 7, 1951 (hereafter the 1951 Statistics Law), as amended, on statistical reporting requirements, coordination, and secrecy; Decree 84-628 of July 17, 1984, which establishes the powers, composition, and operating procedures of the Conseil national de l'information statistique (CNIS) for the purposes of the 1951 Statistics Law; the Order of December 12, 1997 on the operating procedures of the Statistical Survey Validation Committee; and Law 78-17 of January 6, 1978 on informatic and freedom.

INSEE was given responsibility for the national accounts in 1965, after the Economic and Financial Studies Unit was split up between INSEE and the Forecasting Directorate at the MINEFI.¹ While other MINEFI units (Forecasting Directorate, Directorate General for Public Accounting) and a unit at the Banque de France (BdF) are closely involved in the compilation of national accounts, the National Accounts Department (DCN) of INSEE defines the methods and is accountable for results; brings together the estimates provided by the various units taking part in the compilation of the accounts; produces, that is compiles and disseminates, the quarterly accounts; defines the conceptual treatments stemming from the interpretation of the *European System of Accounts (ESA 95)*, after consulting with the units concerned. INSEE also provides senior statistical staff to the external units, thus facilitating communication with the DCN.

France is part of the European Statistical System, which draws its constitutional legitimacy from the Treaty of Amsterdam and three main laws adopted in 1997 and supplemented by more than 150 binding regulations directly applicable to all Member States. Article 285 of the Treaty of Amsterdam stipulates that the Council of the European Union “shall adopt measures for the production of statistics where necessary for the performance of the activities of the Community.” In February 1997, the Council issued Regulation EC 322/97 of February 17, 1997 on Community Statistics, which defines the division of responsibilities between the national and European statistical authorities.

0.1.2 Data sharing and coordination among data producing agencies are adequate.

Article 1 of the 1946 Decree stipulates that among INSEE's attributions are “... to coordinate the statistical methods, resources and work of government agencies and private entities owned or subsidized by the central government, to centralize their statistical and economic documentation and to unify the statistical classifications and codes...”

¹ The de facto creation of the unit at the MINEFI Treasury Directorate dates back to 1950. It was created to carry out the earliest national accounts tasks, including estimating past statistics and forecasting future trends.

INSEE fulfils its coordinating role by seconding staff members to the ministerial statistics units (1,300 of its total staff of 7,800) and by promoting common concepts, registers, and classifications within the government. The procedures for sharing and coordinating data between data producing agencies and government agencies are mainly governed by the provision of the 1951 Statistics Law and Decree 84-628 of July 17, 1984.

The legal arrangements set out in the provisions of the above Law and Decree ensure effective coordination between INSEE and the SSMs. The Law stipulates that the MINEFI, to which INSEE reports, shall draw up an annual program covering all official statistical surveys. Under this program, which is compiled by the CNIS under the provisions of Article 1 of the 1951 Statistics Law, INSEE and the SSMs submit their plans for the year's statistical surveys to the CNIS.

In the review of the statistical program for approval purposes, the CNIS works with three committees. The first is the Statistical Survey Validation Committee (set up under the provisions of Article 12-1 of Decree 84-628), which determines which surveys are in the general interest. The second is the Legal Committee (Article 7 of the 1951 Statistics Law), which deals with failures to respond to statutory surveys. The third is the Statistical Secrecy Committee (set up by Decree 84-628), which handles requests for access to databases on enterprises.

The CNIS provides coordination between the various survey producing agencies and between producers, suppliers, and users of statistical data. The CNIS secretariat is provided by INSEE, which carries out the CNIS's decisions. The General Director of INSEE is responsible for carrying out the Decree setting the program of statistical surveys by government agencies for the current year, which is published in the *Journal Officiel* of the French Republic.

The INSEE's DCN coordinates the compilation of the national accounts from the external units that are closer to, and thus more familiar with, the data sources. Discussions with these units are held as the work programs are being drawn up. A detailed timetable for the compilation of the annual accounts is disseminated to all units in October, following up the draft timetable sent in July. The timetable is adjusted as necessary in keeping with actual progress.

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

The data collected and used in the French statistical system are protected by the 1951 Statistics Law, which safeguards the statistical confidentiality of individual data and ensures that data are used solely for statistical purposes. As regards to data collected for statistical purposes, Article 6 and 2, respectively, stipulate that individual statistical information relating to personal and family life may not be communicated until one hundred years after the date on which the census or survey was conducted and that information of an economic and financial nature may not in any case be used for the purposes of tax audits or monetary sanctions.

The confidentiality of administrative data provided for statistical purposes is enshrined by Article 7bis of the 1951 Statistics Law, which stipulates that this information may be transferred to INSEE and the SSMs solely for the purpose of compiling statistics. Law 78-17 of January 6, 1978 on informatics and freedom, which establishes the Commission nationale de l'informatique et des libertés (CNIL), stipulates that transfers of personal information² are subject to very strict confidentiality safeguards provisions.

The Statistical Secrecy Committee dealing with enterprise statistics may grant access to individual survey data when it deems that the purpose is legitimate (Article 7bis of the 1951 Statistics Law), and only to parties that undertake not to disclose them to anyone (Article 22 of the 1984 Law). Furthermore, by virtue of the coordination principle, the Statistical Secrecy Committee has agreed that individual statistical data could circulate within the official statistics system as needed, subject to the supervision of the coordination department. Disclosure of these data requires a joint decision by the Ministers concerned and the approval of the CNIL, when applicable.

Staff with access to confidential data are bound by Article 7bis of the 1951 Statistics Law by the obligation of professional secrecy³ subject to the penalties provided in Article 226-13 of the Criminal Code.⁴ (These provisions also apply to staff of government agencies and entities acting as intermediaries.)

The CNIS has devised general rules governing the disclosure of aggregated data on enterprises and a set of criteria that are applied on a case-by-case basis (with no visible coordination) for disclosure of aggregated data on individuals. In effect, the CNIL has the final say on disclosure related to individuals and its criteria on the legal protection of personal data are more restrictive than those of the CNIS.

European rules on statistical secrecy have been strengthened by the following legislation:

- Directive of the European Parliament and of the Council of October 24, 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data.

² Article 4 of Law 78-17 defines personal information as any form of information that makes it possible to identify the individuals concerned directly or indirectly.

³ Established by Law 83-634 of July 13, 1983 on rights and duties of civil servants: “Article 26 – Civil servants shall be bound by the obligation of professional secrecy under the terms of the rules set out in the Criminal Code. Civil servants shall maintain professional secrecy with respect to all facts, information, or documents to which they have access in the performance of their duties.”

⁴ “On breaches of professional secrecy—Article 226-13 – Disclosure of secret information by persons privy to such information by virtue of their status or profession, in the regular performance of their duties or in the course of a temporary mission, shall be sentenced to one year’s imprisonment and a fine of FRF 100,000.”

- Council Regulation of June 11, 1990 on the transmission of data subject to statistical confidentiality to the Statistical Office of the European Communities, as amended by Annex 21 of the Treaty on the European Economic Area.
- Council Regulation of February 17, 1997 on Community Statistics.

Data exchanged with units outside of INSEE for the purposes of compiling the national accounts are usually aggregated and transmitted via e-mail in the form of Excel tables. Data on the 100,000 largest enterprises can be accessed via the database of the Intermediate Enterprise System (SIE, see 3.1.1).

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

Article 3 of the 1951 Statistics Law makes responding to surveys officially approved (i.e., those included in the statistical program of the CNIS) mandatory. The CNIS Legal Committee provides its opinion on imposing fines in the cases covered by Article 7 for natural and legal persons who fail to respond after receiving an official warning, or deliberately provide an inaccurate response. As a general rule, the statutory requirement to respond to surveys is paired with a concern for limiting the burden placed on respondents. Some surveys are optional, but the CNIS still examines them (see 4.1.1) to certify their quality and grant them the status of a “survey in the general interest.”

The CNIS annual program includes two types of surveys: ongoing surveys and “new” surveys (new projects, renovated surveys, surveys with cycles longer than one year, or surveys that have not been examined by the CNIS for at least five years). The inclusion of a survey in the program requires the CNIS to make two rulings:

- The first when it is examined in one of the thirteen specialized groups⁵ of the CNIS committee: If the survey is approved, the appropriate group of the Survey Validation Committee⁶ delivers a ruling certifying that the survey is useful, that it is in the general interest, that it is not redundant with other sources on the same topic, and that a survey is needed to obtain the information required. In the case of regional surveys, the Regional Committee for Economic and Social Information, or, failing that, a duly authorized regional body, must approve the surveys.
- The second when the survey is examined by the Survey Validation Committee: This Committee assesses the quality of the planned implementation procedures. If its assessment is favorable, it issues a certificate of “compliance” with statistical standards,

⁵ The committees’ responsibilities include drawing up medium-term guidelines for statistical programs and annual programs in their specific areas of competence.

⁶ The Survey Validation Committee has four specific configurations with powers to rule on surveys of enterprises, households, farms and local authorities respectively.

and approves the survey as being in the general interest and of statistical quality (if necessary, along with a proposed ruling that makes responding to the survey mandatory). For a survey to be deemed to be in the general interest, it must meet criteria relating to dissemination, methodology, sample size, questionnaire contents, and the nature of the results.

Approved surveys are included in the official program, with the decision authenticated in the *Journal Officiel*. This provides the survey population with a guarantee that the survey will be useful, rigorous, and of good quality. The existence of a coordinating body, the CNIS, the membership of the various CNIS committees, the publication of their deliberations as well as a single list of all surveys (with a few exceptions) also help to ensure that respondents are aware of the measures taken to limit their burden (e.g., prevent redundant surveys).

0.2 Resources

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

Staff resources

Seventy people working in the DCN, and another 100 people at INSEE and elsewhere take part in compiling the national accounts: a specialized unit (19 persons) for transcribing the government accounts into the national accounts at the Public Accounting Directorate General (DGCP) of the MINEFI; a unit (14) at the Forecasting Directorate (MINEFI) for compiling estimates of preliminary general government statistics and the quarterly accounts pending provision of accounting data by the DGCP; a unit (12) at the Monetary and Financial Statistics Directorate of the BdF for compiling financial and nonfinancial banking statistics and the flow-of-funds table for all institutional sectors; the Enterprise Statistics Directorate (DSE) (45) at INSEE for compiling most of the nonfinancial corporation and unincorporated enterprise statistics and the supply and use tables for each product, along with trade and transport margins; and the ministerial statistics units (25) for compiling satellite accounts and providing data on health and housing. Even though extra resources may be obtained to meet temporary needs, INSEE has no plans to provide additional permanent resources.

On the whole, the staff, recruited through exams and trained in the INSEE schools (see 1.1.1), is very highly qualified. INSEE staff are divided into four categories, from A to D categories, from professional to more technical staff; more than half of the DCN staff members are in category A. Continuing education is provided to all categories of staff throughout their careers. Management and supervisory personnel (category A) are required to change jobs after their first three years and again after another three years. Other staff members are also strongly encouraged to change jobs periodically. Staff turnover is high, and this, at times, creates real challenges for program management at the DCN.

Computer resources

The DCN has two computer systems: one for the annual accounts and another for the quarterly accounts. The quarterly accounts computer system, with a database and applications for manipulating time series, is generally considered to perform very well.

The annual accounts computer system, which is some fifteen years old, no longer meets requirements fully. The database is made up of tables, and not time series, which makes it easy to achieve consistency between different variables, but not to compare with previous years. It also complicates the task of the Quarterly Accounts Division, which needs regular access to the data. The system's limitations became apparent when the accounts were rebased to 1995.⁷ It even delayed or prevented the dissemination of some tables that had previously been available. Parallel measures are already required, such as the transfer of series to more user-friendly systems for work on time series. The existing system is unable to meet increasingly pressing demands, such as storage of adjustments to ensure transparency, revision studies to improve preliminary estimates, and the presentation of statistics in the new classification formats. There is an urgent need for a new system that provides storage and manipulation of time series. More resources need to be devoted to the system, or else the rebasing of the accounts to 2000, planned for 2005, could be jeopardized.

Financial resources

The resources allocated for compiling the national accounts are adequate at present. However, they may not be sufficient to implement the planned reforms and expansion, especially the rebasing that takes place every five years and all of the related statistical work, along with the shortening of the lags for compiling quarterly accounts, with dissemination 30, 45, and 90 days after the end of the reference period.

0.2.2 Measures to ensure efficient use of resources are implemented

A number of measures are in place to promote the efficient use of resources. To ensure coordination and optimal use of resources, annual and medium-term work programs are drawn up for each INSEE unit. Assessment of the different categories of resources allocated to each statistical operation is a precondition for the preparation of those programs. The planning process is initiated with activities identified at the divisional level by activity program, rolled up at the Department level, and resulting in a detailed program for INSEE. INSEE's annual work plan is submitted for discussion and approval to CNIS, which ensures that it addresses the needs of the principal institutional users. There are two stages in this process: a draft program drawn up in February and a definitive program, established in October of the previous year.

⁷ See 3.2.1. for the "base year" notion.

Further, like any other department at INSEE, the DCN is subject to periodic audits by the INSEE Inspectorate General, which has the task of assessing the efficiency of INSEE units. Furthermore, productivity gains achieved in other parts of INSEE have produced indirect benefits for the DCN (e.g., enterprises filing their tax returns on line starting in 2004, and starting using notepad PCs to collect prices for the consumer price index).

0.3 *Quality awareness*

0.3.1 Processes are in place to focus on quality

As noted above in 0.2.2, INSEE's Inspectorate General periodically assesses various aspects of statistical work. One of the main conclusions from the latest audit in 1999 was that preliminary annual statistics and the quarterly statistics for the fourth quarter should be produced simultaneously and coherently in order to avoid redundant work; the recommendation has been implemented. The audit recommendations were followed up with compliance assessments in June 2000 and November 2001.

As regards human resources, the emphasis is on recruitment and training for statisticians via a unified training system (see 1.1.1) and continuing education throughout their careers provided through courses and seminars, internal mobility, etc.

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

In March 19, 2001, the "enterprise configuration" of the Survey Validation Committee introduced the Quality Charter for Industry Surveys. The Charter is applicable to all surveys conducted by INSEE or an authorized industry association, and provides for the relevancy, accuracy, comparability with other sources, accessibility, and prompt dissemination of results. The Charter covers questionnaire design, sample selection, data collection and verification procedures, nonresponse estimates, resources provided for the survey, timetables, statistical secrecy, and the dissemination of results.

Verification indicators are produced at each step in the compilation of the national accounts: tax and survey data on large enterprises are crosschecked; the contributions of basic indicators to quarterly changes in GDP are measured; and changes in data sources are assessed for each major dataset in the annual accounts.

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 requirement that each questionnaire be approved by the CNIS ensures that the questionnaire meets the statistical program requirements and that it has been reviewed by the Survey Validation Committee (see 0.1.4).

The CNIS also provides a forum for debating new topics and sensitive issues (crosscutting issues, such as poverty and social exclusion and more narrowly focused issues, such as insurance or nonprofit associations).

The Inspectorate General also has the task of promoting implementation of INSEE's strategic objectives. The Head of the Inspectorate General notifies the General Director and the Management Board of any concerns about official statistics and, more specifically, about maintaining a high level of quality and efficiency at INSEE.

1. Integrity

1.1. Professionalism

1.1.1 Statistics are compiled on an impartial basis

The 1951 Statistics Law provides a legal framework that guarantees the impartiality of INSEE. This impartiality has been reconfirmed by a European Commission decision requiring the production of Community statistics to conform to impartiality, reliability, objectivity, and scientific independence (see 0.1.1).

INSEE is a Directorate General of the MINEFI. The only appointment at INSEE made by the Council of Ministers is that of the General Director. Even though the Council of Ministers has the power to replace the General Directors at any time, they traditionally keep their job for a period that does not coincide with the government's term of office. This tradition upholds INSEE's independence as much as its legal status does. INSEE has its own web address (insee.fr), which makes no reference to the Ministry overseeing it.

Statistical integrity is also based on the professionalism of the staff. INSEE recruits largely from a rigorous competitive exam of students from the INSEE's Group of Higher Institutes of Economics and Statistics, that provides, among other things, training in statistical ethics and professional conduct.

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

Choices of sources and statistical techniques are based solely on statistical criteria for the collection, processing, and dissemination of statistics, including applying international standards (1993 SNA, ESA 95). When there is uncertainty about certain processes, such as the estimates for indirectly measured financial intermediation services, the DCN applies Eurostat's guidelines.

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

INSEE engages in public discussions only on rare occasions. In the event of erroneous interpretation or misuse of statistics, INSEE takes a bilateral approach with journalists, especially via the “Bureau de presse” of the “INSEE Info-Service” Department that deals exclusively with the media and has regular bilateral exchanges with journalists. The institution’s outreach strategy favors a preventive and educational approach with the media, and rarely invokes its right of reply. Instead it prefers to stand by its message, which encompasses the statistics and the accompanying comments. These are widely quoted in the press; a daily press review highlights all references to INSEE data.

1.2 Transparency

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

INSEE’s website provides quick access, from its home page, to the statutes of INSEE, its missions, relevant legal references, and statistical confidentiality clauses. Access to European legal documents related to statistics is also provided. The September 2001 edition of *Courrier des statistiques* provides a complete description of the French public statistics system. This edition is an update of a previous review in the same publication (June 1992), explaining the role of INSEE and the SSM, the legal and institutional framework, the organization and coordination issues, and the system of schools that provides qualified staff.

The CNIS website also contains very extensive and detailed information on France’s statistical system, including detailed reference texts on French and European legal texts, the information on surveys, and on 5-year statistical programs presented by statistical domains of all the data producing agencies in France. All work taking place within the CNIS is widely disseminated on its website with further documentation made available on request. Furthermore, the program of official surveys is published in the *Journal Officiel*.

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

The national accounts are submitted to the Office of the Minister at 6:00 p.m. on the day before their release and released to the press at 8:45 a.m. the next day. In order to prevent leaks prior to release, INSEE takes such measures as locking up documents under preparation so that only the data producing units have access to them.

The public is informed about the government’s prior access through the metadata disseminated on the IMF’s SDDS website but not in INSEE’s publications or website.

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

Data released to the public are clearly identified as INSEE's product and, within these releases, each data table mentions INSEE as the source of the data.

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

The public is usually notified of changes when they are implemented. However, major changes are at times announced in advance. This was the case of the latest rebasing of the national accounts, which coincided with the adoption of the *1993 SNA* and *ESA 95* concepts. A presentation to explain the conceptual changes was organized for the press, the CNIS, and various other users at the Office of the Minister of the Economy and Finance a few weeks before the new national account series were released. The INSEE publications *Courrier des statistiques* (87-88, December 1998) and *Economie et statistiques* (321-322 – 1999 1/2) published more detailed information before and after the release.

1.3 Ethical standards

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

All civil servants and government agents are bound by the obligation of professional secrecy (see 0.1.3) and discretion, which requires civil servants to refrain from criticizing the institution that they work for, even after their departure. Lawmakers have also provided for special legislation on computerized data. Laws 25-2 and 25-3 of July 15, 1982 and Law 93-122 of January 29, 1993, as amended, set up ethics commissions that govern relations between civil servants and the private sector. Laws and regulations provide for penalties for violations of the code of ethics.

Ethical rules relating to professional secrecy and statistical secrecy⁸ do not seem, however, to be presented systematically to staff in a document or individual letters explaining the rules, except for new arrivals.

On the other hand, survey questionnaires all mention statistical secrecy and staff who work on individual data are thus very conscious of this requirement.

⁸ Professional secrecy is a criminal law concept and statistical secrecy is one of the applications of this concept.

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 *1993 SNA* and *ESA 95* form the framework used to compile the national accounts.

2.2 Scope

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

The national accounts are compiled at regular intervals. The annual accounts have been compiled since 1959 and the quarterly accounts since 1978. The system covers the following variables:

Annual statistics:

- Value added and GDP at current prices and at the previous year's prices, for 118 industries;
- The expenditure measure of GDP at current prices and the previous year's prices;
- A breakdown of value added by industry in an operating account at current prices;
- The complete sequence of accounts for the institutional sectors, including financial accounts and balance sheets, along with the rest-of-the-world accounts;
- An annual input-output table (IOT) for 118 industries by 118 products (but 480 products for the supply and use tables).

Quarterly statistics:

- Value added and GDP at current and constant prices (1995=100) for 39 industries (but 49 for production), presented in groups of 16 for publication purposes, unadjusted data and data adjusted for working days and seasonal variations (WD-SA);
- The expenditure measurement of GDP at current and constant prices (1995=100), unadjusted data and data adjusted for WD and SA;
- Production, operating, and income accounts for industrial sectors;
- Operating accounts by industry (16 industries).

Therefore, the system includes all of the accounts and aggregates required or recommended in the *1993 SNA* and by the Inter-Secretariat Working Group on National Accounts, plus the annual financial accounts and balance sheets.

The definitions of the constituent units of the economy are those in the *1993 SNA*. The institutional sectors are the same and they are presented separately, including the sector of

nonprofit institutions serving households (NPISHs). The economic territory covers France's overseas departments (DOM) and territorial enclaves around the world, but not its overseas territories. However, the basic statistical unit for production is the "unit of homogenous production" (UHP), for a single product, and not the local establishment, for one or more products. The UHP cannot be directly observed; rather it is derived from a statistical breakdown of the enterprise according to the different types of production. This is because local establishments in France do not keep accounts and are generally unable to provide all of the data necessary for the compilation of the production account. For this reason the local establishment is not deemed to be a relevant statistical unit, even though all local establishments are recorded in the central register of enterprises and their local establishments.

The production boundaries are those in the *1993 SNA*. These encompass:

- Own-account production of goods for own final consumption;
- Own-account research and development activity;
- Production of goods for own-account fixed capital formation;
- Mineral exploration;
- Production of entertainment, literary or artistic originals;
- Production of computer software;
- Illegal output sold to willing buyers.

In practice, deliveries within an enterprise for intermediate consumption are rarely recorded in the accounts. This omission leads to underestimation of production and intermediate consumption, but not of value added. It does affect the breakdown of value added by industry, however. As is the case in most countries, the production, marketing, and consumption of illegal substances, such as narcotics, are not estimated. However, systematic adjustments are made for the production of undeclared goods and services, such as undeclared employment, and understatements of earnings to evade taxes and social security contributions, which came to a total of 5 percent of GDP in 1985 and 3 percent in 2000.

Asset boundaries are consistent with the *1993 SNA*, except for works in progress in agriculture and forestry. However, plans call for replanted forests to be counted as assets when the national accounts are rebased (2000 base, which is supposed to be introduced in 2005). Mobile telephone bandwidth has been added to tangible assets in the 1995 base accounts.

The various exceptions to the scope of the statistics are explained in the documents accompanying the national accounts.

2.3 Classification/sectorization

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

The classification of transactions and other flows is consistent with the 1993 SNA. However, the basic statistical unit for production is not the local establishment, but the unit of homogenous production (UHP), which is derived from the statistical breakdown of an enterprise's production (see 2.2.1). Like local establishments, UHPs are grouped by industry, but the industries each produce a single product. This leads to the compilation of a square input-output table, where industries and products are all cross-matched.

- The French Activity Classification (NAF) is an adaptation of the Statistical Classification of Economic Activities in the European Community (NACE).
- The French product classification (CPF) corresponds exactly to the European Classification of Products by Activity (CPA).
- France has an Economic Summary Classification (NES) with three levels (16, 36 and 114 items), which cross tabulates industries and products and is used to compile accounts and to disseminate activity and employment indicators.
- Household consumption is presented under three classifications:
 - A product classification, with 304 items based on the various levels in the NES;
 - A functional classification with some 40 items, the Classification of Individual Consumption by Purpose (COICOP);
 - and a classification by durability with four items.
- The breakdown of government expenditure using the Classification of Functions of Government (COFOG) is being prepared and should be published by the end of 2003.
- On January 1, 2003, the NAF rev. 1 and the CPF rev. 1 replaced the NAF and CPF that had been in use since 1993. They will be used in surveys starting this year and in the 2000 base accounts.

The exceptions to classification and sectorization rules are explained in the documents accompanying the national accounts.

2.4 Basis for recording

2.4.1 Market prices are used to value flows and stocks

- All market output is valued at basic prices. Output for own-use is generally valued at equivalent market prices and nonmarket output is valued using production costs.
- Sales taxes, excise taxes, and nondeductible VAT are counted in the valuation of intermediate consumption. The valuation of final uses does not include deductible VAT.
- Fixed capital consumption is valued at replacement cost for all institutional sectors.
- Transfer prices are not detected.
- Statistical information is used to estimate insurance and freight costs (CIF) and to transform CIF to FOB values.

- Total imports and exports are valued on a FOB basis.
- Transactions in foreign currency are converted at the average market exchange rate on the date when they take place.

2.4.2 Recording is done on an accrual basis

Transactions and flows of market statistical units are recorded on an accrual basis. Work-in-progress is recorded when it takes place, except for crops and livestock. This exception hardly affects the annual accounts at all and has only a slight impact on the quarterly accounts, since most crops are harvested several times each year and slaughter statistics are produced on a monthly basis. Government operations are treated differently depending on the type of entries recorded in the government accounts:

- Social security contributions and personal income tax are recorded for the amount owed when it becomes due. Personal income tax is not withheld at source and tax liabilities accrued in the year n are not due or recorded until the year $n + 1$.
- VAT, oil taxes, subsidies on products, and current expenditure are recorded on an accrual basis in theory, but in practice they are recorded on a time-adjusted cash basis.
- Gross fixed capital formation (GFCF) and other revenue categories, such as corporate income tax, are recorded on a cash basis.
- Local government and social security accounts have been recorded on an accrual basis since 1997. The central government accounts will switch in 2005.
- Value added for the general government sector includes an estimate of fixed capital consumption at replacement cost.

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

Transactions between local units of an enterprise are recorded on a gross basis for a few rare products only. Central government operations, especially redistribution operations, are always recorded on a gross basis.

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

Inventory of businesses

There is a complete inventory (covering corporations, sole proprietorships, the self-employed, government agencies, local governments, and associations) that provides, for each legal entity: the name or company name, full address of the head office and of its local establishments, legal status, an individual identification number and one for each of its local

establishments (linked to that of the parent entity), turnover bracket, number of employees, and the principal industry sector according to the most disaggregated French industrial classification (*NAF*, which lists almost 700 industries). INSEE updates the inventory every day using information provided by the tax authorities. All the data collected are entered into the SIRENE computerized business directory, which is also managed by INSEE and, to be noted, is open on a on-going basis to the public via telephone, Minitel, or Internet. SIRENE provides basic data for surveys, for reconciling data (especially tax-related data) obtained from administrative records, and for locating units missing in the sources used. The inventory is very complete, because even the self-employed are keen to register with the tax authorities in order to be able to benefit from the VAT refund.

Surveys of enterprises

The sampling plans and estimation procedures for the different surveys are based on recognized principles (random sampling, imputation in cases of nonresponse, and extrapolation of the findings for the statistical universe). The work involved is greatly facilitated by the fact that the SIRENE directory is so complete and up-to-date. The questionnaires are detailed enough to make it possible to calculate most of the aggregates in the national accounts, with the notable exception of intermediate consumption by product. Most surveys do not require a breakdown of intermediate consumption or call at most for a limited breakdown (energy, other goods, and services).

(a) The annual enterprise (EAE) and industry (EAB) surveys

The annual surveys of enterprises (EAE) are conducted by the statistics units of the various ministries (MINEFI and Ministry of Public Works, Transport and Housing), or by INSEE regional directorates (Trade, Services), under the supervision of INSEE's Directorate of Business Statistics (DSE). They target all enterprises, regardless of their legal status, in all industry sectors except financial services and general government (although the findings for the agricultural sector are not used in the national accounts; see "other administrative data" below). They employ two questionnaires: a comprehensive questionnaire for large enterprises and a simplified questionnaire for the smaller companies. The EAE cover all enterprises with 20 or more employees and a sample of those with fewer than 20 employees. In the food-processing industry and in the transportation sector, the threshold is lower. Overall coverage as a percentage of the value added in the industry is at least 80 percent. These surveys serve to complete the information obtained from the tax authorities by providing a very detailed breakdown of turnover by product and to expedite the data gathering process. The findings are used in the final and semi-final versions of the accounts (see 4.1.1).

There are also annual surveys of output, known as "annual industry surveys" (EAB), designed to measure output at a highly disaggregated level, in terms of value and, where possible, volume. An enterprise with three product lines accounting, respectively, for 70, 20, and 10 percent of turnover will be classified for EAE purposes in the branch in which it obtains 70 percent of its sales, but it will receive three EAB questionnaires. The EAB and

EAE surveys are conducted at the same time, by the same ministerial staff, and with the same coverage criteria. The EAB covers all enterprises with 20 or more employees (with a lower threshold in the food-processing and transportation sectors) and a sample of smaller enterprises. The findings differ somewhat from those of the EAE and are used in the annual accounts above all to validate apparently suspect findings of the intermediate enterprise system (SIE, see “administrative records” below). Thus, a study of EAB findings recently served to detect and correct duplication in the SIE for the chemicals and automobile sectors related to restructuring factors. The EAB also serves as an annual benchmark for the monthly or quarterly survey used to construct the producer price index (PPI).

(b) Subannual surveys for the industrial production index

Subannual surveys of output are conducted by the SSM or authorized industry associations, under the supervision of the DSE, of all enterprises with 50 or more employees and of a sample of smaller enterprises, mostly in the food-processing industry. Industrial branches surveyed account for approximately 86 percent of industrial value added: monthly figures, 74 percent, and quarterly figures converted econometrically into monthly equivalents, 12 percent. For each industry, the goal is to cover at least 70 percent of value added, so that overall coverage is in the order of 60 percent (0.86×0.70). The information culled varies from industry to industry: for most, it is volume of output or deliveries. For some, it is billing net of taxes and unfilled orders, for the construction industry and some branches of manufacturing with a lengthy production cycle, it is the number of hours worked. In some surveys delegated to authorized associations, information on the volume of stocks is requested, but the data collected are too fragmentary to be of use. The findings of these surveys, in value and/or volume, are published by the SSM (the MINEFI, for instance, publishes the findings of the industrial surveys, with the exception of food-processing data).

The industrial production indices based on these surveys are Laspeyres indices of volumes produced (1995 = 100). The range of products monitored is representative of industry as a whole and of the different levels in the production chain. Generally, track is kept of volumes, even when the products are not entirely homogeneous; this practice tends to underestimate growth by omitting new products. However, this downward bias is attenuated by two factors: (1) calibration with the findings of the annual EAB; and (2) for highly heterogeneous products (approximately 35 percent of total value added), volume indices are obtained by deflating billings by an industrial sales price index.

Industrial production indices for approximately 60 branches are published in the *Bulletin mensuel de statistique* as unadjusted data and data corrected for WD-SA, but they are calculated with a considerably finer degree of detail. The findings refer only to production. A very strict approach is taken to correcting and updating the index. The series for year n are subject to revision (with revisions noted in publications) during the same year and up to December of year $n + 1$ to correct mistakes, include late data, revise the WD-SA coefficients four times a year, calibrate using year n annual surveys, and equalize the WD-SA series with the annual average for the corresponding gross indices.

(c) Quarterly survey of products, costs, and assets

This survey of 7,500 enterprises by the DSE was redrafted in 2000 and contains the same type of accounting information as that used in other countries to estimate changes in nonfarm stocks. It could be used to calculate quarterly changes in stocks based on statistical data, rather than residuals, and thereby improve projections of short-term cyclical swings. Ideally, this survey could be integrated with the other sub-annual output surveys to ensure consistency in measurements of production, sales, and stocks. That would make it possible to measure the output of industries with heterogeneous output as the sum of sales (billings) and changes in stocks. At present, in the PPI, heterogeneous output is determined by billings on the basis of 35 percent of the value added, but this measurement is not ideal because it does not include changes in stocks.

(d) Monthly survey of commercial establishments

This survey of a stratified sample of some 8,000 commercial establishments is conducted by the BdF. The variable tracked is the turnover of each statistical unit, i.e., each establishment, including all taxes, broken down into 12 broad product categories (meat, production, other foods; textiles and clothing; footwear; furniture; bookstore and stationery items; clocks, watches, and jewelry; automobiles; domestic cleaning and maintenance; household appliances; consumer electronics; and hardware. Value indices are calculated by using the panel method (fixed sample method), and then deflated by consumer price indices. Finally, they are corrected for WD-SA. The findings (except those for automobiles) serve as indicators in the quarterly accounts and the provisional annual accounts. This survey is the only current source providing a (partial) breakdown of household expenditure on goods.

Data from administrative records

(a) Tax data and the intermediate enterprise system (SIE)

The systematic use made of administrative source data is a special feature and one of the strengths of the French statistics system. It is often less expensive than a survey, provides more exhaustive results, and takes some of the burden off respondents. In France, this is facilitated by the fact that all the establishments registered in the inventory are issued an individual identification number, which is used for all government records (taxes, including value-added tax, customs, social security contributions, etc.) and an industry code. Moreover, all enterprises use the same chart of accounts (the general chart of accounts) to present their income statement and balance sheet, which limits the scope of potential inconsistencies and makes it easier to draw up the national accounts. Thus tax data are virtually exhaustive and comparable over time and among establishments, all of which makes crosschecking easier. For that reason, the DCN regularly resorts to them.

For large nonfinancial enterprises, that is to say, approximately 100,000 establishments, tax data are systematically checked against data derived from the EAE, the information being maintained in the unified system of enterprises statistics (SUSE). First, the file is checked for

completeness and, if need be, missing enterprises are re-entered. Then the data are checked for internal, temporal, and inter-source consistency, within the framework of the database extracted from SUSE. When inconsistencies are detected between the tax data and the results of the EAE, all pertinent information is examined in order to make the necessary corrections. In the event of irreconcilable differences, the tax source data are generally kept. Finally, for each of the very large enterprises, all the data (from the income account to the balance sheet) are systematically verified.

For nonfinancial enterprises with fewer than 100 employees, SUSE is used to extract a representative sample of original tax data (before adjustment for evasion) and the analysis of consistency and imputation for missing data are performed using aggregate data by activity and type of enterprise (corporations and sole proprietorships). The two subtotals (large and small nonfinancial enterprises) are then integrated to arrive at the SIE. Prepared by the DSE, the SIE is thus a database of nonfinancial enterprises, which contains individual accounts for the 100,000 largest enterprises and aggregate accounts for the smaller enterprises. The data in it are structured in a way that is similar to national accounting requirements (there is a production account, for instance). The SIE serves as a starting point for both the goods and services accounts and those of the institutional sectors. Later, the DCN systematically adjusts turnover and valued added data by activity, using coefficients based on tax audits.

(b) Monthly turnover indices

The monthly turnover indices (base year 1995 = 100), taken from the VAT records, are another important source. They are actually based on turnover, not VAT, and are published for over 600 industries, that is to say, at level 4 of the NAF. Using data obtained on the same cut-off date each month, the file is, in principle, exhaustive. As there may sometimes be missing or late enterprises, the panel statistical method is employed. Each month a comparable sample is taken of approximately 125,000 enterprises for the previous year and the current year. That makes it possible to calculate representative rates of change on a year-on-year basis, but the procedure tends to underestimate growth, given the absence of new enterprises. To correct that bias, the turnover of enterprises established during the previous year are re-entered the following year and the indices are re-calculated. The revised indices are published in August of each year. These indices are used in the quarterly accounts to estimate the output of services (particularly for enterprises) and certain household consumption and gross fixed capital formation items (the turnover of wholesalers in the mechanical and electronic equipment sectors, for instance).

(c) Data on general government

Data on general government, retranscribed in accordance with national accounts concepts, are provided by the DGCP. These are exhaustive accounting data that are not subject to correction and are used to calculate all the aggregates (production, intermediate consumption, gross fixed capital formation, changes in stocks, transfers, etc.). They include local government and off-budget fund operations, as well as defense expenditure. Coverage is 100 percent for the final accounts and almost 100 percent for the semi-final accounts. For the

provisional annual accounts and for each quarter of the current year, MINEFI's Forecasting Directorate produces a monthly estimate of central government wages and other aggregates, while intermediate consumption is derived as a function of wages. Shortly, however, the DGCP will begin producing quarterly data based on an accounting system that allows comparison with the annual data.

(d) Customs data

Data on foreign trade in goods are compiled, validated, and corrected in value terms by the Directorate General of Customs and Indirect Duties (DGDDI) before being sent to the Foreign Trade Division (DCE) of the DCN. They are regarded as being exhaustive since smuggling is thought to be minimal. The data are revised each month and considered to be definitive after 24 months.

(e) Other data from administrative sources

The accounts of financial enterprises are drawn up using data from the BdF (in the case of banks and other financial institutions) and from the supervisory authorities (in the case of insurance companies, pension funds, etc.). The annual accounts of these enterprises are usually exhaustive. They can be used to calculate the principal aggregates. Quarterly figures are, however, incomplete.

For construction, with the exception of industry surveys and cost or price indices, most of the data come from administrative sources (number of construction permits, number and size of housing projects, dates when construction work begins and ends, construction time matrices for four types of homes and apartments and thirteen types of building). The construction grids are currently monthly for the quarterly accounts and quarterly for the annual accounts. They are to be updated by the MINEQUIPE in 2003 as part of the work connected with drawing up the base-year 2000 accounts, and will thereafter be identical for the annual and the quarterly accounts.

The complete accounts for agriculture and fisheries are drawn up jointly by INSEE and the Ministry of Agriculture, Food, Fisheries, and Rural Affairs (MINAGRI), using a noninstitutional approach (output in value terms derived from prices and quantities, etc.). The same applies to housing (see below).

Household surveys

Household surveys are representative for the whole of Metropolitan France (the overseas departments are excluded) and for all socio-economic groups. The most important survey is the survey of household expenditure, which is conducted every five years (1995, 2000) and covers a sample of 18,000 households. It serves in the base year to establish estimates of several categories of household consumption expenditure, especially on services. The same was true of the (now discontinued) ongoing food survey. The other very useful survey for the accounts is the one on housing, which covers 40,000 households. It was conducted every four

years up to 1996 and every five years thereafter. It serves to estimate both paid and imputed rents and to produce the satellite housing account.

Price indices

There are a large number of price indices for deflating current price estimates (or inflating volume estimates):

- Consumer price indices (CPI);
- Industry selling price indices (ISPI);
- Farm price indices (wholesale, intermediate consumption, products);
- Wholesale food price indices;
- Construction cost indices (construction and public works);
- Raw and other materials price indices;
- Unit value indices for exports and imports;
- Wage cost indices.

The relationships between the data sources and the institutional sectors as follows:

Relations Between Institutional Sectors and the Sets of Statistical Units or Activities

Sets	Units with complete and exhaustive accounting	Units with accounting data that is supplemented and adjusted	Set of activities for which the approach is noninstitutional
Institutional sectors			
Nonfinancial enterprises		Nonfinancial nonfarm enterprises	Agriculture, forestry, fisheries, housing*
Financial enterprises	Financial intermediaries Insurance companies	Financial auxiliaries	Housing*
General government	General government		Housing
Households		Nonfarm sole proprietorships	Agriculture, forestry, fisheries, housing*, domestic services, other products
NPISHs			NPISH activities

Source: DCN

*Housing services are estimated on a “quantity x price” basis. Their production, value added, and counterparts are then assigned to the institutional sectors, with the balance reverting to households.

In short, the data collection program can be summarized as follows:

- For economic activities as a whole, coverage of output is practically exhaustive for the annual accounts and very high in the case of quarterly GDP. In the definitive accounts (see 4.1.1), coverage using tax and survey data is almost 100 percent. Only part of the NPISH sector escapes measurement. The estimate for total intermediate consumption is likewise very reliable, which means that the estimate for total value added is also accurate.

- By industry, output estimates are reliable at a highly disaggregated level. Value added estimates by activity are less reliable, however, given the lack of detailed data on intermediate consumption by product, although this lack is not as serious as it would appear to be at first sight (see 3.2.1). All the same, it would be better if the intermediate consumption by product estimate drew on a wider range of statistical data.
- Exhaustive annual fiscal statistics are available with a reasonable lag. The corresponding quarterly data are far less complete, although INSEE is in the process of remedying this shortcoming, with the help of the DGCP and the BdF.
- The monthly and quarterly indicators are sufficiently detailed, reliable, and current to allow a correct calculation of quarterly GDP using a production approach. There are also good sub-annual indicators for all demand categories, including a recently revamped quarterly survey of stocks. It is to be hoped that the DCN can take advantage of them.

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

The source data are largely consistent with the concepts, scope, and classification required for the national accounts. National accountants know that the concepts underlying the source data may on occasion differ from those of the national accounting system and, where necessary, make appropriate adjustments. Measurement of housing construction as work in progress is a case in point (see 3.2.1).

The source data are also fairly consistent in terms of the time transactions are recorded and the basis for recording. Thus government revenue and expenditure are usually recorded on a cash basis in the public accounts, but the information available is sufficient to record them on an accrual basis, or at least to achieve a good approximation to it. Although, unlike for general government, there is no obligation under the law for enterprises to make their financial year match the calendar year, financial enterprises and approximately 70 percent of nonfinancial enterprises do adopt the calendar year as their financial year, which tends to minimize potential inconsistencies between annual and quarterly accounts. In general, however, no adjustments are performed to adapt the data of companies using a different financial year to the calendar year. A study of this mismatching demonstrated that any adjustment that might be made is too imprecise to reflect the impact of the mismatch.

3.1.3 Source data are timely

All the major source data used to compile annual accounts are obtained within a reasonable period of time. For the quarterly accounts, as the table below shows, survey data are also obtained with a reasonable lag. Longer lags may sometimes occur when eliciting administrative data. Thus, turnover indices, which are obtained 70 days after the reference month, are not available in time for preliminary quarterly estimates, but they are, nevertheless, available 20 days prior to dissemination of the revised estimates (in 90 days as of first quarter 2003). Exhaustive annual fiscal statistics are available with a one-month lag

for the government account and a six to 12-month lag for the other units, which compares very favorably with lags in other countries.

3.2 *Statistical techniques*

3.2.1 *Data compilation employs sound statistical techniques*

The accounts are compiled mainly on the basis of an annual input-output table of 118 industry sectors⁹ by 118 products, (480 products for the supply and use table). The quarterly accounts are estimated using the same procedure, except that the table is smaller (approximately 40 industries x 40 products).

Principal indicators used in the quarterly accounts			
Indicator	Source	Periodicity	Lag (in days)
Foreign trade			
Exports / imports of goods	DGDDI	Monthly	43
Unit value indices	INSEE	Monthly	45
Balance of payments	BdF	Monthly	42
Consumption			
Commercial sector survey	BdF	Monthly	45
Expenditure on health care	CNAM	Monthly	45
Licenses, private vehicles	MINEQUIP	Monthly	15
Turnover indices – services	INSEE	Monthly	75
Consumer price indices	INSEE	Monthly	25
General government expenditure	Forecasting Directorate MINEFI	Monthly	80
Household expenditure on gas, electricity, and rail transportation	Government enterprises	Quarterly	40
Production			
Industrial Production Index	INSEE	Monthly	42
Industrial Production Index	INSEE	quarterly	125
Turnover indices – industry	INSEE	Monthly	75
Industrial selling price indices	INSEE	Monthly	30
Agriculture (values, volumes, and prices)	MINAGRI	monthly	45
Road transport-merchandise, volume	MINEQUIP	Monthly	35
Road transport-merchandise, prices	MINEQUIP	Monthly	100
Wage indices, services to enterprises	Industry association	Monthly	30
Production, refined oil products	Industry association	Monthly	50

⁹ The summary nomenclature has 114 items, to which three additional industry sectors have to be added for nonmarket education, health, and social action, plus the fictitious branch of the financial intermediation services indirectly measured (FISIM), i.e., 118 in all.

Principal indicators used in the quarterly accounts			
Gross fixed capital formation			
Licenses, commercial vehicles	MINEQUIP	Monthly	30
Turnover indices – wholesalers in mechanical and electronic equipment	INSEE	Monthly	75
Construction starts (number and size)	MINEQUIP	Monthly	25
Capital repairs price index	Industry association	Quarterly	90
Number of construction permits	MINEQUIP	Monthly	25
Housing stock	MINEQUIP	Monthly	60
Market price index, construction	Industry association	Monthly	90
Construction cost index	INSEE	Monthly	90
Public works carried out	Industry association	Monthly	45
Construction and Public Works cost index	Industry association	Monthly	90

CNAM: Caisse nationale d'assurance maladie (National Health Insurance Fund)

Here it is worth explaining the term “base of the accounts,” which is not specific to the French accounting system, but which nevertheless has no equivalent in numerous countries. In some countries’ national accounts, the word “base” refers exclusively to the reference or “base” year in constant prices series. In others, including France, the word has a wider connotation and refers to the whole set of accounts. The base is, in a sense, a benchmark year for which estimates are examined in greater depth. Preparing a set of accounts with a new base entails a major revision (changes in concepts and methods, elimination of breaks in the series, updating of the reference year for volume series), except that, in other countries, the major revision does not necessarily mean that the estimates for a given year constitute a “benchmark.”¹⁰

Thus, given that 1995 is the current base year for the accounts, the accounts for that year (and, often enough, the two or three years closest to it) were systematically analyzed by level. Specifically, an effort was made to quantify household consumption, review sample weightings and price indices, recalculate construction time matrices, update tax fraud adjustment ratios, etc. so that the 1995 estimates are more solid. For subsequent years, even though numerous aggregates (e.g., foreign trade and output in the annual accounts) are still examined by level, estimates are largely based on indicators of change and on allocation keys taken from the base year. Work on a new base for the accounts primarily involves the DCN, but also all the units that regularly participate in the compilation of the accounts. The next base will be the 2000 base and the results are expected to be published in 2005.

¹⁰ To take a concrete example, the adoption of *1993 SNA* in Canada in 1997 led to a major revision of the 1961-1993 data and to an updating of the base year for constant prices series from 1986 to 1992. However, no year constituted a new benchmark in the true sense of that word.

Production approach

General considerations

In estimating intermediate consumption, only limited use is made of fixed ratios that are more than five years old, whether for the overall assessment or by branch of activity. However, that does not mean that survey data are available for intermediate consumption as such, because in the EAE or the tax data, intermediate consumption is reported as a total or at best broken down into goods and services (sometimes energy consumption is indicated separately). Much the same is true of stocks (in the annual accounts, the total is fairly reliable, the limited breakdown is not always used; in the quarterly accounts, survey data are not yet used). That said, as the detailed production estimates are reliable, supply and use tables are constructed for 480 products (many of which have only one use), and evaluation of the other uses (final consumption, GFCF, foreign trade) is also sound, it follows that the breakdown of intermediate consumption by product is likely to be reasonably accurate. The estimate of aggregate intermediate consumption is undoubtedly reliable. However, as the experience of countries with survey data on intermediate consumption shows, numerous products have several uses and, without the requisite information, it is virtually impossible to distribute them correctly. As the data on changes in stocks by product are less than perfect in the annual figures, it follows that estimates of value added by activity are also a little dubious.

For that reason, and given the constraints on rapidly organizing new surveys or on placing a greater burden on respondents, it might be worth conducting studies of specific industries for which technical ratios are still inadequate.

Specific items:

Owner-occupied housing: housing services output is assessed on the basis of rent paid for a comparable dwelling. Estimates rely on an econometric model that interprets rent as a function of quantitative and qualitative variables. The variables built into the model are the number of rooms in the house or apartment; average area of the rooms; the year in which construction was completed; and variables describing comfort and the surroundings. The coefficients in the model are calculated on the basis of information concerning the whole of the private rental housing sector culled from housing surveys (see 3.1.1).

Work-in-progress: Construction and the production of large facilities are treated as work in progress, while cultivated land, forestry resources, fish farm stocks, and livestock raised for human consumption purposes are not. As of the upcoming change of base, the natural increase of forests will be measured as work-in-progress. For construction, INSEE follows *1993 SNA* recommendations and estimates the value of housing and building construction works by the housing (or building) equivalents method, which consists of spreading out over time the value of the constructed buildings, with the help of construction time matrices. The matrices currently in use date back to the early 1990s and will be updated by MINEQUIP in the course of this year. The estimates obtained using this approach are then compared with

those made on the supply side, which use data from surveys of the construction industry, adjusted to take into account the considerable volume of informal sector construction and tax evasion. That is why precedence is given to demand side estimation (GFCF in the case of new housing), which is based on the use of construction time matrices in the course of preparing a supply and use table of construction output data (see 3.1.1 for the sources).

Evaluation of stocks is adjusted for holding gains/losses (except for farm products and new housing, for which changes in stocks are ascertained through direct observation). The adjustment is made on the basis of accounting sources at the summary 118-product classification level (the number of stockable products is lower), while making sure that the findings obtained in this way approximate, as a whole, the changes in stocks estimated as residuals in the input-output table.

Consumption of fixed capital is estimated using the permanent inventory method.

Base for recording: the various adjustments to ensure adequate recording are described in 2.4.2 and include work-in-progress, crops and livestock, and government operations.

Volume estimates: Price deflators/indices are established at a disaggregated (118-item) level, which is consistent with the deflated variable in terms of concept, coverage, and the reference period. The volume of taxes/subsidies on products is obtained by multiplying the volume of transactions by the tax rate of the base year. The volume of commercial markups is determined by multiplying the volume of sales by the markups of the base year. All items in the supply and use tables by product are deflated, except for intermediate consumption, which is obtained as the balance of the other deflated items. The volume of value added is therefore obtained by subtracting the volume of intermediate consumption (also determined as a residual) from the volume of output. This procedure is similar to that generally known as double deflation, that is to say, explicit deflation of both output and intermediate consumption. Changes in volume of GDP are presented with the help of chained annual indices at previous-year prices.

Expenditure approach

General considerations

- All major expenditure categories are estimated independently, with the exception of changes in stocks. The latter are established by product for 118 items, largely as residuals of supply and use tables by product (except in the case of farm products and new housing, for which changes in stocks are obtained by direct observation).
- Household final consumption expenditures are estimated and deflated for approximately 300 items, but published according to the Classification of Individual Consumption by Purposes (COICOP) (± 40 items).
- Final consumption expenditures of general government exclude residual sales.
- A breakdown of general government consumption according to Classification of the Functions of Government (COFOG) will be published shortly.

- GFCF is calculated by branch and by type of asset. Production of software for GFCF on own account has been recorded since the change to base year 1995, but the method employed to estimate it will be modified in the new base, pursuant to the Eurostat ruling. Expenditure on goods that may be regarded as stores of value is capitalized. For construction, see the sources referred to in 3.1.1 (administrative source data) and for an overview of the method, see “Production Approach” above.
- For total estimates in each major expenditure category, very little use is made of fixed ratios that are over five years old.

Foreign trade

Future revisions of customs data are projected, using an econometric model, in such a way as to improve supply and use tables and minimize subsequent revisions of the accounts (once the definitive foreign trade figures are available). That is an example of a best practice. The Balance of Payments Directorate (DBDP) of the BdF makes a similar adjustment, but only to the most recent month, which creates an artificial difference between the two accounts (see 4.3.3).

Foreign trade in goods is deflated using unit value indices (UVI). In the quarterly accounts, the UVI are applied systematically; in the annual accounts, less use is sometimes made of them as balancing of the input-output table proceeds. The UVI are established each month on the basis of elementary unit values estimated at the most disaggregated classification level and then aggregated by using a Paasche formula. The links are then chained. At the most disaggregated level, there are some 200 UVI, for imports and exports. In the quarterly accounts, the UVI are aggregated in 25 series, which are then seasonally adjusted. In the annual accounts, the UVI are obtained by aggregating the monthly UVI and deflation is performed at the most disaggregated level (200 series) and by zone (EMU, the EU excluding EMU, rest of the OECD, and rest of the world).

To overcome the disadvantages of resorting to UVI to deflate heterogeneous goods, in 2001 INSEE (Department of Industry and Agriculture, Industrial Sales Prices Division) began preparing explicit export indices for all branches of industry. It expects to complete this task in 2006. The working schedule also envisages the preparation of explicit indices for imports by 2004 (the EU regulation on explicit price indices for imports of industrial products is due to be adopted by end-2003). Ideally, the UVI should be replaced by explicit export and import indices as soon as possible, and at the very least by the time the new accounting base is adopted. For this it will be necessary either to expedite the program or to produce a limited number of explicit indices for key products.

In the case of foreign trade in services, the balance of payments and the national accounts differ in their treatment of CIF ratios for imports of goods (see 4.3.3). Expenditure by residents abroad and that of nonresidents in France are correctly processed in foreign trade. However, for lack of an appropriate breakdown of travel-related outlays into private and business trips, the whole of the territorial correction is currently reflected in household consumption expenditure.

Volume estimates: Specific detailed price indices or deflators are used to deflate the components of GDP at a fairly disaggregated level in order to provide an accurate presentation of trends. The implicit household consumption deflator moves in line with the CPI. Final government consumption expenditures are calculated by deflating production costs. In particular, the payroll is deflated by a civil service wage index. The volume of changes in inventories is calculated by using a specific method for each type of stock (producer or user inventories). Annual and monthly deflation of trade in services is conducted at a highly aggregated level and, unlike trade in goods, not by zone. One way to improve estimates of the volume of trade in services would be to use the balance of payments file, which provides a breakdown by activity, zone, and product. That might make it possible to deflate at a more disaggregated level and, above all, by zone.

Specific techniques used in the quarterly accounts

An appropriate two-stage “benchmarking” method (Bournay-Laroque - *Annales de l'INSEE* 36, 1979) enables the quarterly indicators to be linked to the annual estimates. The first so-called benchmarking stage entails estimating an econometric relationship at the annual level between the annual series and the selected subannual indicator. This yields a subannual series, in which the annual total differs from the annual series by the regression residual. The second stage, known as calibration, consists of using a smoothing procedure to distribute this residual among the different months or quarters.

The quarterly accounts are compiled using non-seasonally adjusted source data, which produces gross series. The quarterly accounts are then adjusted for the number of working days using an econometric method developed in house, and, after that, seasonally adjusted using X11 software. It is expected that X12 will be adopted for 2003. Even though not all data-producing departments apply uniform methods for WD-SA,¹¹ in the quarterly accounts all sub-annual series are treated uniformly. In other words, the gross series of indicators are taken and all the WD-SA calculations are redone. Another aspect worth underscoring is that almost all the indicators are monthly (see the list in 3.1.3). The few quarterly indicators that do exist are converted to a monthly basis using an econometric technique. That way it is possible to perform uniform monthly benchmarking, seasonal adjustment, and deflation, and to obtain quarterly figures by adding the monthly figures.

Quarterly volume estimates:

The quarterly accounts are expressed in volumes at 1995 prices, and not at the previous year's prices like the annual accounts, in order to maintain the possibility of adding up the accounts and aggregates. However, the rate of growth calculated on the basis of the four quarters at 1995 prices is very close to the annual rate of growth at the previous year's prices,

¹¹ Sometimes X11ARIMA is used, others may use TRAMO/SEATS, or a method developed in house, which approximates X12; sometimes totals are seasonally adjusted, in other cases they are obtained by adding lower-level seasonally adjusted indices or values.

with the difference between them rarely exceeding 0.1 or 0.2 of a percentage point. This raises the question of whether the distribution of growth over the course of the year, and hence perceptions of the business cycle, would be the same if the quarterly accounts were consistent with the annual account in terms of measurement of volume, and makes it worth considering the possibility of making the quarterly accounts more consistent with the annual accounts in terms of measurement of volume.

For volume estimates of years prior to 1995, the practice followed is to extrapolate backwards from the individual quarterly series expressed in base year 1995 prices as far as 1978 and to obtain the rebased aggregates by adding. This practice is not recommended in *1993 SNA* (see paragraphs 16.33-16.41 and Table 16.1), because, in effect, it revises the growth rates of aggregates even without any revision of either value indices or individual deflators. In other words, if applying a very old reference year for prices distorts recent growth rates, using a recent reference year for prices is just as problematic, because it distorts older growth rates. This practice is also followed to maintain the ability to add up accounts and aggregates. It also leads to a slight difference between quarterly and annual growth rates, which widens the further back one goes.

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

Source data are compatible with the concepts and classifications used in the national accounts. Specific methods are employed to ensure exhaustive measurement of GDP with systematic adjustments made for the production of undeclared goods and services, such as undeclared employment, and understatements of earnings to evade taxes and social security contributions.

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 non-sampling error; the results of the assessments are monitored and made available to guide planning

Most of the source data used by national accountants also have other users. Responsibility for the quality of these data lies with the producing units (especially the DSE). The national accountants say what they need both in the CNIS framework and in direct communication with the data-producing units. Both the national accountants and the data producers share a constant concern for consistency in the source data. Whenever a problem arises (as with the recent restructurings of large enterprises, for instance), the individual sources (EAE, EAB, SIE, PPI) are compared in an effort to identify and solve it. Indeed, the SIE allows for a computerized individual check for the 100,000 largest enterprises, so that inconsistencies are eliminated and errors corrected at the micro, rather than macro, level for any relatively important matter.

Another example of how source data are validated is the treatment of merchandise trade, where future revisions are projected in order to keep the need for subsequent revisions of GDP to a minimum (see 4.3.3).

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 taken from the principal sources used to compile national accounts statistics are validated against other primary sources, whenever possible. (For example, accounting sources are checked against production data for industrial enterprises.)

3.4.2 Statistical discrepancies in intermediate data are assessed and investigated

The practice of establishing product supply and use tables at a disaggregated level serves to point up discrepancies, which can then be analyzed and eliminated.

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

For example, the value added rates by industry obtained from company accounts are compared with those resulting from an approximation of output via product supply and use tables.

3.5 Revision studies

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

The abundance of information available at the “micro” level means that there is a certain reliance on cross-checking of data, which results in fewer subsequent revisions. To some extent, correction of the source data replaces purely statistical analysis of the revisions. The practice of projecting revisions of exports and imports of goods with the help of an econometric model is in keeping with this approach. Revision studies are conducted “upstream” of the compilation of the accounts, so to speak, and not just “downstream.”

That said, the reasons for revisions are analyzed. In the case of the quarterly accounts, statistical studies are also undertaken to ensure that revisions are not correlated with the business cycle or biased. The DCN has just published an article on the nature of revisions of the national accounts, showing that they are neither correlated with the business cycle nor biased.¹²

¹² Gros, Emmanuel, and Prost, Corinne, “Les révisions annuelles des comptes nationaux sont-elles cycliques?” (Are the annual revisions of the national accounts cyclical?), *Note de conjoncture*, INSEE, December 2002.

In the case of the annual accounts, lessons have been learnt regarding the quality of the source data used for the provisional account and the semi-final account, as well as the quality of the overall trade-offs in respect of value added. Long-range analysis has been undertaken using the former base and will be continued using the current base when data for a longer period are available.

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 formal or informal consultative committee where users of the national accounts convey their needs or concerns. However, a number of venues help toward assessing users' needs. The CNIS brings together the producers and users of statistics when assessing the relevance and serviceability of statistics. The five-year program and the monitoring of its execution through the various CNIS specialized committees also enable the statistics system to improve its response to user needs. No one CNIS committee deals exclusively with the national accounts, but two of them do some work on them: the Industry, Agriculture and Food Processing, and Energy group and the Monetary, Finance, and Balance of Payments group. National accountants are regularly in contact with other data producers and users at meetings and seminars organized by INSEE, and other ministries, agencies, or associations (National Accounting Association, Eurostat, OECD, etc.).

4.2 *Timeliness and periodicity*

4.2.1 Timeliness follows dissemination standards

The lags in publishing data are shorter than those required in the SDDS. The first results of the quarterly estimates of GDP are released 50-53 days following the end of the reference quarter (64 days in the case of the second quarter), while the detailed results are available after 100 days. As of first half of 2003, the first results will be published with a 50-day lag, and the publication lag for the detailed results will be trimmed to 90 days, with the exception of the fourth quarter results, which will be published at the same time as the annual accounts, that is to say, four months after the end of the reference year.

4.2.2 Periodicity follows dissemination standards

Quarterly reports meet the periodicity requirements of the SDDS.

4.3 *Consistency*

4.3.1 *Statistics are consistent within the dataset (e.g. accounting identities observed)*

There is no statistical discrepancy for GDP using the various different approaches, although the estimation of the principal aggregates is essentially performed independently in the annual accounts: their reconciliation in the input-output table and the aggregate economic table leads to a single estimation due to trade-offs. The annual statistics in the national accounts are consistent, with the exception of the balance of financial accounts and the nonfinancial accounts (financing capacity or requirement) for nonfinancial enterprises, households, and the rest of the world.

Quarterly estimates at current prices match the annual estimates up to year n-2. Calibration against the annual series is carried out, during the annual revision in April, on the semi-final accounts. Discrepancies observed during calibration are largely kept for the quarters in years n-1 and n, so that at current prices the quarterly estimates are always consistent with the annual estimates.

The quarterly volume estimates, expressed in 1995 prices, do not fully match the annual estimates, which are expressed in the previous year's prices. They are, nevertheless, calibrated against "annual estimates at 1995 prices," which were specially constructed by applying the rate of growth of the corresponding chained volume index to each series at the most disaggregated level with the 1995 base. The rate of growth of the four quarters closely approximates that of the annual rate of growth.

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

For the annual accounts, there are comparable time series since 1978, in current prices and in previous year prices, with base year 1995, and there are 1985-base series going back to 1959. For the quarterly accounts, there are also 1995-base series going back to 1978.

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

The national accounts are consistent with the public accounting data. A bridge table is submitted each year to show the conceptual differences between the national budget execution balance and the financing requirement/capacity according to the national accounts, and any statistical differences resulting from them.

A bridge table is also constructed between the balance of the balance of payments and the balance of the rest of the world account. Apart from conceptual differences (recording of construction activities abroad under exports of services in one case and under direct investment in the other), there are the following differences in statistical treatment between these two accounts:

- For foreign trade in goods, the balance of payments takes DGDDI data and makes only minor adjustments to them; the national accounts also take Customs data but apply an econometric model to project subsequent revisions in order to minimize later revisions of the GDP figures, which can result in major discrepancies in both the size of GDP and GDP trends;
- European Union agriculture policy subsidies (worth approximately €5 billion) are recorded in the balance of payments on a cash basis once a year, while the national accounts employ a smoothing procedure to record them each quarter on an accrual basis;
- There are differences in the c.i.f. ratios for imports of goods. Until recently, these ratios relied on occasional studies. A more systematic survey was carried out by the DGDDI in 2001 to update the ratios and is now to be conducted every two years. The findings of the latest survey have already been taken into account in the balance of payments, but will not be reflected in the rest-of-the-world account until 2005, with the changeover to the new base.

4.4 Revision policy and practice

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

Revisions are carried out on dates that have been established for a number of years but are not necessarily known to users. Annual estimates of a particular year go through three versions: final (n-3), semi-final (n-2), and provisional (n-1). Each annual round of revisions is called an accounts “season.” Thus the 2003 accounts “season” will produce the final 2000 accounts, semi-final accounts for 2001, and provisional 2002 accounts. Annual accounts are not revised subsequently, except when a new base is adopted. Changes in the base year used to occur approximately every 10 years and will now take place every five years. The backward extrapolation of the series using the new base normally covers the previous 15 to 20 years.

The quarterly data are first revised during the quarter in which they are first disseminated, as the “detailed data” for a quarter are released approximately 50 days after the “first results” (which are really preliminary data). Thereafter, quarterly data are subject to revision every quarter. Once a year, they are adjusted to reflect the two years of revisions to the annual accounts that are effected in April. The quarterly figures are also adjusted, at the same time as the annual accounts, to reflect changes resulting from a shift to a new base. That is why the quarterly accounts were revised back to 1978 in 1999. Finally, the WD-SA data are also recalculated every quarter back through to the year in which quarterly accounts began in 1978.

This revision policy for the quarterly accounts is not transparent enough. It is not really explained at the time the data are released (on the Internet or CD-ROM). When data first appear in *Informations Rapides*, they are labeled “first results.” When they are published again, 40-50 days later, they are called “detailed data,” which suggests they have been

revised. However, there is nothing to say what period the revisions targeted. A reader who was not a habitual user would be unlikely to realize that all the figures are revised by level every quarter, even if they changed very little.

The other source of confusion in current practice is that revision policy differs for the annual and the quarterly accounts, because the annual accounts become final in their third version, whereas quarterly accounts continue to be revised. There is no valid reason not to freeze quarterly estimates after three or four years, which is what happens with almost all other statistics.

4.4.2 Preliminary data are clearly identified

Preliminary quarterly accounts, published with a 50-day lag, are clearly identified as such (“first results”). The revised versions of these accounts are published with a 90-day lag and labeled “detailed data.” In the case of annual accounts, the three-year revision cycle is mentioned in the annual publication, but there is, as mentioned above, no indication of which years are targeted.

4.4.3 Studies and analyses of revisions are made public

There is no systematic study of trends in revisions of the annual accounts and no database has been constructed for that purpose, except one that uses the previous (1980) base. However, in the quarterly accounts, revisions are assessed and explained or commented on, and the information is available to users in the same media as used for statistical series (see 3.5.1).

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 same day that the (quarterly and annual) accounts are released, the principal results are published in *Informations Rapides*, *INSEE Première* and on the Internet. The annual accounts are reproduced in the *Rapport sur les comptes de la Nation*, an abbreviated version of which is published with the title *Extraits et tableaux des comptes de la Nation*. Apart from the tables (seven-year time series), this last publication contains commentaries, methodological notes, a bibliography, a glossary, and the classifications. The WD-SA quarterly accounts are published in the aforementioned bulletin in the form of tables covering up to 16 quarters, along with commentary and graphs. Finally, there is also a CD-ROM containing the principal long series of annual and quarterly accounts, in PDF and Excel, the text published in *Extraits et tableaux des comptes de la Nation*, and a set of documents on the new base for accounts.

Generally speaking, the statistics are well presented and the texts are clear and well written. The CD-ROM is very well designed. However, the presentation of results could be improved

somewhat, especially with respect to the quarterly accounts. There is an abundance of evolving or index series, but relatively few level series. The evolving or index form of presentation is awkward for the user in two ways: it makes it difficult to grasp the relative importance of the series and to make significant comparisons. The usefulness of the statistics would be enhanced if they were also presented by level.

5.1.2 Dissemination media and formats are adequate

The national accounts are disseminated in a variety of media. The day they appear, the principal results are given to the press and to subscribers to *Informations Rapides* (flash reports) and published simultaneously on the INSEE website (access is free of charge for the principal series). The detailed series are published on CD-ROM and on the Internet in the case of the annual accounts, while those for the quarterly accounts are available on CD-ROM or on the Internet in the form of a database for which a fee is charged for access. All the national accounts data are also fed into INSEE's macroeconomic database. The analysis of the results published in *INSEE Première* is reproduced on the Internet. Internal methodological papers that are not confidential and are written for a broad audience, such as some methodological papers on the 1995 accounting base and revision studies, should be accessible over the Internet toward the end of 2003.

In general, INSEE disseminates its products in either hard copy or over the Internet. The website has been in existence for five years and the design of a new one is due to be completed in approximately two years. In the meantime, INSEE intends to launch the newly revised website for the *Bulletin mensuel de statistique*, a key publication, which contains the main economic indicators (labor market, PPI, turnover indices, CPI, ISPI, foreign trade, etc.). The new presentation was inspired by the ISPI site, which provides useful information on methodological aspects. Eventually, INSEE envisages creating a single portal, which would provide a map of official statistical products and direct users to the appropriate links.

Responsibility for the dissemination of INSEE's products and services rests with the Directorate of Dissemination and Regional Action, which—in cooperation with INSEE's external communications unit, Info Service—monitors and analyzes the needs of the users of INSEE's publications (see 5.3.1). Generally speaking, INSEE cultivates a strong sense of public service. Many of the data and services it provides are free of charge, in recognition of the fact that statistics are a public good.

5.1.3 Statistics are released on a pre-announced schedule

In principle, the dates on which data will be released are announced two months beforehand in the “Calendrier des indicateurs conjoncturels” and in its English-language version, the “Calendar of economic indicators”.¹³ The date of publication of the national accounts is posted on the IMF's Dissemination Standards Bulletin Board, in the framework of the SDDS.

¹³ The calendar for November 25, 2002 announced publication dates through January 2003.

Finally, INSEE gives at least two weeks' advance notice of weekly release or publication dates and one week's advance notice of the exact date the data will be disseminated.

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

The statistical series are made available to all users at the same time.

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

Nonconfidential disaggregated data that are not published may be made available to users upon request, usually in return for a fee. However, INSEE does not systematically inform the public about the availability of these services; only some of them are advertised, such as the SIRENE products and those of the *Indicespro* database on ISPIs.

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 in summary form is available on the website and on CD-ROM. Detailed information is generally only available internally in the form of *Notes de base*, some of which are released upon request. The one on the general government account, for instance, has been widely distributed and others will be made available to the public via the Internet toward the end of 2003 (see 5.1.2).

Complete documentation on the sources and methods used for the annual accounts is compiled whenever there is a change in the base. The existence of the SNA manual eased the burden of preparing this information considerably in the case of the 1995 base; only one document on allocation operations was produced. A summary description of the methodology underlying the quarterly accounts is available on the Internet. A more complete version is being prepared for publication in September 2003 (will be also in English).

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

The metadata are available with varying degrees of detail and technical complexity, depending on user needs.

5.3 Assistance to users

5.3.1 Contact person for each subject field is publicized

The publications do not mention the person or unit producing the statistics or the name of a contact person in the unit concerned. They refer to INSEE, with a central telephone number generally provided. On the INSEE website a central number is also provided. This reflects

INSEE's centralization of users' services, which provides adequate services. On the other hand, the national accounts CD-ROM does give the e-mail address of a contact person in the DCN as well as contact information regarding INSEE Info Services.

INSEE's approach to customer relations is worth a mention. To communicate with the press, INSEE prefers to work through the media specialists in its press office,¹⁴ rather than involve the data-producing staff directly. INSEE Info Services handles all other members of the public, regardless of the form of contact: visits, telephone, letters, or e-mail. These different audiences or users comprise (1) the general public, who are largely handled through the press office's contacts with news agencies, newspapers, and the other media; (2) public institutions (central government, Parliament, other levels of government, research institutes, and universities); and (3) "participants in economic debate," i.e., all other users. These distinctions allow INSEE to tailor its information to the needs of the different audiences. In addition, the "Specific Services and Large Accounts" division handles complex requests for information, which usually come from the big users. The INSEE website does not inform the public about the availability of these services and does not contain an organizational chart.

INSEE conducted an evaluation of INSEE Info Services, especially its services over the phone. Its findings led to a decision to strengthen this service by creating INSEE Contact. This new service is designed to answer all pertinent questions called in to a single telephone number either directly or by forwarding the call to the data-producing unit. That is the reason why there are no plans, for the time being, to identify the producing units or persons in charge at the foot of published statistical tables.

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

Every year, INSEE updates a catalogue of the publications, documents, and other services it provides, indicating any charges involved and how to order. This catalogue is widely available at INSEE's head office or regional bureaus. It is also posted on the INSEE website.

¹⁴ INSEE uses staff specifically trained for this job. They are generally recruited externally and have at least 10 years' experience in the media.

Table 1. France—Data Quality Assessment Framework: Summary of Results for National Accounts Statistics
(INSEE)

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 on Assessment
		O	LO	LNO	NO	
0. Prerequisites of quality						
0.1 Legal and institutional environment		X				Insufficient resources are assigned to the annual accounts computer system.
0.2 Resources			X			
0.3 Quality awareness		X				
1. Integrity						
1.1 Professionalism		X				
1.2 Transparency		X				
1.3 Ethical standards		X				
2. Methodological soundness						
2.1 Concepts and definitions		X				
2.2 Scope		X				
2.3 Classification/ sectorization		X				
2.4 Basis for recording		X				
3. Accuracy and reliability						
3.1 Source data		X				Changes in stocks are obtained entirely as residuals in the quarterly accounts and to a large extent also in the annual accounts.
3.2 Statistical techniques			X			
3.3 Assessment and validation of source data		X				
3.4 Assessment and validation of intermediate data and statistical output		X				
3.5 Revision studies		X				
4. Serviceability						
4.1 Relevance		X				Inconsistencies with balance of payments data are addressed in the section of the Report on balance of payments. The revision policy is not clearly disseminated. The quarterly accounts are subject to revisions for a much longer period of time than the annual accounts.
4.2 Timeliness and periodicity		X				
4.3 Consistency		X				
4.4 Revision policy and practice			X			
5. Accessibility						
5.1 Data accessibility		X				
5.2 Metadata accessibility		X				
5.3 Assistance to users		X				

II. CONSUMER PRICE INDEX

0. Prerequisites of quality

For assessments of the Prerequisites of quality (0.) and Integrity (1) dimensions, see also sections 0. and 1. in the National Accounts (I).

0.1 *Legal and institutional environment*

0.1.1 *The responsibility for collecting, processing, and disseminating statistics is clearly specified*

Included in INSEE's general mandates is the responsibility for designing, producing, and disseminating the CPI. The law does not oblige INSEE to produce an overall consumer price index; it does, however, require it to publish certain specific consumer price indices applicable to certain segments of the population or to certain categories of consumption. Thus Law No. 88-16 of January 5, 1988 on social security requires INSEE "to publish each month a representative consumer price index that excludes any reference to the price of tobacco or alcoholic beverages."

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

For centralized data gathering purposes, the data-collecting units work closely with INSEE to obtain complete, reliable, and up-to-date information.

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

The Statistics Law of June 7, 1951 guarantees that individual data (a concept that applies to enterprises at the points of sale where prices are surveyed) will be kept confidential and used only for statistical purposes.

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

Data gathering for the CPI is authorized every year by CNIS under its annual program of mandatory statistical surveys, which are listed in a decree published in the *Journal Officiel*. The enterprises included in the sample are obliged to cooperate with the interviewers, and sanctions are imposed on any that fail to respond.

For centralized data gathering (in other words, by INSEE in Paris as opposed to the regional interviewers) from the various different entities, INSEE seeks to elicit the cooperation of respondents by restricting its demands to what it really needs, by explaining the purpose of the survey, and by sensitizing them to the importance of their cooperation for guaranteeing the quality of an index, which they themselves will be among the first to use.

0.2 Resources

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

INSEE's Consumer Prices Division (DPC), which prepares the CPI, has sufficient staff and financial and computing resources to carry out its mandate. The level of general education of INSEE staff is high. Newcomers receive training in matters specifically related to the CPI. The Division makes every effort to ensure that the best available information technology is applied to process the CPI data. Thus, the data are organized using modern database management systems (Oracle software, in particular). Direct data capture using notepad computers and electronic data transmission between interviewers and INSEE staff are expected to be put in place in 2003.

The work involved in preparing the CPI is divided among head office and INSEE's 18 regional directorates. Each of the latter has a CPI unit, called a Price Office, generally made up of six officials, who devote their time to constructing the sample of products monitored in the field and organizing the gathering, recording, control, and validation of the source data. Data gathering at the points of sale of the sample products is carried out by a network of interviewers coordinated by each Price Office. The interviewers are normally on part-time contracts and their performance is closely supervised by regional officers. At head office, some 30 full-time staff are involved in producing the CPI.

0.2.2 Measures to ensure efficient use of resources are implemented

The Division is involved in the annual and medium-term INSEE work programs. Further, a comprehensive, coordinated operation called "INSEE 2004" has been undertaken in the past few years aimed at revamping INSEE's regional production arrangements and boosting their efficiency and quality. Overhauling the system for compiling the CPI is a key part of that operation. Streamlining information collection and processing systems¹⁵ will in fact make it possible to almost halve the number of staff devoted to handling consumer price data in INSEE's regional directorates, by trimming the number of Price Offices from 18 to seven. The IPCR project itself was designed with the help of outside technical expertise, based on a "value analysis" approach. Conceived as a mechanism to optimize the cost-benefit ratio of the services rendered on the basis of detailed quantitative evaluations, the value analysis conducted of the CPI information system showed the IPCR project to be a highly profitable venture, likely to recoup its costs within two years.

¹⁵ This modernization effort is being undertaken as part of the project aimed at renewing the "upstream" part of the CPI, known in French as the *IPCR*, which deals with the collection and validation of data elicited at the regional level without calling into question the statistical treatment of index calculations at the national level. The IPCR project, which relies above all on the introduction of portable data capture devices (cf. 021), will come on stream in second half of 2003.

0.3 Quality awareness

0.3.1 Processes are in place to focus on quality

Structured quality control mechanisms are gradually being put in place in line with international schedules and standards.

Local interviewers receive regular top-down training: INSEE trains its regional staff, who in turn train the interviewers. Most of the interviewers have ample experience (nine years, on average). Their work is subject to in-depth ex post auditing, which focuses on the accuracy of the prices reported by each interviewer, comparison with the prices reported by different interviewers, percentage of product omissions. INSEE intends to provide interviewers with a portable notepad PC, which would allow them to record collected price data immediately; this should enhance both the quality of the primary data and the productivity of the interviewers.

It is virtually impossible to gauge the overall quality of CPIs in a scientific manner, but based on volume and quality of the primary data gathered, the French CPI may be considered superior. The human resources and degree of expertise involved in France's CPI are of a high standard compared to most European countries.

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

Quality control of the data produced is exercised through the following:

- Examination of the quality indicators produced by the CPI monthly computerized processing chain, which focus on the information collection and control system and are available at varying degrees of disaggregation;
- Monitoring and ex post evaluation of interviewers by officials in INSEE's regional Price Offices;
- The head office staff working on the CPI are organized according to product (clothing, food, etc.); as a result, they possess considerable expertise and have detailed knowledge of the characteristics of the type of product they work on. In addition, support units specialize in methodology, centralization and processing of the primary data, dissemination, etc.;
- The data from the regions received at headquarters each month are carefully checked there before beginning index calculation procedures; and
- Active participation in the quality control system put in place by Eurostat in the European Union. In connection with that participation, France's harmonized consumer price index (HICP) was checked for compliance with EU regulations by Eurostat experts, who visited INSEE in June 2001.

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 annual work program is elaborated by weighing various aspects of quality (e.g., accuracy and reliability against dissemination deadlines) and establishing priorities based on user demand or on needs identified by the statisticians themselves based either on their own analyses or on observation of international requirements and practices in effect in other countries.

1. Integrity

1.1 Professionalism

1.1.1 Statistics are compiled on an impartial basis

The CPI is compiled on an impartial basis in such a way as to uphold the principle of the professional independence of the data-producing agency and prohibit external interference, especially that of other government agencies, with the contents or publication of statistical information.

Thus, even though, for instance, the monthly CPI document is delivered to the Office of the Minister of Economy, Finance, and Industry on the evening before it is published, the staff indicates that there is no response or influence of any kind that could exert pressure on the results of the index.

The general level of education of INSEE staff is also high and, once again, specialized courses are organized for newcomers. In the DPC, officials transferred to other INSEE units are normally responsible for training the people who replace them. Staff are familiar with and observe international guidelines and procedures for compiling data. INSEE representatives participate in meetings and symposia of international experts, such as those organized by the UN, Eurostat, OECD, and ILO, and contribute to the development of good practices for the CPI.

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

The choice of source data and statistical techniques are informed solely by statistical considerations. The methods used are, wherever possible, described in published documents and, whenever they contain interesting innovations, presented at national or international conferences and symposia, such as the Ottawa Group of International Experts on Consumer Price Indices (INSEE hosted the meeting in Paris in May 2003) and the biennial UNECE-ILO meeting. The selection of products to be included in the basket depends solely on their market share, regardless of any political, commercial, or other not purely statistical consideration.

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

INSEE's outreach strategy favors a preventive and educational approach with the media, especially via the "Bureau de presse" of the "INSEE Info-Service" Department that deals exclusively with the media and has regular bilateral exchanges with journalists.

The staff indicated that in major cases of erroneous interpretation and misuse of the CPI statistics, the Director General of INSEE may write to the press, but such practice rarely happens. In most cases, informal contacts are established between the journalists and INSEE experts on topics of current interest (such as the inflationary effects of introducing the single currency).

Preventively, the publication of the monthly data (in the *Informations rapides* series) is accompanied with a commentary on the most significant recent developments and a description of any methodological changes that could affect interpretation of the published statistics. The daily review of press coverage organized by INSEE's press office means that the Institute can react quickly to any communication problem.

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 in the national accounts section, information on provisions governing the collection, processing, and dissemination of data are available to the public on INSEE and CNIS websites as well as in their publications.

The consumer price index forms part of the public surveys program published in the *Journal Officiel*.

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

The Office of the Minister of Economy, Finance, and Industry is informed of the latest CPI data at approximately 6:00 p.m. on the eve of their publication, which takes place at 8:45 a.m. the following day. The public is informed of this practice through the metadata posted on the IMF's DSBB.

The public is not informed of this access in the French dissemination channels.

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

INSEE is clearly identified as the source of the data.

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

The public is usually notified of major changes in the CPI methodology when they are implemented. There is no advance notice of major changes before the publication of the first monthly index to which they apply.

1.3 Ethical standards

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

As noted in the national accounts section, all civil servants and government agents are bound by the obligation of professional secrecy; by the special legislation on computerized data; and by the code of ethics that governs relations between civil servants and the private sector. There are penalty provisions for violations of the code of ethics.

However ethical rules relating to professional secrecy and statistical secrecy¹⁶ do not seem to be presented systematically to staff in a document or individual letters explaining the rules, except for new arrivals. On the other hand, survey questionnaires all mention statistical secrecy and staff who work on individual data are thus very conscious of this requirement.

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

For the CPI, unlike other datasets (the national accounts, for instance), there are currently no internationally accepted standards. The European Union has adopted a set of regulations governing preparation of its harmonized consumer price index (HICP).

Methodological soundness is therefore assessed in this report on the basis of the principles set forth in the *System of National Accounts 1993 (1993 SNA)*, the *European System of Accounts (ESA 95)*, the EU's harmonized CPI (HICP) regulations, and the *Consumer Price Index Manual (CPI Manual)*, currently being prepared under the supervision of the Inter-Secretariat Working Group on Price Statistics (ISWGPS), with draft chapters being posted on the International Labour Organization website. The Manual may be considered only for consultation purposes. The concepts and definitions of the *1993 SNA* are used as guidelines with respect to coverage and determination of value, while the methods and procedures of the *CPI Manual* constitute guiding principles for compiling the IPC. In this assessment, all references to *SNA 93* include *ESA 95*.

¹⁶ Professional secrecy is a criminal law concept and statistical secrecy is one of the applications of this concept.

2.2 *Scope*

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

The institutional units and transactions within the scope of the CPI cover a selection of aggregates corresponding to monetary final consumption of market goods by households.

The CPI covers approximately 75 percent of official household consumption in the national territory. Excluded from coverage are:

- consumption by households of market goods they produce for their own use (0.4%)
- imputed rents (10.2%)
- imputed financial services (0.2%)
- consumption of nonmarket goods (14.2%)
- illicit products (drugs, prostitution, etc.)

The CPI targets all resident households (including people living in institutions and communities) and is based on the notion of domestic consumption (which includes that of non-residents in the national territory).

Current CPI coverage is 95 percent of its theoretical scope (base year 1998 in 2002). Gaps in coverage are:

- 04.1.1 (part of) actual rents (0.2%)
- 06.3.1 hospital services (1.9%)
- 09.4.3 lotteries and gambling (0.8%)
- 12.4.1 (part of) social action (0.5%)
- 12.5.1 life insurance (1.2%)
- 12.7 community activities (0.2%).

All the above-mentioned omissions, with the possible exception of imputed rents, are normal in CPI compilation. The method for including owner-occupied housing services is still being mooted in CPI expert circles. The international manual currently available on the CPI (Turvey, ILO, 1989) considers exclusion of these housing services, as practiced in France, acceptable. Nevertheless, INSEE publishes an acquisition price index of owner-occupied housing based on administrative sources (see 3.1.1).

The discrepancies vis-à-vis *ESA 95* are the exclusion of imputed expenditure (especially imputed rents – cf. above) and the recording of the prices of services for the month in which consumption at the observed price may start, rather than for the month in which delivery of the service is completed. These two discrepancies are, nevertheless, in line with the special requirements of the EU with regard to the harmonized CPI (HICPI) Meetings with Eurostat

are held several times a year to discuss application of the concepts and definition of the HICP, which are broadly the same as those of the French CPI.

2.3 Classification/sectorization

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

The French CPI covers all resident households, including collective households. Unlike some countries' CPI, France's does not exclude any level of income. The product classification system used is the international COICOP, as recommended by the *SNA 93* and *ESA 95*. In this respect, and indeed in most other aspects, the CPI applies the same principles and the same methodology as those applicable to the European HICP.

2.4 Basis for recording

2.4.1 Market prices are used to value flows and stocks

The prices used are, generally speaking, market prices. In particular, they include goods sold at special sales prices or with large discounts to the public. This practice is in line with HICP recommendations regarding price reductions, whereby discounts reserved for a limited group of households are not taken into account because they are discriminatory, unless they prove to be major, in which case they are considered a problem of coverage or stratification of the sampling.

Secondhand goods are not excluded on principle. Thus, second hand car prices are monitored in the CPI.

2.4.2 Recording is done on an accrual basis

The CPI is a monthly index that should, in principle, reflect the situation for the month as a whole. Some countries collect the prices for a few days—in the second week of the month, for instance—which in effect is a form of sampling. In France, prices are collected throughout the month, so that the CPI represents an average of the price level for the reference month. For utility rates, for which price data are collected centrally (electricity and gas, for example), INSEE notes the date on which prices change during the month and calculates an average for the month as a whole.

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

The “gross” and “net” concepts are very important for two reasons. The first notion (“gross”) applies to cases in which the prices of goods and services for the general public are subsidized by (central or local) government. Education and health are the two sectors in which this occurs most often. The French CPI reflects the total price and ignores the subsidy.

In some countries, there is no adequate way to measure such prices, but that is not the case in France. The approach adopted by the HICP, on the other hand, is to reflect only the part of the expense that households have to defray, that is to say, the non-subsidized portion. According to the international manual on the CPI currently being drafted (cf. 2.1.1), the price to be taken to compile the CPI is that paid by households, while the price or costs incurred by the government form part of other price indices related to government expenditures. INSEE might want to consider adopting the net price approach. The advantage of that would be to eliminate the principal conceptual difference between the HICP and the French CPI, thereby diminishing the risk of confusing users.

The second area in which the distinction between “gross” and “net” matters is insurance, where the French CPI follows HICP principles. The “net” household expenditure approach is adopted, that is to say, the CPI reflects the service portion of the total premium (the rest being treated as a transfer among households). Normally, the price should match the net premium, but as it is generally impossible to detect in the short term, the European regulations require the gross premium to be taken as an approximation to the net premium. This practice is consistent with the treatment of expenditure on insurance in the *SNA 93*.

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

Weights should reflect, as closely as possible, the real distribution of household expenditures. Two sources may be used: the household budget survey and the weights used for household consumption in the national accounts. Which of these two sources is chosen depends on their accuracy. The index weights are updated (and not revised) annually. The national accounts (data on actual household consumption) are the principal source used. National accounts assessments are in fact established with a considerable degree of disaggregation (supply and use tables with 472 items, based on a number of data sources, the principal sources being annual surveys of business output and the foreign trade statistics), which means that weights for 305 CPI items can be calculated. The estimates corresponding to year $(n-2)$ are then updated to base month December $n-1$ (the base month for index calculations in the course of year n), with the help of price trends observed in the CPI.

In addition, for approximately 25 percent of the CPI weighting, a volume update is performed whenever major changes in volume arise, using complementary sources (sample groups of retailers and wholesalers, occupational data, data produced by social security agencies, and household surveys such as the five-yearly family budget survey).

Weights of varieties within the different items are updated on a less regular basis (between 10 and 20 percent are updated each year), depending on the information available.

The weights are updated every year, the CPI being a chained Laspeyres-type index.

The design of the price survey for the vast majority of goods and services is somewhat complex, but ensures broad coverage. Approximately two-thirds of all prices are ascertained by the traditional method of interviewers visiting retail outlets throughout the national territory.

Sampling is carried out at various stages:

(1) A probability sample is drawn of 96 agglomerations after stratification of amounts of household consumption by region (NUTS-1) and size of urban unit:

The towns and agglomerations are divided into four groups, depending on their population. The lowest tranche contains population groups of between 2,000 and 20,000. A random sample is constructed using different selections for each group. This method ensures adequate representation of urban areas throughout the national territory.

The four overseas departments (DOM) are covered by the survey, but their representativeness in the sample is strengthened in order to enable a CPI to be calculated and published for each of them. The DOM CPIs are included in the CPI for France as a whole at each level of disaggregation (n.b., the weight of the DOMs is less than two percent of France as a whole). Corsica, which forms part of Metropolitan France, is not covered by the CPI.

The sample and the agglomeration weights are reviewed every 10–15 years, when a new index base is introduced and in the light of recent demographic census data.

(2) The list of varieties representing consumption within the 305 items for which national accounts weights are available is drawn up on the basis of expert opinions using the following criteria:

- representativeness of the different components within the item in terms of the quantity consumed and of price behavior;
- homogeneity of the types of consumption within the items;
- the item is both regularly available and is important in terms of sales.

The number of price quotations depends on the associated weight and the dispersion of price trends within each variety.

Elementary aggregates are constructed by combining varieties with agglomerations. The quotations for each aggregate are distributed among outlets on the basis of an 11-category sales method typology. The distribution according to method of sale is based on national sales estimates derived from the same kinds of source as those used to calculate weights by product, albeit in this case with less exhaustiveness, detail, and reliability. Physical selection

of the 27,000 sales outlets is carried out by the regional Price Offices, while the selection of the products to be observed at those outlets is made by the interviewers on the basis of precise instructions. The purpose of those instructions is to ensure broad representativeness of the sample in terms of products and sales outlets, while avoiding the added data collection costs associated with geographically excessively scattered readings.

The product and sales outlet sample is updated each year during index chaining operations.

There are 1,090 types of product (Camembert cheese being one of them, for example). To establish the price for each type of product, a certain number of best-selling articles are selected for each type of product (for instance, such and such brands, or weights, or packaging of Camembert cheeses). Approximately 160,000 basic prices, covering both regular varieties (RV) and fresh products (FP), are collected at retail outlets each month. The price ratios are aggregated into elementary indices at the “variety” and “agglomeration” level, to produce 28,000 basic indices. INSEE staff obtain the data for expenditures not covered by the traditional survey of sales outlets from centralized sources. The centralized surveys cover utilities (gas, electricity, water), transportation (rail, air), automobiles, medicines, and several other product groups. The centralized survey collects approximately 30,000 prices each month.

For housing services, the CPI tracks developments in the rents of approximately 8,000 dwellings each quarter. This survey is carried out by another division of INSEE, but in close cooperation with the DPC. The dwellings for which rents are monitored are both free-market and part of the subsidized government sector. The selection of housing units is made by random selection from the housing census file, complemented by a recent housing file. The housing units are distributed by stratum, according to the number of inhabitants in the town, the size of the unit, and degree of comfort (central heating, sanitation facilities, etc.); there are 32 strata.

One eighth of the housing panel is renewed each quarter, which ensures full rotation in two years. As a result, 87.5 percent of the sample is tracked from one quarter to another, which is more than enough to obtain correct measurement of changes in rents. Although the primary data are only collected on a quarterly basis, monthly estimates are obtained using a projection model. This procedure was established in 1993 and INSEE is satisfied with the results.

Thus, with rents included, the CPI is calculated on the basis of approximately 200,000 monthly prices. This is consistent with the range in comparable countries (130,000 in the United Kingdom and 300,000 in Italy).

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

The source data are consistent with the definitions, scope, and classifications of the CPI estimates. They are also consistent with the recording times and reference periods of the CPI estimates. For instance, as mentioned under 3.1.3, prices are collected throughout the month,

thereby permitting an average to be constructed for the period under review. Trade promotions and sales are reflected, and utility rates are determined in such a way as to ensure that they are assessed consistently, taking into account the date they take effect.

3.1.3 Source data are timely

Generally speaking, the source data are obtained in good time. The weights used in January of year t are principally based on assessments of consumption totals established for year $t-2$. For approximately one quarter of the weights, specific volume estimates at December $t-1$ are established on the basis of appropriate specific sources.¹⁷

Price data are generally timely. Some delays in recording data may occur when statistical tracking relies on a chain of government information (for example, data on medical care based on social security records of medical interventions or data on household garbage collection derived from tax records).

Price data are collected throughout the reference month, a procedure that yields a better monthly average index. This practice is superior to that of countries in which prices are collected on only a few days each month. However, the method employed by INSEE means that the calculation of the index is pushed past the end of the reference month. INSEE disseminates a provisional index on approximately 10 days after the reference period; the definitive index appears on the 25th of the month following the reference month, a little longer than in comparable countries.

3.2 Statistical techniques

3.2.1 Data compilation employs sound statistical techniques

The degree of product disaggregation is sufficient to allow detailed analysis of price trends. The data are published each month for the 161 groups at the five-figure level of the classification used (the four-figure level being the four-figure COICOP subindices used for the dissemination of the European HICP). The data established at the 305 item level are not considered reliable enough to be published on a monthly basis. They are published once a year, as an annual average. Nevertheless, INSEE's in-house calculation and production of data by item and variety provide useful tools for the analysis of the detailed trends in the monthly index.

¹⁷ For instance, the use of statistics on car registrations for purchases of new vehicles, estimates of changes in the housing stock (including trends in the quality component) for rents, the use of panels of distributors for audiovisual and computer products, and quarterly turnover figures for telecommunications or railway transportation.

The CPI weights are determined on the basis of households' actual final consumption of market goods. The weights of the HICP, on the other hand, are calculated on the basis of household consumption expenditures.

The value of the goods and services represents the economic cost for the consumer at the moment of purchase, regardless of the method of payment.

Calculation of the basic aggregate indices is based on either the average prices ratio (homogeneous varieties) or the geometric mean (heterogeneous varieties).

Aggregation of the basic indices is performed every year in December using a chained Laspeyres index. The weights are reviewed every year (cf. 3.1.1 and 3.1.3) and adjusted in accordance with changes in prices to bring them into line with the price reference period, which is December of the preceding year.

The prices of products that could not be observed in the course of the month are imputed from trends for identical products surveyed at similar outlets in the same or other regions. This substitution practice is applied from the first month for which data collection is lacking. There is no automatic carry-forward of previously observed prices. In line with HICP regulations, prices may be imputed for at most two months. Thereafter, the product itself is replaced by another.

The prices of missing seasonal products—other than fresh produce—are kept constant at the level of the last observed normal (i.e., non-discounted) price. Products that cease to be available on a permanent basis are replaced in the sample by other products and different adjustment techniques are used to reflect differences in quality.

There are two ways in which new products are included in the sample:

- if they meet the specifications established at the start of the year for a CPI variety, they may be introduced in the course of the year when products that have disappeared are replaced;
- if they are fundamentally new, they are introduced the following December during the annual chaining, provided they have a sufficient market share.

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

A seasonally adjusted overall index is calculated and published every month. However, the indices broken down by product are not seasonally adjusted.

In addition, every month INSEE publishes an “underlying seasonally adjusted” index for the entire set of products, which excludes fresh products and certain other products of a seasonal or volatile nature.

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*

Sample errors were calculated during efforts to optimize the sample conducted in 1992 and 1997. The overall margin of error (two standard deviations) is less than 0.1 percent for the annual change in the overall CPI. In other words, a change of 2.1 percent in the index means in fact that it is between 2 percent and 2.2 percent. In that sense, the French CPI observes the 0.1 percent margin required for the HICP.

The impact of measurement errors has not been assessed, but, according to INSEE, it is unlikely to be significant especially as the price collections is done directly by trained INSEE staff (instead of originating from survey respondents).

Information on the extent to which imputation methods have been used is provided each month. The statistical effect of those methods has been assessed as less than 0.1 percent every month.

Very marked and very slight changes in prices that could distort the index are systematically monitored. The data collected and calculation methods are then checked: if an error is detected, the anomaly is corrected. No automatic procedure for correcting extreme values is employed.

Collected data are subject to ex post spot checks, which compare data collected by the interviewer with reality.¹⁸Data taken from other sources, especially administrative sources, are routinely assessed in coordination with the data-producing agencies (for instance, by “negotiation” with suppliers). The source data are analyzed every month, in conversations with the statisticians in the producing agencies, in order to guarantee that the CPI is accurate. This analysis focuses on the following:

- consistency of observed data over time;
- plausibility of monthly price changes;
- correct identification of products;
- in the event of substitution, correct selection of the replacement product (and, possibly, the new outlet) and use of an appropriate substitution method.

¹⁸ To that end, a staff member of the Price Office does the same round as the interviewer on the same day.

3.4. Assessment and validation of intermediate data and statistical outputs

3.4.1 Main intermediate data are validated against other information where applicable

Intermediate (comprising all kinds of partial indices) and overall CPI data are compared against other price indicators derived from different sources, such as producer price indices or implicit price indices deduced from value indices calculated for the National Accounts and “adjusted” by implicit volume indices, when reliable estimates of such indices are possible. However, given the differences in scope, date, and methodology between these sources, the findings of such comparisons should be carefully examined.

3.4.2. Statistical discrepancies in intermediate data are assessed and investigated

Unusual changes in the indices triggered by major fluctuations in particular sectors or resulting from the processing of specific sources of information are systematically investigated. Any errors detected are corrected.

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

Discrepancies between indices for product “families” in the same sector are automatically analyzed using computer software. Whenever outliers stem from observation errors or erroneous statistical processing, corrections are made. In some cases, this is a question of correcting a specific anomaly. In others, the sampling or certain methods for comparing prices over time need to be reviewed in order to re-establish correct variations in the CPI in the course of the following periods.

3.5 Revision studies

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

It is worth noting that France’s CPI is initially disseminated as a provisional index. The official CPI, referred to as the definitive index, is published approximately 12 days later.

Studies, accompanied by simulations of the impact on the CPI, are routinely undertaken with a view to improving the CPI methodology. The practice of chaining indices each year means that many of the methodological improvements envisaged can be swiftly introduced.

The definitive CPI is never revised, even if a major error is detected. The chief reason for this is that numerous contracts (commercial, pensions, wages, etc.) are indexed to the CPI. Backward extrapolation of the index would trigger disputes and create management problems. As in France, most national CPIs may not be revised. Nevertheless, if a major error is detected, some countries do, exceptionally, revise them. There is always a risk of

significant error, and it might be worth analyzing that risk in order to formulate future policy in this field.

4. Serviceability

4.1 Relevance

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

The CNIS, where both producers and users of statistics discuss the CPI work program, provides assurance that the relevance and practical utility of existing statistics meet users' needs. In addition, the DPC is in constant contact with the principal users of the index, especially government and business statisticians and economists, professional associations, consumer associations, the media, and individual users. These exchanges of views enable INSEE to take user needs into account and make the CPI a better tool. There is no formally constituted permanent group of users, but more in-depth and formal consensus-building is attempted whenever there are major changes in the CPI methodology, particularly when a new index base is introduced, as in 1999 (base year 1998 = 100). Moreover, the collection of data for the CPI is approved each year by the CNIS as part of its annual program of mandatory statistical surveys, which are listed in an order published in the *Journal Officiel*.

The Press Office and, above all, INSEE Info-Service forward numerous user comments and responses to the DPC. These can then be dealt with in the "Frequently Asked Questions" series.

At the same time, INSEE is called upon to respond favorably to certain requests for information requiring specific processing, such as calculating subaggregates or backward extrapolation of indicators in the event of a change in classification.

4.2 Timeliness and periodicity

4.2.1 Timeliness follows dissemination standards

Lags in publishing the statistical series are in line with the SDDS. Monthly estimates of the CPI of month m are published between day 10 and 12 of month $m + 1$ in the case of the provisional data and around the 25th of month $m+1$ in the case of final data.

4.2.2 Periodicity follows dissemination standards

The periodicity of the CPI is monthly, in line with the SDDS.

4.3 Consistency

4.3.1 Statistics are consistent with the dataset (for instance, observance of accounting identities)

The estimates resulting from all the classification typologies are consistent with one another.

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

The availability of detailed series that are consistent over time is a problem when a change of nomenclature takes place, as was the case in 1993 and, to a lesser extent, in 1999. The current series, by group (161 groups) and item (305 items) have been extrapolated backward to 1990.

Any break in the statistical series is indicated in the publications. A well disseminated methodological paper explains the reasons for these breaks and how to correct them.

Trends in the overall CPI and its principal components are analyzed every month in a commentary accompanying the release of the index data.

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

Generally speaking, the weights and indices for CPI product “families” are consistent with national accounts statistics.

4.4 Revision policy and practice

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

The schedule for publication of the CPI, and of other periodical INSEE statistics, is released to the public in advance. A provisional estimate is initially disseminated some 10 days after the reference period, followed by a definitive CPI published 12 days later. This data dissemination policy is clearly explained and the information easily available on the INSEE website. The definitive index is never revised.

The annual revision of CPI weights process, during chaining, follows the same schedule every year. Annual weights revisions are reflected in the February publication of the January CPI. That means that the provisional January index is not disseminated. Only the definitive index is published (e.g., on February 25, 2003). Since the definitive indices are never revised, changes in weights have no impact on indices already published.

Both the publications and the database to which users have access contain documentation on the revisions to the CPI weights. INSEE informs users that more detailed information on the revisions to these weights can be obtained directly from INSEE.

4.4.2 Preliminary data are clearly identified

Users are advised when data are provisional or definitive. The provisional data are only disseminated for some large categories.

4.4.3 Studies and analyses of revisions are made public

As noted in 3.5.1., the definitive CPI is not revised.

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 CPI statistics are well presented, along with tables and charts to facilitate analysis.

The datasets are published at several levels of detail. Each publication contains an analysis of developments for the current period.

The data are published at a detailed level and in the form of time series covering the past 13 months. Longer time series are available for the aggregate series.

5.1.2 Dissemination media and formats are adequate

The data are first disseminated in a four-page publication (INSEE's *Informations Rapides*) in the case of provisional data and an eight-page publication for the final data. More detail is subsequently provided in INSEE's monthly statistical bulletin.

The INSEE Internet site contains detailed data on the CPI for the past 13 months, with longer series provided in aggregates only; access to these longer-term series or to metadata is not very user friendly.

5.1.3 Statistics are released on a pre-announced schedule

Publication of the CPI follows a schedule published four months in advance.

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

The data are made available all users at the same time.

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

Nonpublished subaggregates are confidential. Specific subaggregates may be calculated in response to a request by certain users.

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 on the statistical series are published in brochures and articles. Certain texts are available on the website of either INSEE or CNIS.

The volume of information easily accessible through the Internet is somewhat limited, especially information on methodology, on this highly important economic indicator. There is much less information on the CPI than on the PPI. A guide called “Pour comprendre l’indice des prix” (“Understanding the Price Index”) is very useful, albeit somewhat out of date (the last edition was in January 1999), and it is not clearly flagged on the website. Thus, it would be worth updating this document and making it available to the public in print and on the website.

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

The metadata are available in varying degrees of detail and technical complexity, to meet the needs of different types of users.

In-house rules on confidentiality nevertheless preclude dissemination of certain types of information. Among the most important of these rules are:

(a) The principle of not divulging the description of the products monitored at the variety level, that is to say at one level above specification of the object whose price is surveyed. For instance, the fact that the index contains or does not contain the price of Camembert cheese is not published. This practice would appear to be restrictive and could be reconsidered.

(b) The principle of not divulging information on the way prices are derived from public utility rates. This principle applies to rail transportation, electricity, and other types of services for which charges vary according to the personal circumstances of the consumer (senior citizen, student, family, family circumstances, disability, etc.), or according to the moment of consumption (different times of the day, or different periods of the week, month, or year, and so forth). Calculation of the index on the basis of complex rates relies on the service provider giving confidential commercial information. Certainly, publicly divulging detailed information on the service providers’ business practices should not be contemplated. On the other hand, there would be no harm in publishing the methods used by the DPC to

derive the price of the service included in the index; fictitious numerical examples could be used to illustrate the methods employed.

5.3 *Assistance to users*

5.3.1 *Contact person for each subject field is publicized*

Users receive adequate assistance. Depending on the nature of their request, users can obtain information via an audio response system, via Minitel, or over the Internet, by calling the Information Offices of INSEE's Regional Directorates, or by writing to INSEE's Info Services. The names of contact persons responsible for producing the index are published on the CNIS website and in certain published documents, but not in the statistical publications themselves. All inquiries from journalists are routed through the press office.

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

Every year INSEE updates a catalogue of its publications, documents, and other services, indicating any fees charged for services and describing how to order them.

Table 2. France— Data Quality Assessment Framework: Summary of Results for the Consumer Price Index
(INSEE)

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 on Assessment
		O	LO	LNO	NO	
0. Prerequisites of quality						
0.1 Legal and institutional environment		X				
0.2 Resources		X				
0.3 Quality awareness		X				
1. Integrity						
1.1 Professionalism		X				
1.2 Transparency		X				
1.3 Ethical standards		X				
2. Methodological soundness						
2.1 Concepts and definitions		X				
2.2 Scope		X				
2.3 Classification/ sectorization		X				
2.4 Basis of recording		X				
3. Accuracy and reliability						
3.1 Source data		X				
3.2 Statistical techniques		X				
3.3 Evaluation and validation of the source data		X				
3.4 Evaluation and validation of intermediate data and statistical products		X				
3.5 Revision studies	X					The definitive CPI is never revised.
4. Serviceability						
4.1 Relevance		X				
4.2 Timeliness and periodicity		X				
4.3 Consistency		X				
4.4 Revision policies and practices		X				
5. Accessibility						
5.1 Data accessibility		X				
5.2 Metadata accessibility		X				
5.3 Assistance to users		X				

III. PRODUCER PRICE INDEX

0. Prerequisites of quality

For assessments of the Prerequisites of quality (0.) and Integrity (1.) dimensions, see also sections 0. and 1. in the National Accounts (I)

0.1 Legal and institutional environment

0.1.1 The responsibility for collecting, processing, and disseminating statistics is clearly specified

Included in INSEE's general mandate is the responsibility for collecting, producing, and disseminating the producer price index (PPI), which is assumed by the Industrial Sales Prices Division of INSEE.

EC Commission Regulation N°1165/98 concerning short-term statistics also refers, in particular, to the obligation to monitor three variables: output prices (variable 310), output prices of the domestic market (variable 311), and output prices of the non-domestic market (variable 312). The regulation specifies the period within which the indices have to be published (no more than 35 days after the end of the reference month; France publishes them within 30 days).

0.1.2 Data sharing and coordination among data producing agencies are adequate

In the case of centralized data collection, the data collecting units cooperate closely with INSEE in order to obtain complete, reliable, and up-to-date information.

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

For the PPI, both individual company data and the list of enterprises are regarded as confidential. As noted in the national accounts section, there are rules on statistical confidentiality. They require observance of the following principles: the statistical tables based on the individual data may not reflect the results of fewer than three enterprises or establishments. Likewise, no result is disseminated when a single enterprise or establishment accounts for more than 85 percent of that result.

As it has extensive access to data of individual reporters, the Industrial Sales Prices Division takes great care to safeguard its documents and computer files. The security rules are: physical files kept under lock and key; periodic shredding of outdated documents; security cards to access individual computers (planned); results labeled "confidential" until they are published; and a high level of protection for the transmission network for the on-line question and answer service (project under way).

Clearly, without the guarantee that their information will be kept absolutely confidential, enterprises would not report such sensitive data as prices and would not agree to take part in the PPI survey. Thus confidentiality is an essential factor for the PPI.

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

There are sanctions for failure to observe the obligation to reply (as well as for reporting of incorrect data), even if they are rarely applied.

INSEE attempts to elicit cooperation from respondents by requesting only necessary data, easing their workload (e.g., helping them to fill in and send the necessary forms by appointing a contact person), explaining the purpose of the survey, notifying them of the steps taken to reduce their workload and through awareness campaigns (e.g., by reminding them of the importance of high quality statistics, and by providing them with feedback information on the statistics).

0.2 Resources

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

At INSEE, the PPI is drawn up by two units supervised by the Industrial Price Division. A 17-member team is located at INSEE head office in Paris, and a second 12-member team works in Lyon. There is also a network made up of eight senior survey officials, half of whom are based in Paris. There is no regional network. All contact with the surveyed establishments is made directly by the division. INSEE considers that it has sufficient staff, financial, and computer resources. The resources available for drawing up the PPI probably exceed those of most other European countries, and this is reflected in the quality of the index. Particular attention is paid to relations between INSEE and industrial establishments. A constant effort is made to use the best information technology available for processing the PPI data. Thus, for the PPI, the data are organized using modern database management systems; the senior survey officials visit enterprises armed with laptops; feedback is provided above all via the “Indices Pro” website, which disseminates production price indices and other key indices of use to enterprises; and data collection will shortly be complemented by an on-line question and answer facility.

0.2.2 Measures to ensure efficient use of resources are implemented

Assessment of the different categories of resources allocated to each statistical operation is a precondition for the preparation of the annual and medium-term work programs. Budgetary procedures are reviewed periodically in order to ensure that the available resources are used as efficiently as possible to deal with any major data problems or to address new priorities.

INSEE has hired an external consultant to develop the information technology required to set up an on-line answering system that will enable respondents to answer the PPI monthly

questionnaires on-line. A pilot version demonstrated that this project is at an advanced stage. It is considered user-friendly by both INSEE staff and respondents. This system collects prices for the current month, information on possible modifications to the questionnaire, especially product withdrawals, changes of label, products or specification, substitute products, etc. The system will include a series of management statistics of use to INSEE staff, such as the number of replies pending on a given date. Respondents receive automatic reminders by e-mail. Automatic loading of the data will be facilitated by a data validation system that will in particular allow identification of extreme data, accompanied by a request for an explanation from the respondents, as in the case of the current printed questionnaire. This new system, which is scheduled to come on stream in 2003 should make production of the PPI even more efficient.

Like other statistics institutes, INSEE assigns compilation of the CPI and PPI to two different units. In this field, synergies remain to be discovered and INSEE might consider strengthening cooperation between its different units in relation to price indices. Although data sources and certain methodological aspects differ, the preparation, calculation, and methodological analysis of the two indices have numerous aspects in common. At the present time there is already a certain amount of cooperation between the two price index units, especially in three specific energy sectors: gas, electricity, and water supplies.

0.3 *Quality awareness*

0.3.1 Processes are in place to focus on quality

Meetings on specific topics are routinely held with the other data providers (for instance the financial connections survey). High priority is attached to Eurostat requests, in order to ensure a high standards. The PPI division is trained to meet the standards of ISO 9000.

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

For price collection, a distinction is made between a “normal” collection phase and a “renewal” phase.

- The normal price collection phase is monthly. It consists of sending a questionnaire to enterprises in the sample. The questionnaire serves mainly to collect the prices of the period just finished.
- The renewal phase consists of updating the sample, products, and weights. This is done every five years. It involves a company visit by a senior survey official. He or she determines the breakdown of the turnover for the last known accounting years and the representative products, the prices of which would subsequently be monitored during the above-mentioned price collection phase.

For each of the two phases, detailed management tracking and control indicators are available.

For the monthly price collection phase, the following procedures and indicators are used:

- an automatic reminder procedure for enterprises that have not replied (towards the tenth of month M+1);
- then, if necessary, a phone call reminder from the official responsible for all enterprises that have not responded to the automatic reminder (as of the eighteenth day of month M+1); and
- for validation, a phone call from the official responsible for enterprises reporting major price variations or product changes (as of the eighth day of month M+1).

All the prices of the representative products are recorded by officials in the same month they are collected.

The processing of these data leads to provisional estimates (towards the eighteen day of month M+1) for initial verification and testing, then to final calculations (at the end of month M+1).

At each of these stages the control indicators for all price index levels are provided to all players involved. These detailed indicators cover:

- possible corrections of previous data (enterprises reporting late, etc.) for each price index; and
- the response rate for each price indicator.

All these indicators have to be calculated and used at a detailed level in order to ensure quality monitoring of all the price indices that are subsequently published by INSEE.

For the renewal phase, the following procedures and indicators are used:

- a monthly meeting on progress made in different branches of industry to bring the principal players up to date with all the renewals under way;
- a monthly visiting schedule for each senior survey official, specifying, for each industry being updated, the status of visits, reports on visits, and pending visits; and
- a monthly monitoring schedule for each industry being updated, specifying the status of visits, reports on visits, data captured, questionnaires sent, and questionnaires returned.

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 production price survey forms part of the annual program of public service statistical surveys reviewed by CNIS and is the subject of an order published in the *Journal Officiel*. It is mandatory and subject to statistical secrecy regulations. Following examination by CNIS, it is declared to be of public interest and accorded Government Statistic Status (Marque Statistique Publique), which ensures that it meets the needs of the principal institutional users.

1. Integrity

1.1 Professionalism

1.1.1 Statistics are compiled on an impartial basis

The PPI is compiled on an independent basis in such a way as to uphold the principle of the professional independence and prohibit external interference, especially that of other government agencies, with the contents or publication of statistical information.

The general level of education of INSEE staff is high. Staff are familiar with and observe international guidelines and procedures for compiling data. INSEE plays an active part in methodological studies conducted by international organizations, especially in the area of price indices. It participates, for instance, in Eurostat's Working Groups on the PPI, import prices, and services prices.

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

The choices of source data and statistical techniques are informed solely by statistical considerations. The methods used are, wherever possible, described in published documents and, whenever they contain interesting innovations, presented at national or international conferences and symposia.

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

INSEE's outreach strategy favors a preventive and educational approach with the media, especially via the "Bureau de presse" of the "INSEE Info-Service" Department that deals exclusively with the media and has regular bilateral exchanges with journalists. In the event of erroneous interpretation or misuse of statistics, INSEE takes a bilateral approach with journalists and rarely invokes its right of reply. Instead it prefers to stand by its message, which encompasses the statistics and the accompanying comments. INSEE engages in public discussions only on rare occasions.

INSEE accompanies publication of the monthly data (in the *Informations rapides* series) with a commentary on the most significant recent developments and a description of any methodological changes that could affect interpretation of the published statistics. The daily review of press coverage organized by INSEE's press office ("Bureau de presse") means that the Institute can react quickly to any communication problem.

1.2 Transparency

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

The provisions governing the collection, processing, and dissemination of data can be accessed by the general public on INSEE's Internet website, the "Indices Pro" website (<http://indicespro.insee.fr>), the CNIS website, as well as in their various publications (see, in particular, *INSEE Méthodes* N° 89, "Les indices de prix de vente de l'industrie et des services aux entreprises (PVIS)"/ "Producer price indices and business-service price indices," (bilingual, October 1999). The public surveys program is published in the *Journal Officiel*.

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

As indicated in the SDDS metadata, the office of the Minister of Economy, Finance, and Industry is informed of the latest PPI data at approximately 6:00 p.m. on the eve of their publication, which takes place at 8:45 a.m. the following day. The public is not otherwise informed of this practice.

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

INSEE is clearly identified as the source of the data.

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

Major changes in methodology (change of base year, classification, and definitions, new variables, etc.) are flagged in the dissemination materials at the time the changes are introduced. INSEE does not give advance notice of major changes before the publication of the first monthly index to which they apply, except indirectly, when these changes are discussed in the context of the CNIS (discussions on the work program or on the survey methods used to collect the data).

1.3 Ethical standards

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

As noted in the national accounts section, all civil servants and government agents are bound by the obligation of professional secrecy; the special legislation on computerized data; and

the code of ethics that governs relations between civil servants and the private sector. There are penalty provisions for violations of the code of ethics.

However, ethical rules relating to professional secrecy and statistical secrecy¹⁹ do not seem to be presented systematically to staff in a document or individual letters explaining the rules, except for new arrivals. On the other hand, survey questionnaires all mention statistical secrecy and staff who work on individual data are thus very conscious of this requirement.

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 concepts and definitions used in preparing PPI follow international standards and recommendations (*ESA 95*, EC Regulation 1165/98 concerning short-term statistics, 1998) and Eurostat's methodological manual on short-term statistics (April 2002 edition).

For the purposes of this ROSC, the standards applied to the PPI are the EU legislation and methodological manual. In the event of discrepancy with these standards, reference is made to the new international manual (PPI Manual nearing completion, available on the IMF website, <http://www.imf.org/np/sta/tegppi/index.htm>.)

2.2 Scope

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

The PPI (also called ISP: industrial selling prices) for the domestic market measures changes in transaction prices for goods produced by industry and sold on the domestic market. The scope is consistent with Eurostat's standards (see 2.1.1).

The PPI scope corresponds to sections C, D, and E of the NACE (rev 1), with the following exceptions: 12.0, 22.1, 23.3, 29.6, 35.1 and 35.3. Eurostat excludes activities related to uranium mining, publishing, the manufacturing and processing of nuclear material, the manufacturing of arms and ammunition, ship building, and airplane and spacecraft construction. Thus the index covers mining and energy sector activities.

This report refers only to the PPI for the domestic industrial market (industry comprises approximately 18 percent of France's GDP).

¹⁹ Professional secrecy is a criminal law concept and statistical secrecy is one of the applications of this concept.

INSEE also produces other producer price indices:

- (a) PPIs for external markets show changes in transaction prices (converted into domestic currency) of goods produced by industry and sold on the external market;
- (b) import price indices show changes in transaction prices (converted to domestic currency) of imported industrial goods;
- (c) business services price indices for the domestic market;
- (d) producer price indices for farm products.

2.3 Classification/ sectorization

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

The French PPI covers resident establishments (enterprises) of the productive sector, excluding the overseas departments (DOM) and Corsica, since economic activity in these territories is mainly related to tourism, agriculture, and fishing.

The NES, CPF, NAF, H-MIG and ISIC nomenclatures are used to classify products and activities. These classifications are international or direct French transpositions related to the original classifications.

	Industrial activities	Products
International level:	ISIC rev 3	CPC
European level:	NACE rev 1(500 categories)	CPA
France:	NAF (700 categories)	CPF (2300 sub-categories)

2.4 Basis for recording

2.4.1 Market prices are used to value flows and stocks

Weights and prices are assessed on the basis of the sales prices of the goods produced.

For base year 1995, the operations monitored excluded all taxes and freight charges. For base year 2000 (in effect in 2003), the data monitored include non-deductible taxes and exclude VAT and freight charges.

2.4.2 Recording is done on an accrual basis

Operations are recorded when billed, regardless of the date of production, given the impossibility of determining the price of a product that has not come on the market, which is the case with stocks.

Sales or transfers of goods and services between establishments in the same group are excluded from the survey, in line with Eurostat recommendations (intra-group prices cannot be considered market prices). Respondents are informed of the exclusion of transfer prices during the five-yearly visit of the senior survey officials. The corresponding turnovers are likewise excluded from the weights because there, too, is no appropriate valuation method.

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

The data collected from the surveyed enterprises reflects the “real” content of the transactions; in particular, discounts granted to the buyer are deducted.

The prices collected during the normal collection process correspond to the sales prices of transactions billed during the referenced month.

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 of enterprises is based on the annual enterprise surveys, which draw on the SIRENE computerized business directory—a complete and up-to-date list of businesses used for surveys. The EAEs provide the basic information for the survey. For a detailed (four-figure) NAF level, this type of survey indicates total sales in France and the export sales of all participants in the industry.

The enterprises are then ranked in decreasing order of sales. Generally speaking, enterprises whose accumulated turnover represents 70 percent—and never less than 50 percent—of the turnover of the industry are used for the survey. In highly concentrated sectors, higher figures may be attained. This kind of survey is called “judicious” or “cutoff” sampling as opposed to “random” sampling.

The PPI covers 90 percent of industry. Altogether 4,350 suppliers take part in the monthly PPI survey, reporting 24,000 prices each month.

Industry associations are consulted before an industry is introduced or updated.

The final version of the enterprise sample reflects data collected from industry associations; recently disappeared and reorganized enterprises, as well as the existence of special circumstances (for instance a preponderance of small enterprises for certain productive activities or activities restricted to the resale of unmodified imported products).

Within the Industrial Sales Prices Division, each sector manager is a specialist in the area of production for which he is responsible. He keeps in close contact with the data producing agencies for his area and scrutinizes the economic press and research papers related to his sector.

In order to handle cases in which no reply is received, INSEE uses several imputation methods, including:

- imputation of prices based on changes in the prices of similar products;
- carry-forward of the last price surveyed; and
- imputation of prices based on changes in the prices of other suppliers, etc.

Industrial services of sections C to E of the NACE (rev1) are included in the scope of the survey. Prices are noted whenever possible. In certain cases, given the special nature of certain operations and the impossibility of identifying sufficiently similar services, these activities cannot be monitored. For example, that is true of installation, maintenance, and repair of industrial hydrodynamic and refrigeration equipment (item 29.23.9 of NACE rev. 1), and of very specific and costly industrial products, such as certain measurement and control instruments for navigation systems.

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

The source data are consistent with the definitions, scope, and classifications as well as with recording times and reference periods.

3.1.3 Source data are timely

The source data are obtained in good time in the vast majority of cases to meet the period required by EU regulations dissemination schedule, though some enterprises may send data in late.

The price data are collected within.

3.2 Statistical techniques

3.2.1 Data compilation employs sound statistical techniques

Basic data are collected initially during a visit to the enterprises and later by mail.

A five-yearly cycle is used to establish production weights and to revise the list of products. This cycle is distributed over time so that 20 percent of the establishments are covered every year. This arrangement is called “renewal.” INSEE prepares a detailed file on each

establishment before visiting it. Preparation of these files is facilitated by prior contact with industry associations.

Visits to enterprises are carried out by a senior technical surveyor specializing in this kind of interview, recruited by INSEE on the basis of his familiarity with the enterprise and the industry. In most cases, the surveyor used to work in the relevant industry. He visits all the enterprises in a particular industry. Typically, he will meet with a financial or sales director for an interview lasting one or two hours. INSEE considers that this procedure is a great help in establishing close and lasting relations between the enterprise and INSEE and in ensuring high quality price indices.

In the course of this interview, the enterprise indicates the volume of transactions within each group on the different markets (domestic, export). The principal products manufactured by the enterprise are sorted into product groups, based on Eurostat's PRODCOM classification. The transactions considered to be most representative in terms of price trends, together with their degree of representativity, are then defined.

The description of the representative transactions specifies the product, the type of buyer, terms of sale, and the quantities involved. In particular, the technical definition of the "products" is as precise as possible so that any subsequent change of reference can be pointed out by the enterprise and taken into account in compiling the indices. Specification of "the buyer" is important. In fact, the same product sold via different distribution channels corresponds to distinct transactions which are processed as such, given that the sales prices follow different trends.

The interviewer then collects the turnover to be associated with each representative transaction in order to calculate the index. These are turnover figures for the last known accounting year. These turnover figures will be used to calculate the weights associated with each of the enterprise's representative transactions and kept for approximately five years.

The degree of product detail is sufficient to allow for detailed analysis of price changes. The data are published each month at four-figure CPF levels, and often in greater detail, and at the NES levels.

The method used to aggregate the elementary indices at the higher levels is based on the Laspeyres index. The current reference period of the weights and the reference period of the prices for the index are the same.

New products may be included in the sample between changes of base year. They are incorporated mainly during complete renewals of industry sectors, at five-year intervals. Estimation and substitution methods are defined in order to maintain the quality of the indices. Restructurings of surveyed enterprises are also taken into account in the current management of index compilation. The aim of maintenance is to avoid any deterioration of the reliability of the indices because of these changes. However, the disappearance of certain

products and their replacement by entirely new products can only be reflected in full when there is a change of base year.

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

For office computers, laptops, and servers, hedonic methods are used to reflect quality changes. These methods are based on analysis of a catalogue covering 30 to 50 detailed specifications for approximately 500 models. The data are provided by a subcontractor specializing in the subject. The analysis is carried out by the division responsible for the PPI, which assesses the impact of high quality. The data appear to be more complete than those available to the division responsible for the CPI for calculating the hedonic prices of personal computers. Apart from the above cases, the division responsible for the PPI does not carry out any other special price adjustments.

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 non-sampling error; the results of the assessments are monitored and made available to guide planning

Changes in prices, whether very marked or very slight, that could distort the index are systematically monitored. The data collected and calculation methods are then checked: if an error is detected, the anomaly is corrected. No automatic procedure for correcting extreme values is employed.

INSEE has not evaluated the impact of measurement errors. The data transmission process is declaratory and relies on trust in the enterprises and on the assumption that respondents' replies are of high quality. While INSEE's PPI experts examine the source data, there exists no method for routine assessment of potential errors.

The data coming from other sources are routinely assessed in coordination with data producing agencies. The source data are analyzed each month in order to make sure that the PPI is reliable. This analysis focuses particularly on the following points:

- consistency of observed data over time;
- plausibility of monthly price changes;
- correct identification of products; and
- in the event of substitution, correct selection of the replacement product (and, possibly, the new outlet) and use of an appropriate substitution method.

INSEE's PPI experts examine the monthly price lists closely. Prices which appear to be abnormally low or high are confirmed by the respondents. The source data are analyzed to allow for correction of any erroneous statement and particular attention is paid to consistency over time. Reprocessing of data provided by an enterprise is studied on a case-by-case basis by the expert for that sector and involves contacting the enterprise concerned. There may be several determining factors: type of industry or type of product (for instance the price of a seasonal good may vary considerably, whereas that of a car generally only varies a few percentage points).

In order not to introduce any form of bias between the two data collection methods (on paper or via the internet), the on-line response site, which will be operating in 2003, will not have an interactive control system for the reply sent by the enterprise over the Internet. A data validation tool, for in-house use at INSEE, which will complete the electronic data collection system, will include this capability.

3.4 Assessment and validation of intermediate data and statistical outputs

3.4.1 Main intermediate data are validated against other information where applicable

Intermediate and global PPI data are compared with other price indicators from other sources, such as consumer price indices or raw materials price indices to test for plausibility. For instance, in the case of vehicle models for either business or private use, the CPI and PPI are routinely compared and significant differences are checked.

As a general rule, all monthly prices are examined and apparently abnormal data are checked directly by phone with the respondents (this occurs several hundred times per month).

3.4.2 Statistical discrepancies in intermediate data are assessed and investigated

Unusual variations in the index triggered by major changes in particular sectors or resulting from the processing of specific sources of information are systematically scrutinized. Any errors detected are corrected.

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

Discrepancies between indices for product "families" in the same sector are analyzed. Whenever outliers stem from observation errors or erroneous statistical processing, corrections are made. In some cases, this is simply a question of correcting a specific anomaly.

3.5 Revision studies

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

As the monthly revision of data is a systematic procedure with little statistical impact (see 4.4.1) there is no real need to carry out special revision studies. On the sixteenth and eighteenth day of the month following the reference month, 60 percent of the findings have been reported. This increases to as much as 90 percent of the findings between the 23rd and 26th of the month when the PPI is finalized for dissemination.

4. Serviceability

4.1 Relevance

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

The CNIS, where both producers and users of statistics discuss the PPI work program, provides assurance that the relevance and practical utility of existing statistics meet users' needs. In addition, the Industrial Sales Prices Division is in constant contact with the principal users of the index, especially government and business statisticians and economists, professional associations, consumer associations, and the media. These exchanges of views enable INSEE to take user needs into account and make the PPI a better tool.

At the same time, INSEE is called upon to respond favorably to certain requests for information requiring specific processing, such as calculating subaggregates or backward extrapolation of indicators in the event of a change in classification.

4.2 Timeliness and periodicity

4.2.1 Timeliness follows dissemination standards

The PPI is disseminated not later than the 30th of the month ($m+1$), in line with the SDDS and Eurostat standards.

4.2.2 Periodicity follows dissemination standards

The PPI is published every month in line with the SDDS standards.

4.3 Consistency

4.3.1 Statistics are consistent with the dataset (for instance, observation of accounting identities)

The estimates resulting from all the classification typologies are consistent with one another.

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

The availability of detailed series that are consistent over time is more problematic when a change of nomenclature takes place, especially for certain aggregate levels. The current series were extrapolated backward to 1980 when such series were available.

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

Generally speaking, the weights and indices for PPI product “families” are consistent with national accounts statistics.

4.4 Revision policy and practice

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

Users are advised on the INSEE website that the initial published data are preliminary and subject to revision. The revised data are disseminated in the same way and with the same level of detail. The revisions are available in *Info Rapides* and on the website. The producer price index data are provisional for six months, in order to make it possible to include data sent in late.

In practice revisions only involve the very latest observations and are fairly minor. Since the revisions are not substantial, INSEE could consider the possibility of finalizing the index earlier, (for instance after three months) in the interest of users (or informing users that revisions do not make a significant difference).

4.4.2 Preliminary data are clearly identified

Users are advised on the INSEE website that the initial published data are preliminary. The fact that the data have been revised is clear because an “r” is placed alongside all revised data items.

4.4.3 Studies and analyses of revisions are made public

As noted in 3.5.1, no such studies are made.

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)

PPI statistics are published in the *Bulletin Mensuel de Statistique* in a clear and detailed presentation. The data are disseminated on the “Indices Pro” website along with tables and charts to facilitate analysis. Changes in the aggregate PPI and its principal components are analyzed each month in a commentary accompanying dissemination of the index data.

The datasets are published at several levels of detail. Each publication contains an analysis of the changes in the current period.

The data are disseminated at a detailed level and in the form of time series for the past 36 months on the “Indices Pro” website.

The outstanding quality of this website is worth noting. It is easy to use and provides access to a wide range of data and metadata on the PPI and related indices. It was recently introduced and is user friendly and attractive. It offers the user a wide range of choices, including the base year for the indices, the presentation of graphs, degree of detail, etc. There is no charge to visit the website at: <http://indicespro.insee.fr>. This website is an example of best practices at INSEE and may serve as a model for the presentation of the statistical products of other units.

5.1.2 Dissemination media and formats are adequate

The data are first disseminated in an eight-page publication (INSEE’s *Informations Rapides*). More detail is subsequently provided in INSEE’s monthly statistical bulletin.

Recent data and the aggregate time series are published on the INSEE website. The detailed time series can be accessed through INSEE’s “Indices Pro” website.

5.1.3 Statistics are released on a pre-announced schedule

The PPI is published in accordance with a schedule announced four months in advance. The date of publication announced one year in advance is always observed.

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

The data are disseminated to all users simultaneously, on the date and at the time officially announced in the schedule.

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

Preferred subscribers to the “Indices Pro” Internet website, mainly the participating enterprises, can access more detailed information than that available to the general public, in recognition of their significant contribution to French economic statistics.

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 on the statistical series are published in brochures and articles. Certain texts are available on either INSEE’s “Indices Pro” (see 5.1.1) website or the CNIS website.

Detailed information on the PPI can be found in the bilingual guide entitled “Les indices de prix de vente de l’industrie et des services aux entreprises”/ “Producer price indices and business-service price indices” – *INSEE Méthodes*, No. 89, October 1999.

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

The metadata are accessible at different levels of detail and technical complexity to cater to the need of different types of users. The “Indices Pro” website is currently consulted by some 20,000 outside users each month.

5.3 Assistance to users

5.3.1 Contact person for each subject field is publicized

Users receive adequate assistance. Depending on the nature of their request, users can obtain information over an audio response system, via Minitel, or over the Internet, by directly contacting the competent manager whose name and telephone numbers appear on the websites used to disseminate the data, or by writing to INSEE’s Info Services. The names of contact persons are published on INSEE’s website, on the “Indices Pro” website, and in certain published documents. All inquiries from journalists are routed through the press office.

Prompt and competent assistance is provided to users. The “Indices Pro” website in particular provides the name and contact details (address, telephone, fax, e-mail) of persons who can be contacted.

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

A catalogue of publications, documents, and other services, indicating any fees charged for services and describing how to order them, is available on request from INSEE.

Table 3. France— Data Quality Assessment Framework: Summary of Results for the Producer Price Index
(INSEE)

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 on Assessment
		O	LO	LNO	NO	
0. Prerequisites of quality						
0.1 Legal and institutional environment		X				
0.2 Resources		X				
0.3 Quality awareness		X				
1. Integrity						
1.1 Professionalism		X				
1.2 Transparency		X				
1.3 Ethical standards		X				
2. Methodological soundness						
2.1 Concepts and definitions		X				
2.2 Scope		X				
2.3 Classification/ sectorization		X				
2.4 Basis of recording		X				
3. Accuracy and reliability						
3.1 Source data		X				No computerized method for assessing measurement errors.
3.2 Statistical techniques		X				
3.3 Evaluation and validation of the source data			X			
3.4 Evaluation and validation of intermediate data and statistical products		X				
3.5 Revision studies		X				
4. Serviceability						
4.1 Relevance		X				
4.2 Timeliness and periodicity		X				
4.3 Consistency		X				
4.4 Revision policies and practices		X				
5. Accessibility						
5.1 Data accessibility		X				
5.2 Metadata accessibility		X				
5.3 Assistance to users		X				

IV. GOVERNMENT FINANCE STATISTICS

0. Prerequisites of quality

For assessments of the Prerequisites of quality (0.) and Integrity (1) dimensions, see also sections 0. and 1. in the National Accounts (I).

0.1 *Legal and institutional environment*

The government finance statistics examined in this assessment are those of the general government account prepared in the national accounting framework, as France does not produce government finance statistics in the sense of the *Government Finance Statistics Manual 1986* or *2001*. They are annual statistics covering the whole of general government in flows and stocks, including the detailed general government debt.

0.1.1 *The responsibility for collecting, processing, and disseminating statistics is clearly specified*

Pursuant to the Budget Law of April 27, 1946, INSEE is responsible for compiling and disseminating the general government accounts as part of the annual preparation of the national accounts. The data sources are compiled by the Directorate General for Public Accounting (DGCP), and the Forecasting Directorate (DP) of the Ministry of the Economy, Finance, and Industry (MINEFI).

Intermediate accounts are initially prepared by the DGCP of the MINEFI and then validated by INSEE after verification and adjustments to the financial accounts by the Bank of France (BdF). As regards preparation of the intermediate general government account, a MINEFI decree assigns to the DGCP responsibility for collecting the accounts of the general government and its subsectors and for adapting them to a national accounts format²⁰ *The decree of November 12, 2001 amending the decree of November 2, 1998 on the organization of the subdirectorates of the Directorate General for Public Accounting* assigns responsibility for the preparation of the general government account to Office 5 D – National Accounts for General Government – of the DGCP in the MINEFI.

The DP of the MINEFI also plays a part in preparing the initial results reported to the European Commission on March 1, as well as in preparing the provisional account. It provides estimates for local governments and social security entities, which complement the already available accounting data supplied by the DGCP.

Responsibility for preparing data on budgetary central government operations within the year lies with Office 5A of the DGCP. This is done on the basis of the Treasury accounts and

²⁰ Although the DGCP is not a ministerial statistical unit in the sense of the 1951 law, it is a data-producing unit subject to confidentiality and coordination rules and it is represented on the CNIS.

results in the production of statements on budgetary central government operations, notably the summary statement of Treasury operations (SROT), which is the most detailed of several published accounting statements. The SROT is prepared each month and published in the *Journal Officiel*. At the end of the year, the DGCP prepares the General Fiscal Management Account (CGAF), which is essentially an annual version of the SROT and therefore constitutes the major source for compiling the government account in the national accounts. The data of the SROT are not assessed in this report, except as regards timeliness and periodicity (section 4.2.1 and 4.2.2).

The government statistics prepared by INSEE provide the reference statistics pursuant to the various different European regulations, particularly EC regulation 3605/93 (Maastricht Treaty) and EC regulations 1466/97 and 1467/97 (Amsterdam Treaty).

0.1.2 Data sharing and coordination among data producing agencies are adequate

Work is organized in accordance with the respective mandates of the different institutions involved in preparing the general government account. Every year, pursuant to the aforementioned decree, and in collaboration with INSEE and the BdF, the DGCP produces an initial aggregation of the nonfinancial and financial national accounts.²³ The National Accounts Department (DCN) of INSEE validates the work done by the DGCP and integrates the general government account with the other sectoral accounts of the national accounts. At the BdF, the Financial Transactions Survey and Statistics Unit (SESOF) examines, adjusts, and validates the financial account (financial asset and liability operations) prepared by the DGCP and then transmits it to INSEE.

The units involved in compiling the statistics are the following:

- Office 5D of the DGCP, which specializes in transcribing the public accounts using the national accounts nomenclature. This unit is responsible for the collection of the data needed to draw up the general government account of the national accounts, be they accounts kept by government accountants or accounts of entities under private law included in general government for national accounts purposes. This responsibility was already explicitly assigned in the 1962 decree on the creation of the DGCP. Thus the DGCP reclassifies the public accounting figures into national accounts categories and makes the necessary adjustments to reflect differences in recording time, valuation, etc. in coordination with INSEE, particularly with respect to definitions and methodology.
- The “Public Administration Office” of the Forecasting Directorate (DP) of the MINEFI, which, for the preparation of the provisional general government account for the previous year, provides estimates for national accounts purposes of items for which accounting data are not yet available.

²³ This collaboration is normally based either on service agreements or on protocols.

- The SESOF at the BdF, which makes valuation corrections to securities to be applied to the financial operations data provided by the DGCP in order to convert them to market value. It also reconciles the data on financial operations taken from the public accounting system with the central bank data for other sectors, for example financial claims on general government, in order to draw up the financial operations table (TOF) for all the institutional sectors.
- INSEE,²⁴ which receives the nonfinancial account from the DGCP and the financial account from the SESOF. Following verification and adjustments, INSEE validates the general government accounts and integrates them with the other sectoral accounts of the French economy. INSEE is responsible for publishing these accounts in the *Rapport sur les comptes de la Nation* and other related publications.

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

The data collected by the DGCP for specifically statistical purposes may only be used to compile aggregates unless there is an explicit agreement among the parties concerned. For instance, there is a formal agreement with the Association of French Mayors that individual data on municipalities may be published on the Internet. Data exchanged with units outside INSEE are already aggregated and are generally transmitted electronically in the form of Excel tables. It is also possible to access basic data in very detailed tables.

Government entities are informed of the confidentiality rules and procedures governing permission to disseminate data. The usual legal provisions apply but not the statistical secrecy rule (the latter only applies to ministerial statistics units, which does not include the DGCP).

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

Legal or administrative provisions are in place to guarantee transmission to the DGCP of the source data and accounting statements needed to compile the general government account statistics. This applies to all units and all levels of government involved. The annual accounting administrative data are generally available by law six months after the end of the year, at which point the respondents have a legal obligation to supply them to the DGCP. For its part, INSEE may be called upon to collect data to which the DGCP has no access under the statistics law, which guarantees statistical secrecy. However, this rarely happens with respect to compilation of the general government account, as the DGCP has a statutory right to collect this information.

²⁴ National Accounts Department, General Accounts Summary Division (General Government Units), and the Definitions and Methods Division.

0.2 Resources

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

In addition to INSEE staff, the DGCP office responsible for the collection and processing of data for 156,000 general government units in France has a staff of 22. They are joined by the staff of the three departments involved in preparing the general government accounts (INSEE, DP, and BdF). The DGCP considers that this is sufficient to carry out its mandate in this area. While some delays have occurred regarding the classification of expenditure by function, these are being shortened.

Budgetary constraints have prevented updating of the computer equipment at the DGCP. Given the large number of general government units, the DGCP relies on outside data processing services to store its databases. Consequently, given the volume of data, the DGCP transmits these data to INSEE and to the SESOF via messaging or on CD-ROM.

0.2.2 Measures to ensure efficient use of resources are implemented

The preparation of government statistics follows the same measures as those of the national accounts: work programs and assessment of different categories of resources allocated to the statistical operations.

As for the DGCP, it embarked in the early 1990s on a policy of streamlining computerized data collection in order to avoid duplication and minimize costs (see also the reform on government finance below under 0.3.1).

0.3 Quality awareness

0.3.1 Processes are in place to focus on quality

One manifestation of the focus on quality at the DGCP is the recent effort to reform government finance and, especially, government accounting. In fact, the provisions of the organic law of August 1, 2001 on the budget law are conducive to an in-depth reform of the government financial and accounting system, which is scheduled to be completed in 2006. In the accounting sphere, these provisions consolidate the work done by the Treasury since 1999 to enhance the readability of the government accounts and meet the information needs of the public, Parliament, and the Audit Office (Cour des comptes). The EU integration process also fosters harmonization of government accounting systems with each other and with respect to international standards. The contribution of the DGCP to this reform has been officially incorporated into a multiyear program of actions, which came on stream in 2001 and envisages, inter alia, increased transparency in government accounts. The latter will be achieved by putting into place genuine accrual basis accounting in the course of implementing the accounting component of the organic law of August 1, 2001 on the budget law and through efforts to modernize local accounting systems. This will consist, among

other things, of designing the new national financial and accounting information system, namely: reforming the current system, enhancing the information produced, improving the quality of the accounts, and expediting the rendering of those accounts.

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

The source data collected by the DGCP for **the annual statistics covering the whole of general government** are final accounting data signed by public accountants and validated by their supervisory ministry. They are remitted for verification and certification purposes to the Cour des comptes (Audit Office), for central government accounts, and to the Cours régionales et départementales (regional and departmental audit offices), for the accounts of local governments and their agencies. To ensure conformity with the national accounts, the head of the unit responsible for compiling these data in the DGCP is traditionally a national accountant on secondment from INSEE. Moreover, INSEE receives all the detailed financial statements from the *Centrale de bilan* of the BdF, which enables it to monitor treatments used.

In summary, the fact that assessment of the general government account is the product of collaboration among different teams enhances the quality of the statistics. INSEE conducts a quality control check on the data (a search for explanations of changes, validation of accounting treatments, and classification).²¹ These data have already been checked by the units outside INSEE that produce them.

The Cour des comptes is a public financial audit entity that helps Parliament oversee implementation of the budget law, and audits the government accounts, especially the account for the central government and social security funds, each year, certifying the consistency, accuracy, and reliability of the accounts. For the past two years, in its annual report, the Cour des comptes has clarified differences of treatment between the government accounts and the national accounts, based on information provided by the national accountants at the DGCP, the DP, and INSEE. Its audit helps strengthen the requirement of accuracy and conformity with the standards for national accountants, who have to be able to explain and justify their treatment of the data. References to the national accounts in the reports of the Cour des comptes²² tend to clarify Parliament's and the government's interpretation of national accounts data.

²¹ See, for instance, *Corrections systématiques apportées par l'INSEE aux comptes des administrations publiques* (Systematic adjustments by the INSEE to the general government accounts), by Danielle Besson, published in the series *Système français de comptabilité nationale, Méthode Base 95* (No. 18-August 2001).

²² For instance, the *Déclaration générale de conformité* (overall audit assurance) in the *Rapport sur l'exécution des lois de finances en vue de l'exercice du budget 2000* (Report on the execution of the budget law for fiscal year 2000).

Work on interpretation of *ESA 95* takes place in European working groups, especially the Working Group on Financial Accounts, and in specialized task forces organized by Eurostat.

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

INSEE keeps close tabs on tradeoffs between quality and timeliness while taking care to respond to user needs. Several examples illustrate this concern. The European Commission pushes hard for speedier publication of statistics, without always being in a position to guarantee accuracy and reliability. Like other statistical institutes in the member states, INSEE constantly issues reminders that shortening publication times, while desirable, must not be done to the detriment of accuracy.

1. Integrity

1.1 Professionalism

1.1.1 Statistics are compiled on an impartial basis

The general government account statistics meet the same integrity requirements as the other national accounts data. Compilation of government finance statistics follows public accounting and national accounting rules, and observance of these rules leaves no leeway with respect to treatment or interpretation of the transactions to be recorded.

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

The basic sources are principally accounting and administrative and the statisticians are not left with any leeway in choosing them. Thus government finance statisticians at both INSEE and the DGCP indicate that they are under no political interference in their choice of sources.

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

While INSEE is entitled to comment on erroneous interpretation and misuse of statistics, it does not usually do so. Instead, INSEE favors a preventive and educational approach, dealing bilaterally with journalists.

As is the case for the national accounts, the main published statistics of the general government account are always accompanied by commentaries (in *Informations Rapides* and *INSEE-Première*) in order to prevent any erroneous interpretation.

1.2 Transparency

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

Policies and practices regarding general government account statistics are the same as those in effect for all the national accounts. In addition, the public is informed of the various provisions regarding government finance statistics through laws or regulations, but also by means of basic methodological documents (*ESA 95* and Eurostat's *Manual on government deficit and debt*, for example) and "sources and methods" papers. While not always systematically distributed to the public, the availability of such documents is noted in certain publications such as the *Rapport sur les comptes de la Nation*. An example is *Le compte des administrations publiques* (the general government account), by Jean-Pierre Dupuis published in the series *Système français de comptabilité nationale, Méthode Base 95* (No.22-November 2001).

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

The data are submitted to the Office of the Minister at 6:00 p.m. on the day before their release. Also, the deficit and debt statistics prepared in the context of the Stability and Growth Pact are reported to the Minister of Economy, Finance and Industry before being sent to the European Commission. No public announcement is made regarding these practices.

Monthly government finance and national debt accounting statements are designed primarily to assist the authorities in following budget developments. These working documents have therefore been available since their inception for use by MINEFI departments or other competent units.

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

Statistical products are clearly labeled as produced by INSEE as in the case of the national accounts.

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

The public is usually notified of changes when they are implemented, as is the case for national accounts. Large changes are at times, however, announced in advance, such as the reform of the national accounts following the introduction of the *ESA 95*, which led to a series of announcements and articles in INSEE publications. Similarly, the changes currently being made in the public accounting system and the presentation of government finance statistics are the subject of studies and debate in the public domain. They are widely commented upon in the media, and above all in specialized fora (associations, conferences, and accounting journals, for instance). The reform of the public accounting system forms part of the current administrative reform of government being discussed in the mass media.

1.3 Ethical standards

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

As Directorates General of the MINEFI, the DGCP, and INSEE are government agencies and their staff are government employees (regardless of whether they enjoy civil servant status) and subject to governmental ethical standards. All civil servants and government officials are bound by statutory and regulatory provisions regarding professional secrecy and confidentiality obligations. Moreover, specific laws exist regarding computerized data (see the section on the national accounts). No mechanism is used, however, to systematically remind staff of these ethics provisions.

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 annual statistics of the general government account are compiled on an accrual basis, following the structure, definitions, and concepts of *ESA 95* and the *ESA 95 Manual on government deficit and debt*. In the field of government finance, these definitions and concepts are broadly similar to those of the *GFSM 2001* and the divergences are well known. Direct links between the two methodologies are therefore easy to establish.²³

The statistics come in the form of two analytical frameworks. One shows general government “supply” and “use” through the sequence of the national accounts. The other uses a “government finance” presentation akin to that of the 1986 GFS methodology: revenue, expenditure, and financing. The Net borrowing/lending, which is naturally identical in the two presentations, corresponds to that required by European regulations under the Stability and Growth Pact.

France is in the process of producing complete quarterly national accounts for general government in accordance with the various European regulations that are in force for nonfinancial accounts, or about to be put in place in the case of financial accounts.

The monthly statements on budget execution and Treasury operations adopt the presentation required for monitoring budget law implementation. The SROT issued on the last day of each month presents the accounting results of budget execution and its financing operations under three headings:

²³ The *GFSM 2001* describes, inter alia in an annex, the differences with the *1993 SNA*. That description also applies for *ESA 95*. Additional information regarding this can be found in the supplement to the *Government Finance Statistics Yearbook 2002*, in which the government finance statistics of certain European Union countries, including France, are presented in the *GFSM 2001* framework, based on national *ESA 95* data.

- The table entitled “Eléments d’actif et de passif” (Main Assets and Liabilities Items) uses a presentation very similar to the balance sheet envisaged by the General Chart of Accounts.
- The table of budget and financing operations uses the presentation provided in the organic law of January 2, 1959 on the budget law to track, within the timeframe of the current calendar year: (1) flows associated with the execution of the budget laws for the previous year, the current year, and the following year and (2) the corresponding financing operations (that is to say, the financing of the execution of the budget laws).
- The table called *Opérations budgétaires de l’exercice* shows, as provided for in the organic law, the flows associated with the execution of the initial and supplementary budget laws, distinguishing whether they are charged to the preceding fiscal year, the current year, or the following year.

In other words, the SROT presents data on the government’s budgetary operations and their financing and on its outstanding assets and liabilities.

2.2 *Scope*

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

The scope of the annual statistics of the general government account is consistent with the principles, definitions, and concepts of the *ESA 95*. Coverage of institutions and operations is therefore exhaustive and corresponds also to the coverage recommended by *GFSM 2001*.

The annual statistics of the general government sector, even at the preliminary stage, cover the entire general government sector and its operations in flows and stocks. The nonconsolidated statistics are shown by subsector: central government made up of the budgetary central government proper and central government agencies (ODAC), local government (consisting of local governments proper and various local government agencies), and social security funds (social insurance schemes and bodies dependent on social security funds) defined in accordance with *ESA 95* principles. Data are available on flows between general government units and on reciprocally held financial balances in order to allow the compilation of consolidated statistics at the aggregate level and for the three subsectors of general government.

The presentations of the following stocks and flows needed to reconstitute the “government finance” framework are covered:

- Table showing expenditure and revenue of the general government sector and of each subsector.

- Table of the financial account for the general government sector and the central government subsector.
- Table of the financial account for stocks for the general government sector (balance sheet), at opening and closing.
- Account recording revaluation and other volume changes for the general government sector in the Tableau économique d'ensemble.
- Debt as defined in the national accounts (for the general government sector).
- Debt as defined in European regulations (for the general government sector).

This analytical framework is similar to, but not identical with, the *GFSM 2001* framework.

The monthly statements of Treasury operations (SROT) cover the operations of the budgetary central government, which constitutes a subsector of the central government sector according to the *ESA 95*.

2.3 Classification/sectorization

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

The definitional criteria for the institutional sectors of the French economy are consistent with *ESA 95* criteria. The same holds true for subsectorization of the general government sector. These criteria are the same as those in the *GFSM 2001*. Thus, the general government sector has the following subdivisions:

1. General government
 - Central government (APUC, S.1311)
 - Central government proper (*État*) (S.13111)
 - Central government agencies (ODAC, S 13112)
2. Local government (APUL S.1313)
 - Local government proper (S.13131)
 - Local government agencies (ODAL, S.13132)
3. Social security funds (S.13141)
 - Social insurance regimes (S.13141)
 - Agencies dependent on the social security funds (ODASS, S.13142)

Revenue and expenditure are classified according to broad economic categories at the general government subsector level; financial operations are classified by financial instruments (for the central government and for the whole of general government) and by counterpart sector (for all the levels of government in the Tableau économique d'ensemble). However, expenditure is not yet presented according to the Classification of the Functions of

Government (COFOG) classification. The COFOG classification will be introduced by end-2003.

As mentioned above, the statistics are compiled for each of the subsectors and then consolidated in order to obtain the statistics for each of the three main subsectors (central government, local government, and social security funds) and the statistics for the general government sector.

The SROT covers central government budget operations and those of the special Treasury accounts, that is, *l'État* (sector S1311 according to the *ESA 95*). The government debt results from an accounting logic rather than from a government finance statistics one and is broken down in a specific manner: into negotiable debt and nonnegotiable debt (mainly correspondent bank deposits, current accounts at the BdF, short-term investments, BdF lending, beneficiaries of checks written on the Treasury, and payables).

2.4 Basis for recording

2.4.1 Market prices are used to value flows and stocks

Generally speaking, stocks and flows are valued at market prices. Transactions in foreign currency are converted into euros at the median rate between the buying and selling rates on the day of the transaction. Stocks are valued at the rate in force at the end of the period. In accordance with EU recommendations, the outstanding government debt is recorded at face value.

Because the SROT is an accounting statement, transactions are recorded at the actually-used price or value. This is true also for the central government debt, which is also issued from an accounting document.

2.4.2 Recording is done on an accrual basis

Stocks and flows in the general government account are recorded on an accrual basis in line with *ESA 95* and the *ESA 95 Manual on government deficit and debt*.

Furthermore, according to *ESA 95*, amounts that are unlikely to be collected are not recorded. In general, as in other EU countries, although the recommended moment of recording is the taxable event, a certain flexibility is permitted as to the amounts, provided that consistency is maintained in the accounts from one institutional sector to another. These practices are, in general, consistent with those recommended in the *GFSM 2001*.

More precisely, taxes based on tax assessment rolls (especially taxes on household income and local taxes) are recorded at the time and on the date that the tax roll is issued, on the basis of amounts due on that date. For the tax on household income corresponding to year n , paid in year $n+1$ (and not withheld at source), the year n is not considered the linking period,

but rather $n + 1$, given the impact of the due date for tax payments on the behavior of households.

- The VAT (and certain taxes on farm products) includes the amounts received that are linked to the taxable event (that is to say, the month of the activity or of placement on the market).
- The other taxes, including corporate income tax, are recorded upon receipt.
- Employee and employer social security contributions are recorded on the basis of amounts due, linked to the taxable event (the month of activity).
- The generalized social contribution (CSG) and the contribution to repayment of the social debt (CRDS) of wage earners are considered amounts due that are linked to the month to which the wages relate. Other CSG and CRDS are recorded upon receipt.
- Social benefits in cash are recorded at the time the right to them is established (in principle by administrative ruling).
- Benefits in kind are recorded when they are delivered, or in the case of social security refunds, when they are agreed to by the social security agencies (receipt of request for the refund).
- Interest is recorded on an ongoing basis, as soon as it is owed to the creditor and owed by the debtor (accrued interest). The recording time for taxes and social security contributions is a little more complex, given the major discrepancies that may occur between amounts due, amounts collectable, and amounts actually disbursed.
- For capital transfers on account of taxes due (roll taxes, personal income tax, corporate income tax) that are not collectable, the amount posted is the difference between the amounts due, net of tax relief, and amounts received.
- For capital transfers on account of contributions due that are not collectable, the amount posted is the difference between the contributions due based on the taxable event and amounts received.
- In practice, grants are generally recorded when they are disbursed, rather than at the time they are due (that is to say, at the time of the taxable event).
- As regards expenditure, the recording basis generally approximates accrual basis accounting, and adjustments are not necessary. Only social contributions and benefits and grants require adjustments to be made for conversion to accrual basis accounting.

Time of recording in the SROT follows the prescriptions that accompany the government chart of accounts: budgetary revenue is recorded when it is received by public accountants; budgetary expenditures are reflected when public accountants approve payment orders sent to them by authorizing officers. The government debt data are derived from an accounting logic rather than from a government finance statistics logic, and use a recording basis that for certain operations may differ from debt in the Maastricht Treaty or national accounts sense.

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

General government account statistics are compiled on a gross basis for revenue and expenditure and on a net basis for financing, in line with *ESA 95* principles. Also in accordance with *ESA 95*, corrective operations (tax refunds, for instance) are deducted from the corresponding aggregates.

Pursuant to international standards and EU rules, especially EC Regulation No. 3605/93, outstanding debt is recorded on a gross basis.

In the SROT, individual categories of budget revenue are generally recorded gross, including rebates, and reimbursements are included in fiscal expenditure as applicable (naturally without affecting calculations of the budget deficit). Nevertheless, these revenues are shown net of amounts withheld for local governments and the European communities.²⁴ Expenditure is also recorded gross. Cash flow operations (financing) are recorded gross (debits and credits).

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 DGCP prepares a first draft of the annual general government account for the national accounts based on accounting sources for each institutional unit, such as the central government, the ODAC, local governments, and the social security funds. These sources, consisting of income statements and balance sheets, provide source data covering the whole range of necessary economic stocks and flows, even though in some cases they require adjustments in order to yield statistics consistent with *ESA 95* definitions. The source data make it possible to identify flows and reciprocal holdings of stocks among different levels of government, thereby facilitating the consolidation of statistics for each subsector as well as for the general government sector as a whole. The local government data are available at a sufficiently detailed level. Coverage is almost complete: at the semi-final statistics stage,

²⁴ It is total revenue that is shown net. The *SROT* table shows gross revenue, adjusted.

only 0.3 percent of local government outlays cannot be covered by these accounting sources, and adjustments have to be made. For the final statistics, coverage is 100 percent. In France, local government data are collected exhaustively on the basis of a master list (*référentiel*), which is updated every year and provides 99.7 percent coverage. Adjustments are made in order to include in the semi-final statistics the 0.3 percent of local government transactions for which source data are not available. A partial survey is conducted to obtain quarterly data as swiftly as possible.

For the ODAC, the DGCP keeps a central file containing the accounts and balances of all public entities that have a public accountant, as well as those of other agencies classified in the government sector. These accounts are not to be found in any official publication, with the exception of the aggregates provided in the national accounts. The DGCP also centralizes electronic files for the accounts of 36,000 municipalities and 120,000 local public entities, which all use a common chart of accounts adapted to their needs.

The DGCP also centralizes the accounts data of social security agencies (since 2002, some of these are electronic files), based on a new chart of accounts prepared by the interministerial committee formed to revamp the accounting systems of social security agencies.

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

The source data are made up of operations statements and accounting balances drawn up in accordance with budget law provisions. Although the accounting items and budget line items for the different institutional units are not necessarily consistent with *ESA 95* categories, bridge tables between the aggregates of the two systems can be used, disseminated, published, or made available over the Internet. There are some coverage differences between the data on budget outcomes and government finance statistics. These differences are described in a background note on general government, which lists each unit covered by the survey.²⁵

3.1.3 Source data are timely

Sources data are timely for compiling the annual government account data. Timeliness of the sources is being shortened further with a view to obtaining semi-final data on a fiscal year within three months of its ending.

²⁵ *Le compte des administrations publiques* (the general government account), by Jean-Pierre Dupuis, in the series entitled *Système français de comptabilité nationale, Méthode Base 95* (No. 22, November 2001).

3.2 *Statistical techniques*

3.2.1 *Data compilation employs sound statistical techniques*

The cash basis data are adjusted to assign them to the period to which they relate, especially in the case of taxes and subsidies on products and government expenditure and revenue.

Final consumption expenditures by general government are calculated by deflating production costs for tax purposes. The volume of changes in stocks is calculated using a specific method for each type of stock (producer or user).

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

Source data are either consistent or can be aligned with the definitions and classifications of the national accounts.

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 non-sampling error; the results of the assessments are monitored and made available to guide planning*

Since the basic sources are accounting records, their accuracy is determined by very strict auditing and verification procedures.

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 DGCP produces intermediate accounts from the accounting source. These figures are then examined by INSEE and validated after undergoing the necessary corrections. In addition to these systematic corrections, known as “specific corrections by INSEE,” which are necessary because of the differences between government accounts and the national accounts, the validation process entails other corrections (due to errors, for instance). These corrections are discussed in a series of explanatory notes to and from the DGCP, which are then bound together at the end of each compilation cycle in a document for in-house use containing considerable information: *Corrections apportées à la version de la Direction Générale de la Comptabilité Publique du compte 2000 semi-définitif des administrations publiques en Base 95*, for instance. In addition, the list of specific corrections and the INSEE principles underlying them are internally published by INSEE in *Système français de*

comptabilité nationale – Corrections systématiques apportées par l'INSEE aux comptes des administrations publiques, in the series entitled *Méthode, Base 95*, No. 18, August 2001.²⁶

3.4.2 Statistical discrepancies in intermediate data are assessed and investigated

The main aggregates of the general government account statistics (for example, operating balance and net borrowing/lending) are reconciled (and published) with comparable data published elsewhere. This is true of the budget deficit and the Treasury debt, which are linked to the national accounts in specific published bridge tables. Aggregate data are systematically compared with those of the DGCP in order to detect and correct any discrepancy not due to a difference in presentation.

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

Identification of possible substantial differences between the financing data of the general government statistics and the corresponding monetary data is a product of the close coordination with the BdF, which proceeds to make certain adjustments to the intermediate data compiled by the DGCP.

Values not corresponding to expected trends are identified and analyzed.

3.5 Revision studies

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

The revision practice of general government account statistics is the same as that adopted for all the national accounts. The reasons for revisions are accounted for and analyzed. They do not generally entail long-term series and the changes are minimized due to the extensive use of accounting data as the data source to compile results, even at the preliminary stage.

4. Serviceability

4.1 Relevance

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

Users of national accounts and general government account statistics abound. These statistics are used by the authorities themselves in order to monitor and analyze tax and fiscal policy

²⁶ Although this kind of paper is not confidential, it is not systematically listed as being at the disposal of the general public.

within a long-term macroeconomic framework, including INSEE (which conducts numerous research and analytical studies), the BdF, the government, Parliament, etc., as well as the European Commission and the European Central Bank (ECB) (for the coordination of member states' fiscal policies, including assessment of observance of the deficit and debt criteria). European mechanisms are in place (working groups and task forces, etc.) to maintain close ties between statisticians and the users of statistics.

It should be noted that the general government account statistics are used as a macroeconomic framework in the formulation of the annual government budget. Like the other sectoral accounts, they are presented in the autumn in an edition of the *Rapport économique, social et financier* attached to the draft budget law (the *bleu budgétaire*). In addition to being used by the French and European authorities, these statistics are recognized and used in financial and academic circles and by international organizations.

Nevertheless, as pointed out by many users, the usefulness of the government finance statistics in France could be enhanced by adapting them in a fiscally-oriented publication. Such a framework would provide more detailed linkages between national accounts-based statistics and administrative data on Treasury operations, including budget revenues, expenditures, and financing. The degree of detail could be improved, particularly by completing the work on the introduction of a functional classification. The compilation work is underway and 10 years should be published by 2003. Finally, the dissemination of quarterly government finance statistics would be desirable from the standpoint of monitoring tax and budget policies in the short term.

4.2 Timeliness and periodicity

4.2.1 Timeliness follows dissemination standards

The annual general government account statistics on revenue and expenditure (and also debt data) are first published at the beginning of March (première évaluation) following the reference year and then at the end of April (comptes provisoires). This is followed, in June, by a comprehensive presentation of statistics on revenue, expenditure, and financing, as well as balance sheets, presented in a CD-ROM.²⁷ The data (complete government sector, including financing) are thus available in accordance with the SDDS deadline of six months after the end of the reference year.

The SROT is published in the *Journal Officiel* 45 days after the reference month, as well as in the *Notes de Bercy* in the form of the Situation mensuelle des opérations du Trésor (SMOT) and the Tableau synthétique des opérations du Trésor. These last two statements are disseminated on the Internet 36 days after the reference month. Whereas the SDDS requires publication within one month, France publishes revenue and expenditure data in the *Situation*

²⁷ Along with the annual publication *L'Économie française* (Hachette, Livre de Poche), the CD-ROM constitutes the *Rapport sur les comptes de la Nation*.

du budget de l'État and financing data in the SROT, 45 days after the reference month. (Thus, France avails itself of a flexibility option.) Central government debt data, which are included in the SROT, are published earlier than the SDDS requirement (of 1 quarter).

4.2.2 Periodicity follows dissemination standards

The general government account statistics are published on an annual basis in line with the SDDS. Work is currently being undertaken toward the publication of quarterly data.

For the budgetary central government sector, the monthly financial statement figures for budget operations and financing operations are monthly and conform with the SDDS periodicity requirements.

Statistics on the outstanding central government (central government subsector) debt, including outstanding guarantees, are published every month, that is to say more frequently than required by the SDDS.

4.3 Consistency

4.3.1 Statistics are consistent with the dataset (e.g., accounting identities observed)

The annual general government account statistics are fully consistent and accounting identities are all observed, at both the consolidated level and at the government subsector level. The account for general government as a whole is consistent with the accounts of the subsectors it is composed of. In fact the figures for the whole sector are equal to the sum of the component parts, after elimination of transfers between subsectors in the consolidation process. In particular, the Net lending/borrowing is exactly equal to the difference between revenue and expenditure, and the statistical adjustment linking the Net borrowing/lending to the change in financial assets and liabilities is negligible.

There is also an exact consistency between flows and the change in stocks, taking into account the recording of “other economic flows” (changes in volume and holding gains or losses that do not derive from transactions).

The different publications show a quantified bridge table explaining the conversion from the budget deficit as presented in the government accounts (in the SROT, for instance), to the Net borrowing/lending of the budgetary central government.

The stocks and flows figures of the SROT and the other accounting statements are by definition consistent with one another.

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

As in the case of the national accounts data, homogeneous time series, with base year 1995, are available from 1978 onwards. Methodological notes explain the principal discrepancies

with the time series corresponding to the preceding base. Breaks in the series are clearly flagged and the reasons for them explained.

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

As part of the system of national accounts, the general government account statistics are consistent with those of other institutional sectors and those of other statistics systems. The fact that the financial accounts in the national accounting system are constructed partly on the basis of BdF monetary, financial, and balance of payments statistics also ensures consistency between general government statistics and monetary statistics.

The budgetary central government account is also consistent with the accounting statements (SROT and CGAF). In addition, a bridge table is constructed and published every year to show the conceptual differences between the national budget execution balance (the budget deficit) and the Net lending/borrowing of the national accounts, and also between the Treasury debt as defined in the SROT and the government debt according to the terms of the Maastricht Treaty.

4.4 Revision policy and practice

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

Annual revisions practices and changes of base year are the same as for the national accounts. As is the practice in accounting, accounting statements (SROT, etc.) are not subject to revision.

4.4.2 Preliminary data are clearly identified

General government account statistics are provisional when first published, and identified as such. While special revision notices (“avis de révision ponctuels”) are sometimes publicized, data are not flagged as being revised.

4.4.3 Studies and analyses of revisions are made public

While revision studies are conducted, they are not published.

5. Accessibility

5.1 Data accessibility

5.1.1 Statistics are presented in a way that facilitates proper interpretation and meaningful comparison (layout and clarity of text, tables, and charts)

Informations Rapides and *Insee Première* are statistical documents accompanied by analytical text and by explanatory notes, charts, figures, etc. They address the needs of a diverse public.

Also noteworthy is the DGCP's dissemination of some of the government's accounting statements. Among its numerous publications, mention may be made of: the SROT, published monthly in the *Journal officiel* and posted on line on the MINEFI website. The SROT is a monthly accounting statement that requires some degree of familiarity with the analytical budgetary framework used by France. The various published versions target different types of users. The *tableau synthétique des opérations du Trésor* (summary table of Treasury operations) is accompanied by charts illustrating the major developments in tax and fiscal policy. The statistics on the Treasury's budgetary operations are also available in hard copy, in particular in the *Notes bleues de Bercy* (MINEFI newsletter).

The DGCP also publishes the *Compte de la dette publique* (public debt account) annually in the autumn; it takes stock comprehensively and in great detail of the government debt at the end of the preceding year.

5.1.2 Dissemination media and formats are adequate

The statistics on the general government account are disseminated both on websites and in hard copy as part of the national accounts.

The revenue and expenditure of the general government sector are presented on the INSEE website (see "Recettes et dépenses" (revenue and expenditure) and "Capacité ou besoin de financement" (Net lending/borrowing) under the heading "Comptes nationaux annuels" (annual national accounts)); the financial accounts are not presented together with revenue and expenditure, however, but instead appear separately in the aggregate economic table.

The SROT is published in the *Journal officiel*. The various presentations of Treasury operations are also available on the MINEFI website at various URLs (and are accessible in English translation on the MINEFI website on the "Data and surveys" page). The SROT is also published monthly in the *Bulletin trimestriel de l'Insee* (INSEE quarterly bulletin) for flow and debt operations.

5.1.3 Statistics are released on a pre-announced schedule

The data are released on a pre-announced schedule as part of the national accounts.

For the statements on Treasury operations, the only calendar disseminated is on the DSBB. The statements on Treasury operations are, however, published in accordance with a predetermined timetable in accordance with the legal provisions governing budget laws and government accounting.

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

Statistics are made available to all users at the same time.

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

Nonpublished and nonconfidential subaggregates may be made available to users on request, generally for a fee.

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 is available on the website and on the CD-ROM. Detailed documentation is available internally only, in the form of “Background notes.” Some is disseminated externally on request; in particular, the background note on the general government account has been widely distributed.²⁸ This document describes the definitions, concepts, sources, and methodology for preparing the general government account. “*Notes de base des comptes nationaux*,” INSEE technical memoranda covering the statistics of the general government statistics among other items, are also available on request (These memoranda are not systematically listed, but occasional references are made to them in INSEE publications, as is the case for the aforementioned work). A methodological note entitled: *Le compte des secteurs institutionnels: de la base 80 à la base 95* (the institutional sectors account: from base 1980 to base 1995), is available in *Economie et statistiques*, INSEE, No. 321-322, 1999.

Methodological revisions planned are announced by INSEE and frequently discussed in studies that are available to the public, as was the case for the conversion to the *ESA 95*. The general government account for the national accounts is drawn up in strict accordance with *ESA 95*, implicitly making it possible to identify any methodological differences with respect to the *1993 SNA* and the *2001 GFSM*.

The general framework of the presentations and the main definitions to be adhered to in drawing up the statements on Treasury operations may be found in the 1959 Ordinance and the Organic Law of August 2001 referred to above. As regards the practical aspects of

²⁸ *Le compte des administrations publiques* (the general government account), by Jean-Pierre Dupuis, in the series *Système français de comptabilité nationale, Méthode Base 95*, (No. 22, November 2001).

drawing up these statements, few methodological notes have been widely distributed. Nevertheless, they are not confidential and are available to the general public under the laws on access to public documents.

At present there is no documentation which gathers together government finance statistics metadata in a single publication or on website pages.

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

The various publications on the national accounts of general government contain numerous tables and texts whose levels of detail vary. The metadata are accessible in various levels of detail and technical complexity in order to meet the needs of different types of users.

5.3 Assistance to users

5.3.1 The contact person for each subject field is publicized

As is the case of national accounts, contact persons are not identified; this is especially confusing in the case of government finance statistics, as the various MINEFI units involved in the compilation of government statistics are also identified along with INSEE in the textual material of the publications releases.

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

A catalogue of publications, documents, and other services, which describes ordering procedures, is updated annually by INSEE. The MINEFI and the BdF post their various publication catalogues on the websites and allow online access to some of these publications.

Table 4. France: Data Quality Assessment Framework Summary of Results for Government Finance Statistics
(INSEE)

Legend: NA = Not Applicable; O = Practice Observed; LO = Practice Largely Observed; LNO = Practice Largely Not Observed; NO = Practice Not Observed.						
Elements	NA	Assessments				Comments
		O	LO	LNO	NO	
0. Prerequisites of quality						
0.1 Legal and institutional environment		X				
0.2 Resources		X				
0.3 Quality awareness		X				
1. Integrity						
1.1 Professionalism		X				
1.2 Transparency		X				
1.3 Ethical standards		X				
2. Methodological soundness						
2.1 Concepts and definitions		X				
2.2 Scope		X				
2.3 Classification/sectorization		X				
2.4 Basis for recording		X				
3. Accuracy and reliability						
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				
4. Serviceability						
4.1 Relevance			X			Less than optimal presentation for government finance analysis. Less timely than called for by the SDDS for central government.
4.2 Timeliness and periodicity			X			
4.3 Consistency		X				
4.4 Revision policy and practice		X				
5. Accessibility						
5.1 Data accessibility		X				Lack of clear identification of contact persons and of INSEE as the data producing unit.
5.2 Metadata accessibility		X				
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*

Since the transfer of authority for monetary matters to the Eurosystem²⁹ and the introduction of the euro in January 1999, the European Central Bank (ECB), assisted by the national central banks (NCBs), has been responsible for monetary statistics and related statistics for the euro area. The ECB Statute stipulates that statistical work is to be performed, to the greatest extent possible, by the national central banks that have adopted the euro, in accordance with the principle of subsidiarity.

Accordingly, Article 5 of the Protocol on the Statute of the European System of Central Banks (ESCB) and of the European Central Bank (ECB) included in the Maastricht Treaty of November 1993 entrusts the task of preparing monetary statistics to the ECB, assisted by the NCBs of the member countries of the euro area.

The Banque de France (BdF), like the other euro area NCBs, is responsible for collecting source data within the national territory. The reporting population (the monetary financial institutions—MFIs—and other financial institutions—OFIs—other than insurance companies and pension funds resident in France) is defined by Council Regulation (EC) No. 2533/98 of November 23, 1998. The nature of the reporters and the data collection modalities are stipulated in Regulations ECB/2001/13 of November 22, 2001,³⁰ ECB/2002/4 of June 6, 2002, and ECB/2002/8 on the consolidated balance sheet of the MFI sector,³¹ and ECB/2001/18 of November 22, 2001 on the interest rates applied by MFIs to deposits and loans vis-à-vis households and nonfinancial corporations. The information gathered by the BdF from the MFIs is aggregated and forwarded to the ECB, which uses them to compile and disseminate monetary statistics for the euro area as a whole.

In France, the central bank's responsibility as regards collecting, processing, and disseminating monetary statistics is conferred by Article L144-1 of the Monetary and Financial Code (CMF for Code monétaire et financier). The practical implementation modalities for this responsibility are stipulated by Decision No. 02-01 of the BdF Governor

²⁹ Eurosystem is the term used to designate the European System of Central Banks (ESCB) when it functions in a formation limited to the countries of the euro area (12 countries rather than 15 countries) and exclusively on their behalf.

³⁰ This regulation replaces Regulation ECB/1998/16 of December 1, 1998, effective January 1, 2003.

³¹ The formats and procedures to be observed by the NCBs in submitting this information are themselves stipulated in ECB Guideline ECB/2002/5 of July 30, 2002.

on the collection of statistical information for monetary policy purposes and by Notices of the Director-General of Research and International Relations of the BdF Nos. 02-01 on the monetary statements submitted by credit institutions and 02-03 on the statements submitted by undertakings for collective investment in transferable securities (UCITS).

Data collection from credit institutions is carried out via the Database of Financial Agents Doing Business in France (BAFI) managed by the General Secretariat of the Banking Commission (SGCB for *Secrétariat général de la Commission bancaire*) in its capacity as the sole point of entry for the accounting information submitted by over 1,000 credit institutions each quarter (series 4000 prudential documents) and by 700 such institutions on a monthly basis (series 8000 monetary statistics documents). Credit institutions as defined by the 1984 Banking Law, with the exception of mutual guarantee companies, are all treated as MFIs in the eyes of the ECB. Accordingly, the Monetary Analyses and Statistics Unit (SASM for *Service des analyses et statistiques monétaires*) of the BdF receives from the BAFI the data gathered from resident MFIs for purposes of preparing monetary statistics. These modalities are set forth in Article 2 of Decision No. 02-01 of the BdF Governor of May 22, 2002. The structure and content of the reporting documents submitted to the Banking Commission (CB for *Commission bancaire*) by those required to report are jointly defined by the CB and the BdF in order to ensure, among other things, that the requirements for the production of euro area monetary statistics are taken into account. Any change in the collection process requires a decision reached by consensus within the steering committee for the BAFI system, whose members include in particular the SASM alongside the SGCB and the Balance of Payments Directorate.

Article 2.3 of the aforementioned decision indicates that the BdF shall define the reporting requirements of the MFIs that do not report to the CB (that is, those other than credit institutions) and shall, if necessary, implement a collection mechanism specifically tailored to the nature of their activities. Consequently, the SASM manages a data collection mechanism covering about 600 “monetary UCITS” or money market funds; this arrangement also applies to slightly over 7,000 nonmonetary UCITS. In France, the *Caisse des dépôts et consignations* and the *Caisse nationale d’épargne* operating at postal facilities are regarded as MFIs; accordingly, the SASM gathers data directly from them each month. Finally, the SASM also collects monthly information on the demand deposits managed by the Public Treasury and the post office, as they are included in the monetary aggregates of the euro area; however, these two institutions are not regarded as MFIs.

The BdF produces statistics at the national level by applying a residency criterion extended to the euro area, which constitutes the “French contribution” to the area’s monetary statistics. These results are forwarded to the ECB, which produces a consolidated statement for the MFI sector for the euro area as a whole.

In keeping with a request from users relayed via CNIS notice,³² the SASM continues at the same time to draw up and publish an analytical statement for the BdF (*Bulletin mensuel de la BdF*, Statistics, Table 11) and an aggregated statement for other resident MFIs (*ibid.*, Table 12), applying a national residency criterion in order to maintain an information system on developments in banking and monetary activity for purposes of monitoring current economic conditions, macroeconomic changes, the transmission mechanisms for the common monetary policy, and the policy mix in France.

0.1.2 Data sharing and coordination among data producing agencies are adequate

Information exchanges with the CB are governed by Article L631.1 of the CMF: “The entities authorized to communicate information necessary for carrying out their respective missions are the Banque de France, the Committee on Credit Institutions and Investment Firms, the Banking Commission, the Insurance Supervision Commission, the control commission established by Article L951-1 of the Social Security Code, the Securities Exchange Operations Commission, the deposit guarantee fund established by Article L312-4 of the CMF, the guarantee fund established by Article L423-1 of the Insurance Code, the Financial Management Disciplinary Council, market firms, and clearing firms. The information thus gathered shall be covered by the professional secrecy in force in accordance with the terms and conditions applicable to the entity providing them and the entity to which they are conveyed.”

As regards the data from credit institutions, Article 2 of Decision No. 02-01 of May 22, 2002 of the BdF Governor provides that: “The Banque de France shall use, for purposes of obtaining the data necessary for the compilation of monetary statistics from the agents reporting to the Banking Commission, the information collection mechanism introduced pursuant to Banking Commission Instruction No. 94-09 of October 17, 1994, as well as the system used for compilation of the balance of payments in accordance with the provisions set forth in the collection of regulatory texts addressed to the balance of payments correspondents with intermediaries. In this framework, the Banque de France shall depend upon the reporting requirements defined by the Banking Commission and those in place for the balance of payments, which it shall supplement as necessary by specific obligations in respect of the monetary statistics. In this latter case, said reporting agents must address their submissions to the Secretariat General of the Banking Commission.”

The sharing of source data and processed data with the units responsible for the financial account of the national accounts and the balance of payments is the subject of regular mutual consultation, in particular during the recent strengthening of the process for collecting monetary statistics (January 2003 implementation of Regulation (EC) No. 2423/2001 of the ECB of November 22, 2001 concerning the consolidated balance sheet of the monetary

³² See the report of a CNIS mission instituted by the “Money, Finance, and Balance of Payments” group on the impact of transition to the Economic and Monetary Union on monetary and financial indicators and the national accounts (No. 46, December 1998).

financial institutions sector (ECB/2001/13)). Any modification is worked out jointly in working parties and in the online review framework established with the Balance of Payments Directorate. This coordination is facilitated by the fact that the units responsible for developing these statistical products (monetary statistics, financial account, and balance of payments) are all part of the same entity within the BdF: the Directorate General for Research and International Relations (DGEI).

Within the ESCB, the BdF participates extensively in committees, working parties, and workshops on statistical issues. The ECB stresses the need to contain the costs associated with reporting requirements for preparing monetary statistics to the extent that so doing does not negatively affect the accuracy of source data. In France, the BdF participates in the work of the CNIS, one of whose missions is to ensure that any new collection of source data does not duplicate administrative information that is already available or any other existing data collection system. The BdF Governor is an ex officio member of the CNIS bureau; he is represented there by one of the deputies of the Director-General of DGEI. The rapporteur of the “Money, Finance, and Balance of Payments” group in the CNIS is a senior staff member of the BdF Monetary Research and Statistics Directorate (DESM for Direction des études et des statistiques monétaires). The BdF forwards its statistical work program annually to the CNIS.

0.1.3 Respondents’ data are kept confidential and used for statistical purposes only

For all ESCB entities, the provisions relating to the confidentiality of collected data are defined by Council Regulation (EC) No. 2533/98 of November 23, 1998 on the collection of statistical information by the ESCB (Article 8, paragraph 5). These provisions stipulate that such data are to be used solely for performing the missions of the ESCB by defining the limits on exceptions to that principle.

At the ECB level (paragraph 4), exceptions are permitted with the explicit approval of the reporting entity with a view to data use for the production of Community statistics pursuant to an agreement with the European Commission, or with a view to use by scientific research organizations, so long as individual identification of the information is rendered impossible and there is explicit consent on the part of the national authority that provided the information.

At the NCB level (paragraph 5), the exceptions mentioned, which require the explicit approval of the reporting entity, pertain to use for the production of national or Community statistics pursuant to an agreement between the national statistical authorities and the NCBs, use in the context of prudential supervision, “use for purposes other than those specified in the statutes,” and forwarding to scientific research organizations, subject to the condition that doing so does not permit direct identification and the explicit consent of the BdF has been obtained.

BdF staff are required to observe professional secrecy pursuant to Article 14 of its Statute (Article L142.9 of the CMF) in accordance with the conditions laid down by Articles 226-13

and 226-14 of the Criminal Code. The range of organizations to which they are authorized to communicate information subject to professional secrecy is defined by Article L631.1 of the CMF.

Access to individual data is limited solely to those staff responsible for checking such data. Access may be granted only temporarily to employees designated by name and accredited by their unit as having the mission of conducting a study of individual data.

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

In France, the 1984 law on the activity and supervision of credit institutions (Banking Law) provides that the CB shall determine the list, format, and delivery deadlines for the documents and information that must be submitted to it (Article 40). The BdF and the CB, each as relates to the parties required to provide it documentation, very closely monitor the deadlines for submission thereof. Ongoing contacts are maintained with respondents, who may easily announce in advance any problems they expect to encounter in observing the deadlines for submitting documents. In most instances, exceptional measures adapted to the particular case are taken in order to safeguard the interests of the parties and the respect for the rules as much as possible. Lateness penalties may be applied by the CB, and indeed are.

The BdF has the legal authority to engage in the collection of statistics in implementation of Article L144-1 of the CMF as well as Article 4.4 of ECB Regulation No. 2001/13 and Article 3.2 of ECB Regulation No. 2001/18 or November 22, 2001. The conditions governing such collection are set forth in Decision No. 02-01 of the BdF Governor of May 22, 2002 and Notices from the BdF Director-General of Research and International Relations Nos. 02-01 on the monetary statements submitted by credit institutions, 02-02 on the holding of securities by UCITS, and 02-03 on the statements submitted by UCITS. In addition, statistical collection on behalf of the CB is carried out in application of Article L613-8 of the CMF; clarifications which supplement this article are provided by the regulations of the Banking and Financial Regulation Committee.

The power to sanction failure to observe the reporting requirement or the provision of erroneous information is vested in the ECB by Article 34.3 of its Statute; this power to sanction is clarified in EC Regulation No. 2532/98 of November 23, 1998 concerning the ECB's powers as regards sanctions. That text defines the possibilities available in terms of fines vis-à-vis respondents that fail to fulfill their statistical obligations. It stipulates the rules of procedure to be observed for implementing such sanctions. The initiative to open disciplinary proceedings may be taken either by the ECB or the BdF. So far, it has been possible to resolve the episodic problems that have occurred with respect to the timeliness of data submission and quality without opening any disciplinary proceedings, and the SASM has stated that the possibility of so doing gives it considerably more weight in its discussions with the banking profession regarding strengthening reporting requirements or when admonishing a tardy respondent.

ECB Regulation (EC) No. 2157/1999 on its capacity to invoke sanctions applies in particular in the event an MFI fails to observe the reporting requirement. Council Regulation No. 2532/98 provides that the ECB may impose fines in an amount up to €500,000 and daily lateness penalties in the amount of €10,000. Article 7 of Regulation No. 2533/98³³ specifies that reporting infractions committed by reporting staff may be sanctioned by a daily fine of €10,000 (with a maximum of €100,000) in the event that no statistical information is forwarded by the deadline, and a fine of a maximum of €200,000 in the event the statistical information is incorrect, incomplete, or presented in a format that is not in compliance with requirements.

In addition, Article 6 provides for a verification duty and the mandatory collection of statistical information for the ECB and the NCBs. In this connection, the ECB and the NCBs have a right to gain physical access to the premises of a delinquent respondent. Any obstruction of the performance of these duties may be sanctioned by a fine in an amount of up to €200,000.

Finally, in the event of a serious breach of statistical reporting requirements, the reporting officer may be partially or completely barred from monetary policy operations. A protocol on the practical modalities for applying such sanctions is now being developed within the ESCB.

Article 3 of Regulation (CE) No. 2533/98 stipulates that, without prejudice to observance of the reporting requirements, the ECB shall contain the cost of complying with the reporting obligation by using existing statistics to the extent possible, and that it may totally or partially exempt certain categories of respondent staff from statistical reporting obligations. In addition, this regulation recalls, in its twenty-third Whereas clause, that the ECB and the Commission will introduce appropriate forms of cooperation in the area of statistics with a view to accomplishing their missions with the maximum degree of efficiency, endeavoring to reduce the burden imposed on reporting officers to the greatest extent possible.

The BdF confirms that the definition of all the data to be collected for purposes of preparing monetary statistics for the euro area was the subject of a prior formal cost/benefit analysis taking into account users' interest in such statistics and the burden placed on reporting officers in collecting them and on national central banks in processing them. The method applied by the ECB consisted in asking its Council to rank the datasets by order of the importance they are deemed to have in carrying out the ECB's mission, and then asking the NCBs that collect and process the data to classify the same datasets in accordance with their cost, using a scale of 1 to 7. The ECB assembled the results of this exercise, aggregated them, and then engaged in arbitrage. On that occasion, the SASM conducted negotiations with resident credit institutions, which were largely able to bring their views to bear and have been demonstrating excellent cooperation in the provision of source data.

³³ On the collection of statistical information by the ECB.

0.2 Resources

0.2.1 Staff, financial, and computing resources are commensurate with statistical programs of the agency

At the BdF, arbitrage is carried out annually for the allocation of human and financial resources during the budget preparation phase, on the basis of an updated five-year projection within the framework of a rolling business plan. A forecast of staffing levels by function and by level of responsibility makes it possible to maintain staffing at the level required to perform the tasks in question. Staffing levels at both the SGCB and the SASM are adequate in terms of the workload, from the collection of source data through the preparation of the overall statement for resident MFIs. The SASM reports that it has observed that the priority accorded to requests for resources for source data collection for the monetary statistics had considerably increased, inasmuch as the requests from the ECB to the NCBs are accompanied by a performance obligation and are not subject to any waiver in the view of the BdF Management Committee.

As of March 15, 2003, the SASM employs 34 regular staff and seven external technical assistants.³⁴ Of these personnel, six process data for the monetary balance sheets of the credit institutions, five draw up the statistics on the UCITS, and five collect data on interest rates and make use of the survey on the distribution of bank credit. These figures should be assessed in light of the fact that gathering data from respondents is completely computerized, while the collection of data on credit institutions (BAFI) is carried out initially by an SGCB unit. SASM staffing was recently increased by five employees in order to deal with the expanded workload associated with enhanced collection of source data on bank interest rates and by one employee for the preparation of the consolidated statement on resident credit institutions. The SASM head reports that the current staffing level is satisfactory for performing the unit's current work plan. The in-depth studies conducted on the basis of the figures produced are expected to be developed over time; at present, they are prepared by two junior economists, supervised by a senior economist as well as, when necessary, by selected staff responsible for data production. The SASM is currently staffed by seven economists with advanced university degrees, five supervisory staff with university degrees, and 20 statistician assistants most of whom have diplomas beyond the baccalaureate level.

The qualifications of staff are well matched with the missions entrusted to them. The backgrounds required at recruitment include solid statistical, computer, and bank accounting knowledge. Supplementary training is provided, aimed at updating their theoretical and practical knowledge by means of training programs delivered by the BdF Training Institute or outside organizations. The supervisory personnel regularly provide information on the methodology and procedures for preparing monetary statistics, including analysis of the legal provisions governing the preparation of such data. The presence of "appropriate" scientific

³⁴ The external technical assistants are engaged largely in software development and maintenance.

supervision is also ensured. Specialized ad hoc reinforcements are required from time to time, in particular for the development and maintenance of computer software.

The adaptation of computer resources to changing requirements and to improving the performance and security of procedures is ongoing, as illustrated by the existence of several information technology (IT) projects under way in late 2002, under the coordination of steering committees, and by their inclusion in a master plan for IT development at the BdF.

Computer hardware is also regularly adapted to changing needs in order to ensure the efficient processing and management of data. Each employee has an individual, high performance work station, and additional work stations are devoted to specific logistical and communications activities.

The central database is replicated in part on the local network within the DESM in order to permit ongoing access to the data in the event the central site is unavailable. The software used is of recent vintage and is regularly maintained so that it offers all required functionalities. The premises are sufficiently spacious and suitably furnished. A specially tailored technical space is used to house all the work stations intended for the receipt and dispatch of large files and for maintaining secured connections with other sites inside and outside the BdF.

At the BdF, budgets are prepared using ascending procedures. Capital expenditure and sizable software development efforts are financed and carried out in the context of projects, in some cases spanning more than one year. Once the strategic arbitrage has been carried out, the financing of the multiyear projects included in the development plan is provided in full before they are launched by including funding provisions in the BdF budget.

The SASM reports that the financial resources allocated for preparing monetary statistics are satisfactory. These resources are regularly adjusted in light of changes in the workload and were significantly increased owing to the recent workload increase.

In-depth reviews are conducted to ensure the long-term evolution of the IT architecture for the collection and processing of monetary statistics. The central idea is to move the computer processing in the separate units toward the use of SAS statistical and econometric software in order to introduce greater flexibility in complex calculations, in particular those associated with calculating bank interest rates which depend upon a changing sample of respondents.

0.2.2 Measures to ensure efficient use of resources are implemented

At the BdF, a five-year business plan is updated annually for each activity. This plan defines objectives which must be matched with resource proposals; arbitrage is carried out in the Management Committee of the BdF chaired by the Governor. In addition, a system of incentives based on enterprise performance heightens awareness of the need to control costs while ensuring the best possible quality of service, as the performance of the work units is expected to improve each year. Work procedures and technical resources are streamlined on an ongoing basis in view of the need to cover gradually increasing costs and obligations with

material resources that are rising at a slower pace and steadily declining staffing levels. As a result, recourse is increasingly made to any available techniques for achieving productivity gains. Contacts with the other NCBs and with other national or foreign organizations that produce statistics make it possible to assess the BdF's performance in producing the data necessary for the monetary statistics of the euro area. Periodically, the allocation of tasks among the various BdF units is reassessed in order to avoid duplication of work and to promote the sharing of responsibility for achieving the greatest possible overall efficiency. Accordingly, the unit responsible for managing the Monetary and Economic Series Database (BSME) was transferred from the Directorate of Economic Documentation and Publications to the DESM in March 2001. The BdF is subject to annual inspections coordinated by the Audit Office, which conducts investigations of specific sectors of activity with a view to ensuring the proper use of public funds. The "monetary statistics" activity has been reviewed several times by the Audit Office.

The SASM supervisors, in coordination with the DESM to which this unit is attached, endeavor to promote a strategic vision and orientation that are embraced by staff. Unit meetings are organized on a regular basis to inform staff of developments with ongoing activities and projects; meetings are devoted to the preparation of the Business plan and to the definition of local objectives with a view to awarding an annual incentive bonus, the amount of which depends upon the achievement of qualitative or quantitative performance targets that are identified in advance.

Compliance with the standards established by BdF Management and by the Information Technology Directorate for the conduct of projects and the introduction of standardized, secure software guarantee the quality and security of the processes implemented. Efficiency gains are sought on an ongoing basis through process automation (for example, the automatic printing of letters providing notification violations of the regulations on the submission of statistical statements to the ECB).

Data preparation includes multiple levels of processing to check the accuracy of the data: internal consistency of figures, cross-document checks, auditing of revisions, and checking of certain statistical analysis documents to make it possible to eliminate outliers, etc.

The BdF regularly, on its own account or on behalf of the ECB, conducts audits to ensure the quality organization of its units and the suitability of resources for the missions assigned to them. At the request of the ECB, audits of the "monetary statistics" activity were conducted in 1999 and 2002.

Work methods are periodically reviewed in order to ensure their improvement (for example, the wider use of SAS software). Staff performance is appraised annually in order to prepare decisions on promotions and salary increases. Staff benefit from individual professional training courses.

Budgetary procedures have been adapted to allow for the use of external technical assistance and to fund expenditures outside the current budget year in order to address the requirements

for implementing new technical and computer resources in response to changes in data collection modalities.

The SASM is keenly interested in making the best use of the new resources available, by introducing greater plasticity in the data processing and dissemination processes: introduction of a laboratory for purposes of testing applications before they are integrated into production processing, more intensive use of SAS software (capacity to perform calculations on a large number of time series, variance calculations, detection of outliers, calculations of forecasts, and smoothing).

0.3 *Quality awareness*

0.3.1 Processes are in place to focus on quality

SASM supervisors know that data quality is a complex concept entailing the convergence of a number of criteria. They devote great attention to data quality in the broad sense. The BdF has, within its Inspectorate General, a unit responsible for auditing central units. This unit draws up reports, including recommendations, on the operation of headquarters units, which it visits periodically. There is a highly formal procedure for tracking implementation of the recommendations; any recommendation not implemented by the audited unit must be duly justified. The SASM was audited in 2002. For example, the report recommended preparing to receive computerized data from the postal system owing to the recent introduction of a structure for managing the funds gathered by the CCPs (Efiposte).

Within the BdF, there are multiple interrelations between the statistics producing units, as well as between them and the study and research units. Accordingly, the statistics from a given sector are regularly compared with those from other sectors; their immediate use in analyses, studies, and research is one means of rapid and in-depth validation, since any intersectoral inconsistency is rapidly identified. The ECB also has statistics-using or -producing units for all macroeconomic sectors, and can verify overall consistency for the euro area.

Within the DESM, a supervisor has been specially designated to conduct quality assessments and to centralize thinking on quality improvement. He maintains an updated self-appraisal document which is used to define “quality” actions. With his counterpart from the balance of payments area, he co-chairs a “quality” network which has submitted a report to BdF management. Indeed, the BdF Management Committee requested that this report be prepared in order to buttress the budget requests made by the SASM before announcing decisions on their arbitrage. This report also contains observations on the risks of defective monetary statistics to the BdF’s reputation, particular to its image.

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

At the SASM, successive systematic controls are applied at the various stages of production: immediate reminders in the event of delays and reporting of infractions to the ECB, automatic checks upon receipt of statements and rejection in the event that the accounting is not in compliance with standards, consistency tests based on changes recorded in the past, and, if necessary, on the statistical distribution of individual data in order to detect outliers. When anomalies are found, respondents are contacted immediately with requests for explanation, either by SASM staff or by the SGCB unit responsible for collecting data from credit institutions. Requests for justifications are sent by letter when necessary. Subsequently, the aggregated data are checked and analyzed at various hierarchical levels. The ECB itself also performs checks on the accuracy of the data submitted to it by the various NCBs, and returns to them to seek explanations in the event of anomalies.

As part of the local security policy implemented at the level of the BdF as a whole, a table listing and evaluating the risks associated with possible problems that might occur at the various stages of data collection, processing, and dissemination has been prepared and is regularly updated. The method adopted, known as AMARIS (*Approche pour la maîtrise des risques*—Approach for risk control), involves six stages: description of processes, identification and evaluation of the inherent risks, identification and evaluation of the internal control mechanism, evaluation of residual risks, reports and definition of action plan, and periodic activation of the five preceding stages for updating purposes.

Within the DESM, the immediate use of data for purposes of internal reports, publications, and studies makes it possible to pay particular heed to the relevance and accessibility criteria, and contributes to the quality of the figures produced.

Within the Eurosystem, regular discussion fora reflect on ways of improving the quality of statistics and give rise to changes in procedures whenever warranted. For example, the ECB organizes an annual working meeting on methods for seasonally adjusting time series, at which the NCBs exchange experiences and make proposals. More generally, the ECB sends the NCBs mandatory directives aimed at increasing or maintaining the best possible data quality level and developing the most relevant production strategies.

In France, the BdF benefits from ample feedback from national users through frequent and varied contacts in working parties, colloquiums, and seminars, as well as through bilateral contacts with academics and with banks' research units. In addition, the CNIS "Money, finance, and balance of payments" group, chaired by an independent university professor and with a DESM economist serving as rapporteur, enables the SASM to keep abreast of the desiderata of the national user community.

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 BdF and the ECB recognize that there are tradeoffs between the various dimensions of data quality. This arbitrage is carried out in ECB committees in which the BdF is a full participant. The tradeoffs between the accuracy of statistics and the time lag for obtaining them are examined in advance of any introduction of new collection or any change made to existing collection, initially within the Eurosystem and then subsequently within the BdF. Once this arbitrage has been carried out, procedures are strictly defined and delineated by the regulations so as to achieve the objective sought. The improvement of data quality is an important factor in the criteria taken into consideration in drawing up the medium- and long-term work programs of the ECB and the BdF (BdF Business plan).

The users of statistics are informed of the steps being taken, in particular within the CNIS “Money, finance, and balance of payments” group; in this forum, user community representatives have the opportunity to express their views.

Meetings are organized at regular intervals within the Eurosystem with decision makers and other data users to analyze the monetary statistics and identify any new data requirements. Moreover, numerous points of contact are indicated in the publications and on the websites; users may use these contact points to express their desiderata.

Relevant observations could be made on the monetary statistics in the context of working parties on macroeconomic subjects, in particular those organized by the National Credit and Securities Council (CNCT) until its suppression in July 2003. This possibility will be maintained, in the field of household monetary and financial holdings and financing, by the new Financial Sector Consultative Committee (CCSF), organism stemming from the merger between the consultative committees of the CNCT and the National Insurance Council, which will be in charge of consumers matters concerning banking, insurance and securities.

1. Integrity

1.1 Professionalism

1.1.1 Statistics are compiled on an impartial basis

The ECB and ESCB Statutes, like that of the BdF, establish the independence of these institutions from the public authorities, thereby guaranteeing the absence of interference from other public agencies in respect of the content or publication of statistical information.

Article 7 of Protocol No. 18 on the Statute of the European System of Central Banks and on the ECB thus provides that: “In accordance with Article 108 of this Treaty, when exercising the powers and carrying out the tasks and duties conferred upon them by this Treaty and this Statute, neither the ECB, nor a national central bank, nor any member of their decision making bodies shall seek or take instructions from Community institutions or bodies, from

any government of a Member State or from any other body. The Community institutions and bodies and the governments of the Member States undertake to respect this principle and not to seek to influence the members of the decision making bodies of the ECB or of the national central banks in the performance of their tasks.”

Article 3 of the ECB Code of Conduct governs relations between its staff and the outside world, reiterating and expanding on the principle of independence referred to above.

The ECB Statute stipulates that the six members of its Board, including the President and Vice President, shall be appointed for nonrenewable eight-year terms. The BdF Statute stipulates that the Governor and the two Deputy Governors shall be appointed for six-year terms that are renewable once; the six other members of the Monetary Policy Council are appointed for nonrenewable nine-year terms.

Professional qualifications play a decisive role in the recruitment policies of the BdF. A minimum level of education is required for each qualification level and function; for the most part, employees are recruited by competitive examination. Available positions in the statistical units, like the other BdF units, are announced to all staff, and selection is based on the candidates’ intellectual and professional qualities, degree of motivation and competence, and experience. Promotions are based on an annual appraisal of staff members’ contributions to the proper functioning and performance of the unit. Each year, bipartite commissions (BdF administration and staff representatives) draw up the list of employees to be promoted by applying a set of criteria in which selection-related factors are being given more and more weight over seniority factors.

A continuing training program is conducted in the form of courses provided by the BdF Training Institute or by outside organizations. In 2002, SASM employees participated in 30 professional training courses for a total of 183 days and in orientation sessions and programs to supplement initial training for a total of 44 days.

The BdF posts the regularly updated monetary statistics methodology on its website. Each year, it organizes numerous colloquiums and seminars which target universities, other central banks (in particular those of French-speaking countries) and various economic and professional sectors. Through its International Banking and Finance Institute, the BdF is also organizing a colloquium entitled “European Experience with Statistical Harmonization,” to be held from July 1 to 4, 2003. The BdF has established a Monetary and Financial Research Foundation; this foundation awards fellowships to researchers and monitors the progress of their work.

The research and analyses performed by the SASM are evaluated by the BdF hierarchy and analyzed by a review committee for the publications where they are likely to appear (*Bulletin mensuel, Revue de stabilité financière*).

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

The data harmonized at the level of the euro area are defined in detail by ECB regulations, by guidelines defining the methods to be applied by the NCBs, and by guidance notes providing further clarification. The methods selected are determined by committees and working parties comprising experienced economists and statisticians.

The reasons behind the methodological choices are indicated in the above-mentioned documents; details are provided to the public in the introductory notices accompanying the tables on monetary statistics.

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

The BdF strives to ensure that monetary statistics are comprehensible to users (professors, journalists, and the general public). To this end, it disseminates on its website an annual report entitled “*Les évolutions monétaires en 200...*” (Monetary developments in 200...), which includes summary explanations of the developments observed and a detailed methodological notice.

In addition, the BdF ensures that the comments on and interpretations of the monetary statistics do not have the effect of misleading the public. Through its Documentation Center, the BdF monitors articles in the press concerning monetary and financial issues. Under a service contract with a specialized firm, the Communications Directorate receives a daily press summary of all articles relating to the BdF, the ECB, and their activities. In the event of erroneous commentary or information results, the pertinent journalist is contacted in order to provide him or her with factual information or considerations which might have an impact on his or her viewpoint. The journalist may be put in direct contact with the unit concerned. In the most serious cases, the Communications Directorate asks to exercise the right of response set forth in the law on the press. The Communications Directorate considers, however, that it is much more productive to maintain close and ongoing contacts with the press as a whole in order to prevent such incidents.

1.2 **Transparency**

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

In its *Bulletin officiel mensuel*, the BdF publishes all decisions regarding the collection of monetary statistics. The *Recueil des textes relatifs à l'exercice des activités bancaires et financières* (collection of legal provisions on the exercise of banking and financial activities), prepared by the BdF and the CB and published annually under the auspices of the Committee on Banking and Financial Regulations, presents all legal provisions on monetary statistics (Banking Law No. 84-46 on the activities and supervision of credit institutions, which

governs the BdF's powers in this area as well as the confidentiality rules associated with them, CB regulations, decisions of the BdF Governor, and notices from the Director-General of Research and International Relations). The legal provisions governing the powers of the ECB are published in the *Official Journal of the European Communities*, and ECB regulations appear in the *Monthly Bulletin* of the ECB. These legal provisions are all assembled in a compendium that is updated annually and accessible on the ECB website. All of the regulations on statistical issues for the euro area or relating to France are also available on the BdF website.

Furthermore, the BdF informs the CNIS, as do all government agencies producing data in France, of any changes made in statistical collection or new surveys introduced. The CNIS publishes this information in its annual report. Accordingly, the qualitative survey on the distribution of bank credit conducted by the SASM with 15 resident credit institutions was submitted to the CNIS.

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

The BdF indicates that government employees do not have access to the data prior to their release.

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

The origin of the data released is clearly identified: their source (BdF, ECB, etc.) is indicated beneath each table, whether on the website or in printed publications.

In the case of figures from various sources appearing in the same table, the relevant sources are also indicated at the bottom of the table. When the figures are not collected by the BdF itself but the BdF has processed them in some way, the data source is indicated, followed by the statement "processed by: BdF."

In its *Bulletin mensuel*, the BdF includes the following statement on the back of the cover page: "No part of this publication may be reproduced other than for the purposes stipulated in Article L. 122-5. 2 and 3 a) of the Intellectual Property Code without the express authorization of the Banque de France, or where applicable, without complying with the terms of Article L.122-10 of the said code."

On the home page of its website, similar statement are hyperlinked to the heading "Information from the publisher:" that prohibits electronic reproduction, electronic redistribution and creating archives, unless prior permission has been obtained.

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

When major changes in methodology, source data, and statistical techniques are to be made, or when new data are to be collected, users are informed in advance either by ECB press releases or by articles in the ECB's *Bulletin mensuel*.

A heading called "Travaux préparatoires" (preparatory work) has been included on the BdF website; its purpose is to inform and consult respondents about ongoing reforms. Disseminators of data are also notified in advance of such changes. Furthermore, the BdF periodically informs the CNIS of any substantial change in its collection methods or of the introduction of any new survey, and every four years sends it its medium-term statistical work program.

More and more information of all kinds on the monetary statistics, and particularly the methodology, is posted on the BdF website so that the public in the broadest sense may access it readily.

1.3 Ethical standards

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

The directives defining the ethical rules are contained, for the Eurosystem, in Council Regulation (CE) No. 2533/98 of November 23, 1998 concerning the collection of statistical information by the ECB and, for the BdF, in Article L142-9 of the CMF. This article indicates that staff may not communicate any information they may have learned in the course of their professional activities to third parties, and that failure to observe these obligations is punishable under Articles 226-13 and 226-14 of the Criminal Code. These obligations are clearly stipulated in Guideline ECB/1998/NP28 of December 22, 1998.³⁵

In late 2002, the BdF adopted a financial code of conduct applicable to all its employees; this code has been published in the BdF's *Bulletin*. The code has been approved by the General Counsel of the BdF and by the MINEFI, and has the force of law. In addition, an ethics officer was named in 2002 and entrusted with the mission of exercising surveillance over the proper implementation of this code; the officer may be approached by any staff member who wishes to have him examine a situation which might entail a risk of conflict of interest. Every BdF employee has received a personal copy of the financial code of conduct.

The principle of independence inscribed in the Statutes of the ECB and the NCBs protects staff from any interference on the part of the political authorities. The qualities of independence, rigor, and integrity are recognized by the French public, as evidenced by the results of opinion polls conducted by specialized entities at the behest of the BdF. These polls

³⁵ Guideline concerning the common rules and minimum standards to protect the confidentiality of the individual statistical information collected by the European Central Bank assisted by the national central banks.

carried out in recent years constantly show that about 70 percent of the French population states that it is confident that the BdF will properly carry out its missions.

The BdF Statute and its personnel regulations include ethical principles (notably professional secrecy) about which employees are informed when they assume their positions. Observation of these principles is an integral part of the professional culture of BdF employees. Failures to observe them may be severely punished, as provided in the personnel regulations and the Criminal Code.

The financial code of conduct was provided directly to every staff member of the BdF when it was adopted in late 2002; one of the missions of the ethics officer is to advise staff who wish to seek an opinion. The staff of the SASM and incoming personnel must take cognizance of a document relating to the local security policy, which is updated annually, and of the aforementioned ECB document on the confidentiality rules pertaining to individual statistics (for example as regards the prevention of misuse or erroneous interpretations of the statistics), a copy of which is provided to them.

Reminders of these rules are periodically disseminated in individual e-mails.

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 analytical framework for monetary statistics is broadly in line with the recommendations of the *Monetary and Financial Statistics Manual (MFSM)*.³⁶

The SASM draws up an analytical statement of the BdF as the French component in the analytical statement of the Eurosystem, a consolidated statement of all monetary financial institutions (credit institutions that create money, money market funds, demand deposits with the postal system, and general government deposits other than central government deposits with the Treasury) by applying a residency criterion expanded to the euro area as the French component of the consolidated statement of all MFIs of the zone.

At the same time, the SASM continues to calculate national statements (central bank and MFIs other than the BdF) by applying French territory as the residence criterion; no consolidation is performed between these two statements. These two statements are published in the BdF *Bulletin* in the Statistics section. The SASM also calculates the total domestic debt of resident nonfinancial agents.

³⁶ See the DGEI-DESM Note on “Méthodes des statistiques monétaires mensuelles” (methods for monthly monetary statistics) available on the BdF website.

The M3 broad money aggregate for the euro area consists of means of payment (currency in circulation and demand deposits), deposits that are reimbursable with advance notice of three months or less, time deposits at an initial term of two years or less, repos, securities of money market funds, money market instruments, and debt instruments at an initial term of two years or less. Only the positions of euro area residents that are neither MFIs nor central government institutions are included in M3. All assets included in the composition of the M3 aggregate are regarded as monetary.

2.2 Scope

2.2.1 The scope³⁷ is broadly consistent with internationally accepted standards, guidelines, or good practices

The BdF collects monthly statements from all credit institutions,³⁸ that is, from all resident financial companies and quasi-companies all or part of whose liabilities are included in M3 broad money, as well as all money market funds in accordance with the *MFSM*. At end-February 2003, France had over 1,000 credit institutions contracting monetary liabilities and 600 money market funds.

In addition, the BdF collects additional data quarterly on the figures from OFIs, or other financial institutions, excluding insurance companies and pension funds.

The institutional coverage of the monetary statistics includes the head offices of institutions which gather deposits and all of the resident branches, as well as the resident branches of foreign banks.

2.3 Classification/sectorization

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

The institutional units are grouped into sectors with similar characteristics in accordance with the requirements of the *MFSM*.

The sectorization first draws a distinction between resident agents (euro area for the data centralized by the ECB and French territory for national data uses) and nonresidents, and delimits the various sectors and their subsectors.

³⁷ Refers to the statement for depository corporations and not the financial system as a whole.

³⁸ With the exception of extremely small credit institutions, since Article 2.2 of Regulation 1998/16 authorizes the NCBs to exempt them from reporting so long as the consolidated statement of the credit institutions reporting represents at least 95 percent of the statement for the total population of credit institutions.

The resident units of the economy are grouped into distinct institutional sectors in accordance with ECB Regulation 1998/16, itself drawn up in accordance with the European System of Accounts 1995 (*ESA 95*) and in compliance with the requirements of the *MFSM*:

- Monetary financial institutions: ECB and NCBs, credit institutions that create money, money market funds, other monetary financial institutions;
- General government (central government,³⁹ social security agencies, local governments);
- Private nonfinancial agents: nonfinancial corporations, households, nonprofit institutions serving households; and
- Other financial institutions: insurance companies and pension funds; nonmonetary UCITS (mutual funds other than money market funds), investment firms, special purpose vehicles (*fonds communs de créances*), etc.

However, there are instances where practices used by the BdF in drawing up the consolidated statement of resident MFIs are not always consistent with that methodology. In the BdF balance sheet (Tableau 11 of the BdF *Bulletin* (Table 7 of the *Digest*, which is the English version of the *Bulletin*)) and in the balance sheet of MFIs other than the BdF (Tableau 12 (Table 8 of the *Digest*)), general government is not subsectorized on the assets side: the primary consequence of this is that operations with the central government are not identifiable, contrary to the provisions of the *MFSM*. In Table 12, the operations of MFIs other than the BdF with all MFIs (including the BdF) are not subsectorized; nevertheless, the operations of other MFIs with the central bank are identifiable in Table 11 (Table 7 of the *Digest*), in accordance with the provisions of the *MFSM*. The *MFSM* recommends collection of monthly data on claims on, and liabilities to, central government to facilitate timely, high-frequency monitoring of net claims on government. The ECB requires monthly reporting of liabilities to, but only quarterly reporting of claims on government (assets).

The assets side of the statement for MFIs includes liquidity, loans, securities other than shares, securities of money market funds, shares and other equity holdings, fixed assets, and other asset items. The classification of financial assets, standardized within the euro area, depends upon their degree of liquidity and on the legal characteristics of the relationship between creditor and debtor, in keeping with the principles of the *MFSM*.

On the liabilities side of the balance sheet of the MFIs are banknotes and coins in circulation,⁴⁰ deposits, the securities of money market funds, debt securities issued, capital

³⁹ In the euro area, the metallic coins issued in some countries by the Treasury are, by convention, recorded on the liabilities side by the ESCB.

⁴⁰ For BdF liabilities, as is the case of each of the other NCBs of the euro area, the amount of euro banknotes in circulation has been valued by convention since January 2002. It corresponds to a share of the amount of banknotes in circulation within the euro area that is proportional to the share of each NCB in the capital of the ECB, with the latter being credited for a legal issue corresponding to 8 percent of total banknotes in circulation.

and reserves, and other liabilities. Deposits are broken down by category depending upon their degree of liquidity and convertibility into means of payment. This results in the distinction between demand deposits, time deposits, and deposits with advance notice requirements. For purposes of calculating the monetary aggregates, time deposits are further broken down by their initial maturity (the money aggregates for the euro area do not include financial assets with an initial term exceeding 2 years).

In accordance with the treatment advocated by the *MFSM*, repos are treated as guaranteed loans if the contracts stipulate a firm commitment to unwind the operation. This is not the case if the contracts call only for an option to unwind. In exchange for the liquidity received when an asset is pledged, a liability is posted on the liabilities side under the repos heading.

The only operations on the credit derivatives market recorded on the balance sheet of the MFIs are option premiums and margin calls: options purchased, initial margin calls, and margin calls against open positions on the forward market are recorded under the “other liabilities” heading. This classification is in line with the ECB guidelines, but the *MFSM* recommends that they be kept as separate categories on the balance sheet, outside other assets/other liabilities because of their distinct nature as financial instruments. Operations in other forward financial instruments, including swaps, are recorded as off balance sheet items, whereas both *MFSM* and ECB recommend that swaps be recorded on the balance sheet.

2.4 Basis for recording

2.4.1 Market prices are used to value flows and stocks

For stocks, the components of the monetary balance sheet of the MFIs are valued in accordance with ECB requirements as set forth in Regulation ECB/2001/13 and the “Guidance Notes to Regulation ECB/2002/13.” In accordance with the latter, balance sheet items must be valued at market prices (fair value). However, banknotes in circulation, deposits, capital and reserves, MFI investments in notes and loans, must be valued at nominal value, where applicable gross of provisions for asset depreciation. In addition, leasing operations must be valued as loans subject to amortization schedules. For other components of the balance sheet, the ECB endorses the use of market values, but allows the NCBs to use certain national accounting rules when they differ from market values and when they are applied by the MFIs in their statistical reporting. This is the case for the valuation of securities held for sale (valued at acquisition cost or market value, whichever is lower) and securities held for the long term and debt securities (recorded with redemption values).

In accordance with the monetary statistics methodology currently used within the Eurosystem, loans are valued at their book value,⁴¹ after deduction of provisions for anticipated losses to cover risk of payment default by borrowers. Deposits, capital and reserves are also valued at book value.

⁴¹ That is, for the remaining capital excluding accrued interest, but including provisions for depreciation.

The valuation of flows is also in accordance with ECB rules. Flows are defined as the financial transactions occurring during the reference period, that is to say, the change in stocks between the ends of two consecutive periods minus adjustments relating to reclassifications, exchange and valuation effects for securities portfolios, and debt write-off. In the case of the money market funds, the third Whereas clause of Regulation ECB/2002/8 amending Regulation ECB/2001/13 indicates that “it is not necessary to collect data on price revaluations of MMF (money market fund) shares/units because, for money and banking statistical purposes, changes in the value of these instruments are considered as interest reinvested in the same instruments.” Consequently, no adjustment by the ECB is required as regards the securities investments of said money market funds.

The contents of the regulations established by the ECB are very close to those of the IMF’s *MFSM* except as regards securities operations, for which the *MFSM* calls for recording at market prices exclusively.

For monetary statistics purposes, the BdF applies international rules in a different way depending on the category of the MFI.

In the case of the BdF, the balance sheet components are valued at market prices except those for which the ECB requires use of the nominal value. All adjustments to permit the calculation of flows are singled out. The same holds true for money market funds, both for stocks and for flows, with the exception of adjustments relating to the valuation effects on securities, in accordance with the provisions referred to above.

For credit institutions, the valuation rules are those required by the CB for accounting and prudential declarations. These rules depart from international statistical standards for securities operations. In effect, the valuation of portfolio investment securities, investment securities, and securities representative of debts and financial derivatives diverges from *MFSM* and the ECB guidelines., (See especially paragraphs 46-48 of the above-mentioned ECB Guidance Notes and Tables.) However, the adjustments necessary for flow calculations are in all instances calculated in accordance with the *MFSM*.

The table below delineates the various valuation practices by instrument.

The accounting regulations stipulate that the balance of overall changes in the rates of rapid turnover instruments is recorded under profits and losses.

In keeping with the regulatory provisions of the ECB, conversion of the transaction currency into euros is carried out at the market exchange rate prevailing on the date of the transaction. For the conversion of stocks of financial assets (including SDRs) and liabilities denominated in foreign exchange, the rate for interbank operations observed on the market on the closing date of the statements is applied (Article 4 of CB Instruction No. 94.05 of March 14, 1994 on the accounting of operations in foreign exchange).

In UCITS accounting, all assets are valued at market price, including derivatives and futures.

2.4.2 Recording is done on an accrual basis

Interest on financial assets and liabilities is determined on an accrual basis over the accounting period as a whole. They thus take into account interest accrued but not paid.

Interest arrears are not recorded separately if they were initially recorded on an accrual basis before reaching maturity. Once interest is due, it continues to be included in the value of the corresponding obligation.

Payments arrears on commissions or similar charges associated with financial instruments off the balance sheet are recorded in the credit institutions' accounts receivable or payable. Claims classified as overdue are financial assets, whereas off-balance-sheet instruments are not regarded as financial assets.

Transactions are recorded at the time they occur (simultaneous recording).

Financial transactions are recorded whenever there is a transfer of ownership, on the basis of the market prices (or the equivalent) at which the financial assets and liabilities are bought or sold; transactions are recorded at the time of issue of new securities or the transfer of securities.

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

Data are collected and drawn up gross. Provisions for bad debts are recorded under "capital and reserves." Claims and liabilities in respect of a nonfinancial agent or group of agents are thus never offset in the banking institutions' accounts, except when there is a formal merger agreement (in this case, the term and currency for the accounts submitted for the merger agreement must be identical). These practices are consistent with the requirements of the *MFSM*.

Category of instrument	Valuation method in the monetary balance sheet of credit institutions	Category of adjustments calculated by the Banque de France	Conformity with the requirements of the IMF's <i>Monetary and Financial Statistics Manual</i>	Remarks
Deposits	Remaining principal owed excluding accrued interest	Reclassification and exchange effects	Yes	Adjustments relating to valuation effects and debt write-off not relevant in the case of deposits
Loans	Remaining principal owed gross of provisions excluding accrued interest	Reclassification, exchange effects, effects of valuation and debt write-off	Yes	Monthly collection of debt write-off figures since January 1, 2003. Estimates on the basis of the half-yearly profit and loss account for the prior period
Trading securities (assets and liabilities): securities held with the intent to resell within six months	Market value, including accrued interest	Reclassification, exchange effects, valuation effects, and debt write-off	No for stocks Yes for flows	Monthly calculation of valuation effects on the basis of security-by-security collection since January 1, 2003. Estimates for the prior period
Securities held for sale and portfolio securities: securities held for six months or more	Acquisition cost or market value, whichever is lower	Reclassification, exchange effects, valuation effects, and debt write-off	No for stocks Yes for flows	Calculation of valuation effects effective with reference date March 2003
Investment securities: securities held until their maturity or the subject of full and complete endorsement as to term or rates	Redemption value with amortization of the gap between the acquisition cost and the redemption value over the residual life of the security	Reclassification, exchange effects, valuation effects, and debt write-off	No for stocks Yes for flows	Calculation of valuation effects beginning with reference date March 2003
Equity securities	Acquisition cost, gross of provisions for depreciation	Reclassifications, exchange effects, and debt write-off	No for stocks Yes for flows	Calculation of valuation effects pointless as provisions for depreciation are included in stocks (constant value in the monetary balance sheet)
Debts in the form of securities	Redemption value	Reclassifications, exchange effects, and debt write-off	No for stocks Yes for flows	Calculation of valuation pointless as these debts are recorded at their redemption value
Capital and reserves	Face value	Reclassifications, exchange effects, and debt write-off	Yes	Recording of adjustments on debt write-off required by the ECB to bring balance sheet into balance

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 accuracy of the source data provided by the other MFIs is ensured through in-depth cooperation between the SASM, the SGCB, and the various categories of respondents.

The SGCB disseminates comprehensive and detailed documentation to all respondents under its jurisdiction on the manner in which to complete the reporting documents (BAFI database

of financial agents); this documentation is updated frequently. Close contacts are maintained between the staffs of the SGCB and the correspondents in the reporting entities. It is mandatory to submit information in the form of electronically transmitted files. The data are automatically checked upon receipt and immediately rejected if anomalies are observed. In this way, respondents are able to correct the errors and resubmit corrected data while most often remaining within the submission deadline. Respondents are familiar with the data checking procedures and may thus run such checks before sending in their submissions. Any change in submission formats is announced in advance and generally discussed in a working party with representatives of the respondents (in particular with the French Association of Credit Institutions and Investment Firms (AFECEI for Association française des établissements de crédit et des entreprises d'investissement). Technical meetings are also organized for the IT units which serve the respondents' accounting units—sometimes several dozen of them—on the preparation and production of their submissions.

The SASM maintains numerous contacts with respondents for purposes of explaining to them the manner in which to fulfill their statistical obligations. It periodically organizes meetings with UCITS managers in order to take stock with them of the statistics collection process. The introduction of the reform of monetary statistics which took effect in January 2003 (new consolidated balance sheet of the MFIs of the euro area and statistics on bank interest rates) was carried out in close collaboration with the banks, which were informed of the measures taken to limit their workload, the importance for the Eurosystem of the quality of the statistics that were to be collected, and the criteria applied. Particular attention has been devoted to keeping respondents informed: organization of workshops, exchanges of telephone calls or e-mail, real time updating of information on the BdF website (including a statement on respondents' Frequently Asked Questions). On-site surveys will be conducted in selected institutions in order to verify the quality of the information forwarded; the SASM has requested that the Inspectorate General of the BdF include such surveys on its work program for the second half of 2003.

Respondents are sensitive to the quality of their declarations, as most of them, and the largest of them in particular, have economic research units that are users of the statistics produced. Each month, on simple request and free of charge, respondents may receive the detailed monetary statistics (about 2,000 monthly time series and 2,200 quarterly time series in electronic form).

Credit institutions report the information necessary for monetary statistics purposes by means of special statements and accounting statements that are received in the BAFI database managed by the SGCB. The statements on flows include both a statement which reiterates the accounting headings of the balance sheet broken down by residence zone of the counterpart agents and annexed documents breaking down the same headings by the industry to which the counterpart agent belongs. All institutions must submit quarterly statements (Series 4000). About 350 credit institutions are required to submit monthly statements for monetary statistics purposes (Series 8000). As provided under Article 2.2 of Regulation ECB/2001/13, the total of their combined balance sheets represents more than 95 percent of the total balance sheet for all credit institutions.

In respect of money market funds, the information is collected on the basis of a security line by security line breakdown of portfolios, as well as the breakdown by counterpart agent of the rest of the accounting statement. The reports are monthly and are submitted directly to the SASM, which manages the collection of statistical information from general UCITS (only some of which are money market funds), on behalf of the BdF and the Exchange Market Operations Commission (the supervisory agency for UCITS). The information collected each month on money market funds represents more than 95 percent of the activities of the total population.

In accordance with Annex IV of Guideline ECB/2002/05, the SASM also collects information on the deposits of agents other than MFIs in the central government, which are included in the monetary aggregates published by the ECB. These data are obtained by using the summary statement of Treasury operations (SROT for Situation résumée des opérations du Trésor) published each month by the MINEFI; when the SROT is not available, the SASM gathers provisional information in the Weekly Treasury Statement. The information on deposits managed by the postal system is collected directly from it.

The SASM makes systematic use of the corrected declarations of reporting agents who have been asked to submit such declarations following the identification of anomalies.

Banking sector restructuring operations, in particular, mergers, acquisitions, or transfers of activity, are systematically monitored in the context of the process of updating the list of MFIs published by the ECB. In this connection, the SASM receives copies of the licenses approved by the Credit Institutions and Investment Firms Committee (CECEI for Comité des établissements de crédit et des entreprises d'investissement), for which secretariat services are provided by the BdF's Directorate of Credit Institutions and Investment Firms (DECEI). Reading the financial press makes it possible to glean indications about changes in the activity of reporting agents for whom no prior notification to the BdF is required, such as the transfer of assets to funds that do not collect savings from the public. For this kind of operation, a special statistical declaration was introduced effective early 2003 in the context of the implementation of Regulation ECB/2001/13 on the consolidated balance sheet of monetary financial institutions (statement 8026).

Coordination with the banking sector is traditionally carried out through the SGCB, which is the credit institutions' single point of contact for all BdF directorates-general making use of the BAFI. In the future, and taking account of the fact that there is now a specific regulation on the collection of statistical information by the BdF for monetary policy purposes, it is planned periodically to gather representatives of the reporting banks with a view to examining any worthwhile issue relating to implementation of that regulation.

For the UCITS, meetings of reporting agents, the Stock Exchange Operations Commission (COB for Commission des opérations de bourse), and the SASM for the BdF are organized twice yearly.

The Head of the SASM and his deputy are members of the Working Group on Money and Banking Statistics of the ESCB, which enables them to contribute to ensuring that French financial innovations are taken into account by European statistical regulations.

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

Globally, the data collected meet statistical requirements. On the one hand, the reporting obligations of credit institutions make reference to a chart of accounts and customer nomenclature that are common to the CB and the BdF, and hence conceived to meet statistical needs. Thanks to this system, the customer nomenclature and the definition of the operations required for statistical purposes are integrated into the credit institutions' information systems at the fundamental information level. On the other hand, the statistical breakdowns of the securities portfolio of the money market funds are prepared by the SASM on the basis of the ISIN code of the securities and the characteristics of the securities included in a master list (*référentiel*) derived from the one established by Balance of Payments for monitoring portfolio investment.

In the monthly statements (Series 8000) collected from credit institutions, the accounting headings that are insignificant from the standpoint of the monetary statistics are recorded under "other assets" or "other liabilities," for which no breakdown by counterpart agent is required. In contrast, all the basic headings of the quarterly statement (Series 4000) from credit institutions and of the monthly statement from money market funds are treated separately regardless of their significance from the monetary standpoint.

The information from the postal service comes from nonaccounting sources. Effective July 2003, the data on the banking activities of the Postal Service will be integrated into the declarations from Efiposte, an investment firm responsible for investment of the cash balances of the Postal Checking Centers (CCPs). For monetary statistics purposes, Efiposte will be regarded as an MFI and, as a result, will be subject to the reporting requirements of credit institutions.

Since the introduction of euro cash in early 2002, the "banknotes in circulation" item for each NCB no longer corresponds to amounts effectively issued by them, but rather to an amount calculated by applying the percentage of ECB share capital held by each NCB to the total banknotes in circulation in the euro area, after deduction of an 8 percent share of such circulation allocated to the ECB.

3.1.3 Source data are timely

In accordance with BdF Governor's Decision No. 02-01 of May 22, 2002 on the collection of statistical information by the BdF for monetary policy purposes, the monthly declarations from credit institutions and money market funds must be provided not later than ten business days following the closing date. Procedures for systematic reminders have been introduced in order to ensure that these deadlines are met. In order to speed up the reminder process, all

declarations must be submitted electronically. In addition, it is planned to systematize the use of electronic messaging in relations with respondents.

The General Accounting Directorate of the BdF forwards the information necessary for preparation of the BdF's statistical balance sheet between five and ten business days following the closing date.

3.2 *Statistical techniques*

3.2.1 Data compilation employs sound statistical techniques

Monetary statistics are compiled exclusively in a computerized environment on a large system. It consists of several specialized applications that interface with one another. From the upstream end downward, these are the collection applications (BAFI, UCITS), the applications for processing the data collected and calculating the series (SMF and, as from 2003, SISTRe), and an application for monitoring audits and infractions (IDSMF). In addition, the unit which manages the BdF's economic database (BSME for Banque des séries monétaires et économiques) is responsible for forwarding the series to the ECB and posting them on the BdF's website.

A particular focus has recently been placed on improving statistical calculation procedures by using SAS software.

All the statements submitted by credit institutions use a standardized format and standardized terminology. A common file format must be used by respondents for all statements.

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

Missing data are estimated, either by carrying data forward from the latest declaration for small credit institutions, or by using ARIMA type forecasting models for large respondents. For the money market funds, the data collection application, when queried, prepares estimates based on the net asset value declared daily to the COB and on the last known breakdown of that net asset value.

Beginning in early 2003, the SASM will seasonally adjust the series of the greatest importance for analyzing the national monetary situation. The methods used will be based upon research work that has been tested and presented at an ESCB workshop.

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 non-sampling error; the results of the assessments are monitored and made available to guide planning

The data submitted electronically by reporting agents are subject to three types of checks: (a) formal checks aimed at verifying that the files do present the anticipated structures; (b) checks on the internal consistency of declarations; and (c) statistical controls aimed at detecting outliers through the examination of the declarations in time series and study of the contributions made by individual data to the overall change. In accordance with Article 5 of the aforementioned Decision No. 02-01, reporting agents must provide explanations of changes that the BdF deems to be anomalous as rapidly as possible. If the errors identified pertain to a given reference date, respondents must provide a corrected declaration repeating all the information contained in the statement in which these errors were found. In the event that problems persist, contacts are made with the respondent concerned in order to ensure that it regularizes its statement as rapidly as possible. All anomalies that result in contacts with respondents are logged.

For interest rate statistics on new contracts, which are collected on the basis of sampling since the January 2003 submission, the list of institutions required to report will be reviewed once a year (Paragraph 24 of DGEI Notice No. 02-01 of May 23, 2002 on the monetary statements submitted by credit institutions).

In the context of the new arrangements established following the implementation of regulations ECB/2001/13 and ECB/2001/18, individual information will be collected in respect of the securities of credit institutions (monthly) and new lending (quarterly), which will make it possible to partially verify the criteria according to which respondents sectorize their customers.

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

3.4.1 Main intermediate data are validated against other information where applicable

When data submission is closed each month and prior to any dissemination to the ECB or publication, summary tables, focused in particular on the contribution of resident MFIs to M3, are prepared on the basis of the MFI balance sheet series for purposes of cyclical analysis of the collection.

Comparisons are also drawn with the data collected by Balance of Payments or the results of the work to prepare the financial accounts. Furthermore, the monthly monetary statements submitted by credit institutions are systematically checked against prudential or statistical documents that are submitted quarterly or more frequently (see paragraph 24 of DGEI Notice No. 02-01 of May 23, 2002 on the monetary statements submitted by credit institutions).

3.4.2 Statistical discrepancies in intermediate data are assessed and investigated

The trend for the claims and obligations among MFIs resident in France is monitored to determine whether it displays a structural bias (regular pattern of underlying discrepancy). In addition, the patterns observed in the major headings in the aggregated balance sheet for MFIs are subject to analysis: this is particular the case for loans and deposits to/from agents other than MFIs and the pattern of the stock of debt securities issued.

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

The origins of the most pronounced shifts are identified and analyzed, in particular thanks to the summary tables described under item 3.4.1. The total loans to enterprises declared by credit institutions for use in the monetary statistics are compared with the amounts produced by the Credit Information Office managed by the BdF. That Office maintains a roster of all loans to enterprises of €76,000 or more.

3.5 Revision studies

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

A study is currently under way in order to identify, in the context of the seasonal adjustment procedures, the emerging trends and patterns in the monetary statistics since 1999, when the European statistical regulations entered into force.

The data concerning the central bank are not revised. Those relating to the other MFIs are regarded as provisional and, as such, are susceptible to subsequent modification once any new information becomes available. This results either from the integration of the declarations of late-reporting institutions, for which estimates had previously been used, or from correction of the anomalies identified by the SASM, or from the cross-checking of the monthly statements against the quarterly statements from credit institutions (see 3.4.1 above). In effect, the revisions introduced for the end of a given quarter on the basis of a comparison of the monthly statements (series 8000) against the exhaustive quarterly statements (series 4000) are used to correct the declarations for subsequent months. Work has been initiated for these corrections to be made by means of sampling cross-check procedures.

4. Serviceability

4.1 Relevance

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

The relevance of the monetary statistics in meeting the needs of the monetary authorities is regularly reviewed in light of the comments and requests for supplementary analyses made by the latter. In addition, the ESCB procedures provide for consultation with all users before any changes are made in the statistical regulations (cost and merit exercise). This was carried out for the first time in 2001 and led to the ECB's promulgation of Regulations 2001/13 and 2001/18 on the consolidated balance sheet of the MFIs and on interest rate statistics, respectively. The SASM's participation in the Working Group on Money and Banking Statistics at the ECB also affords it the opportunity to present its views on the methodological changes proposed by the international organizations.

Twice a year, the CNIS invites the research units of local banks and sends them medium-term work programs prepared by all the public statistics producing units.

The SASM endeavors to take a systematic approach to the analytical, reporting, study, and research work, which is potentially published, and which heightens awareness of the needs of economists and decision makers. In particular, the SASM has been involved in the work carried out within the BdF with the Directorate of Econometric Studies and Research and the DESM with a view to developing a model explaining the demand for money in the euro area.

4.2 Timeliness and periodicity

4.2.1 Timeliness follows dissemination standards

In accordance with the SDDS, the analytical account of the central bank is published on the BdF website within 15 days following the end of the reference month, and the analytical account of the MFI sector is published in the same manner within 30 days of the end of the reference month. Using the same methods and also within 30 days, the public is informed of the monthly results of the breakdowns of deposits and loans by counterpart agent and category of instrument.

The national data, the components of the money supply aggregates of the euro area, and their counterparts, are not published by the BdF until after the ECB has published the monetary statistics of the euro area.

4.2.2 Periodicity follows dissemination standards

In accordance with the SDDS, the monetary balance sheet of the central bank and those of the other MFIs are prepared and disseminated monthly. Some detailed information is

published quarterly (for example, the breakdown of deposits and loans by country and currency).

4.3 Consistency

4.3.1 Statistics are consistent within the dataset (e.g., accounting identities observed)

The statistics show a high degree of internal consistency owing to the multiple checks carried out on the source data.

The declarations received from credit institutions and the central bank regarding their reciprocal operations are consistent overall. The accounting identities called for in the submissions of credit institutions and UCITS are subjected to automated checking procedures when they are downloaded into the BdF data collection applications. Their verification is required so that the transmitted information may be utilized by user units. As regards the statistics on transactions in the shares of money market funds, checks are performed by comparing them with the change in stocks and the change in share/unit values.

In the context of preparing the financial accounts, comparisons are systematically and regularly performed between the monetary statistics and the accounts of counterpart agents.

Finally, systematic internal validation procedures make it possible to verify the consistency of the published results by comparing the summary statements relating to monetary and financial statistics.

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

Since July 1998 for credit institutions, and since March 1999 for UCITS, the monetary statistics are consistent with ECB requirements and therefore are homogeneous. For the prior period beginning in March 1993, the BdF disseminates series in the current format using backward extrapolation; the methods used to reconstitute these series and ensure their compatibility with those of the subsequent period are presented in the quarterly monetary statistics methodology available on the BdF website. The statistical series are therefore consistent from 1993 forward.

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

Systematic comparisons are made between the declarations received by Balance of Payments from credit institutions regarding their operations with nonresidents and their monetary and prudential statements. Major discrepancies are followed up by checking with respondents.

4.4 Revision policy and practice

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

In accordance with Annex XII of the ECB Guideline of July 30, 2002 (ECB/2002/5), revisions are incorporated into the publications of the current month when they relate to the preceding month (monthly revision). Revisions arising from the cross-checking of monthly statements with the quarterly statements are customarily introduced not later than the publication relating to the second month of the following quarter. Other revisions stem mostly from the final closure of the national accounts and are made as necessary.

The revision procedures are disseminated to the public in the methodology available on the BdF website. When they are of considerable significance, the reasons for them are stipulated.

4.4.2 Preliminary data are clearly identified

The monetary statistics methodology indicates clearly that the data for the latest period are provisional. However, in the published statistical tables, no mention is made of the fact that the most recent data are provisional.

4.4.3 Studies and analyses of revisions are made public (see also 3.5.1)

The BdF does not publish the results of its revision studies. On the other hand, the impact of the revisions is clearly indicated whenever they are significant in scope.

5. Accessibility

Data and metadata are easily available and assistance to users is adequate.

5.1 Data accessibility

5.1.1 Statistics are presented in a way that facilitates proper interpretation and meaningful comparison (layout and clarity of text, tables, and charts)

Summary analyses of monetary developments are published monthly under the “*Actualités*” (recent developments) heading of the BdF website. These notices, entitled “Stat Info,” pertain to the money supply aggregates of the euro area, the French contribution to those aggregates, the loans granted by MFIs resident in France, and the total Domestic Indebtedness of nonfinancial agents resident in France. The pages include graphics. They are published on the BdF website two business days after the ECB disseminates its press release on monetary developments for the month.

Monthly monetary developments are also subject to commentary in the BdF’s *Bulletin mensuel*. It also contains the accounts of the central bank and the other MFIs, which are

presented in balance sheet form, as well as tables of the main deposit and loan series and the components of total domestic debt.

Monetary developments in the preceding year are also the subject of a special presentation in the form of a document available under the Statistics heading of the BdF website.

5.1.2 Dissemination media and formats are adequate

The monetary statistics series published in the *Bulletin mensuel* may be downloaded free of charge from the BdF website. They may also be accessed via various external vendors such as DATASTREAM, WEFA, and ECOWIN.

5.1.3 Statistics are released on a pre-announced schedule

The release schedule for the monetary statistics of the euro area (ECB Press Release) and the national monetary data (Stat Info) are on the website; this schedule indicates, beginning in November of year n, the release dates for the monetary statistics for each month in year n+1.

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

The statistics are released simultaneously to all users; indeed, their first dissemination is by posting on the ECB website, and then the BdF website, thereby guaranteeing equal access to all individuals and legal entities.

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

Nonpublished subaggregates are provided free of charge upon request, by whatever delivery method best suits the recipient.

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

Information is provided in the monthly monetary statistics methodology published on the BdF website. Differences from internationally accepted standards, and in particular from the *MFSM*, are not highlighted in said methodology. Metadata pages relating to the monetary statistics are also available on the IMF's DSBB.

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

An effort is made to adapt deliveries to the various categories of users (economists, banking profession, academics, etc.).

5.3 Assistance to users

5.3.1 The contact person for each subject field is publicized

The preparing unit and telephone number are indicated on each of the tables published by the BdF. The Internet address of the SASM is indicated on the Stat Info pages referred to in 5.1.1. A euro area brochure intended for the general public and published by the BdF in French and English introduces the major economic, monetary, and financial indicators; it is also available on the BdF website.

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

The catalogue of publications is available on the BdF website and in pamphlet form.

Table 5. France—Data Quality Assessment Framework Summary of Results for Monetary Statistics
(Banque de France)

Legend: NA = Not Applicable; O = Practice Observed; LO = Practice Largely Observed; LNO = Practice Largely Not Observed; NO = Practice Not Observed						
Elements	NA	Assessments				Comments
		O	LO	LNO	NO	
0. Prerequisites of quality						
0.1 Legal and institutional environment		X				
0.2 Resources		X				
0.3 Quality awareness		X				
1. Integrity						
1.1 Professionalism		X				
1.2 Transparency		X				
1.3 Ethical standards		X				
2. Methodological soundness						
2.1 Concepts and definitions		X				
2.2 Scope		X				
2.3 Classification/sectorization			X			Some financial derivatives recorded off-balance-sheet Central government not fully sectorized Insufficient sub-sectorization of the depository corporations' sector (MFIs)
2.4 Basis for recording			X			Some instruments not valued at market or fair value
3. Accuracy and reliability						
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				
4. Serviceability						
4.1 Relevance		X				
4.2 Timeliness and periodicity		X				
4.3 Consistency		X				
4.4 Revision policy and practice		X				
5. Accessibility						
5.1 Data accessibility		X				
5.2 Metadata accessibility		X				
5.3 Assistance to users		X				

VI. BALANCE OF PAYMENTS

0. Prerequisites of quality

For assessments of the Prerequisites of quality (0.) and Integrity (1) dimensions, see also sections 0. and 1. in the Monetary Statistics (V).

0.1 *Legal and institutional environment*

0.1.1 *The responsibility for collecting, processing, and disseminating statistics is clearly specified*

The responsibility of the Banque de France (BdF) for collecting and processing balance of payments statistics is defined by the law of August 4, 1993 (as amended by the laws of December 31, 1993 and May 12, 1998) reforming the Statute of the Banque de France. Article 16 of the law, reiterated in Article L.141-7 of the Monetary and Financial Code (CMF), stipulates as follows: “In accordance with the terms and conditions referred to in Article 15,⁴² the Banque de France shall establish the balance of payments and assess the country's net external asset position on behalf of the State and as directed by the Minister for Economic Affairs and Finance.” Decree 89.938 of December 29, 1989⁴³ governing financial relations with the rest of the world lists in detail the powers granted to the BdF. A new decree of March 7, 2003 (No. 2003-196) and its implementing order on the financial relations of France with foreign countries revokes the 1989 decree and its implementing orders; this decree modifies the selection criteria for reporting enterprises, allowing for the adoption of a revised data collection system that will be introduced in 2004 (see 3.1.1 and 3.2.2).

As the BdF is a public entity, its statistical units are recognized by the Conseil national de l'information statistique (CNIS) as public statistics producing units, but not as a ministerial statistics units (SSM). Article 2 of Decree No. 84-628 of July 17, 1984 on the CNIS indicates that “The [statistics] producing units shall be the Institut national de la statistique et des études économiques and the ministerial statistics units, government agencies, public entities or entities in which government agencies hold a majority interest, and private entities responsible for providing a public service or engaging in the collection and processing of economic and social data with government financing and government consent.” Within the Directorate-General of Research and International Relations of the BdF, the Balance of Payments Directorate (DBDP) assumes full responsibility for compilation of the balance of payments.

⁴² Article 15 specifies that: “At the request of the State, or with its approval, the Banque de France may provide services, either on behalf of the State or for third parties. These services shall be remunerated in order to cover the expenses incurred by the Banque.”

⁴³ As amended by Decree No. 90-58 of January 15, 1990 and Law No. 96-117 of February 14, 1996.

As regards data dissemination, Article 16 of the law of 1993 stipulates that the minister responsible for economy and finance shall publish such information. Since 2001, the press releases on the balance of payments, which had previously been signed only by the Ministry of Economy, Finance, and Industry (MINEFI), have been published under the dual imprimatur of the BdF and the ministry. The Treasury Directorate of the MINEFI drafts a press release which takes the DBDP's changes into account. This legal separation of the BdF's compilation activities and the joint BdF/MINEFI dissemination of the balance of payments statistics is a distinctive trait of the French statistical system. This separation was not made clear to users in the joint press release; this was duly clarified starting with the release disseminated at the time of the mission's visit to France. However, the statistical tables disseminated in the MINEFI website indicate both the BdF and MINEFI as the source of data, though the MINEFI is only responsible for the conception ("réalisation") of the statistical tables.⁴⁴

0.1.2 Data sharing and coordination among data producing agencies are adequate

The modalities for data sharing and coordination between the agencies producing statistical data and administrative data are governed largely by Law No. 51-711 of June 7, 1951 and Decree No. 84-628 of July 17, 1984. Mechanisms established by the above-mentioned law and decree ensure that there is coordination between the units producing statistical data. To this end, the CNIS is responsible for coordinating the statistical surveys of government units that are deemed mandatory, which includes the DBDP's survey of advances received with orders and trade credit (E84). There are agreements in place with the Directorate-General of Customs and Indirect Duties (DGDDI) to ensure the forwarding of the results of the survey of the costs of services associated with international trade. This survey, which has been endorsed as a mandatory survey by the CNIS, was developed in cooperation with the DBDP. In addition, meetings are organized frequently with the Directorate of Tourism in the context of the technical and financial collaboration on the development of nonmandatory surveys used to provide data for the "travel" heading on the revenue and expenditure sides. The DBDP will be entering into a data sharing protocol with INSEE with a view to establishing an enterprise registry that it can use for identifying samples for a services survey (planned for 2006).

Various agreements give the DBDP access to monthly international trade data from the DGDDI. There are IT protocols in place between the DGDDI and the DBDP in order to ensure the effective communication of source data. Meetings between the DBDP and the DGDDI are organized at least once each half year in order to address technical and methodological issues. In addition, informal contacts are frequent during the production process. These are facilitated by the presence on the DBDP staff of statisticians with work experience at the DGDDI before being recruited on 3- or 4-year contracts by the BdF.

⁴⁴ This situation was fully rectified end-March 2003.

Within the BdF, the DBDP systematically maintains contacts with the DESM (Directorate of Research and Monetary Statistics, which is part of the same Directorate-General as the DBDP), which enables it to compare the monetary statistics disseminated each month and each quarter with banking sector and balance of payments statistics. The DBDP has also established data sharing procedures, again with the DESM, relating to undertakings for collective investment in transferable securities (UCITS). In the context of regular exchanges, a number of internal working groups have also been established in the two directorates (DBDP and DESM): in 2002, for example, to analyze the operations of credit institutions with nonresidents (study of methodological differences, gap analysis, etc.). Another group will begin work in 2003 on general government.

Notwithstanding these arrangements, the production of the balance of payments could be further integrated in the French statistical system. Increased sharing of individual or aggregated data from administrative or survey sources could provide additional tools to assess and validate at a detailed level the intermediate and statistical outputs during the statistical process. This could be pursued through the joint task force established end-2002 by the DBDP and INSEE to deal with discrepancies between the balance of payments and the national accounts.

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

The confidentiality of the individual data communicated to the BdF is protected by the law of 1993, reiterated in the CMF, which specifies that its employees are bound by professional secrecy (defined by Law No. 83-634 on the rights and duties of civil servants). Additional guarantees for the confidentiality of individual data are provided by the BdF's Financial Code of Conduct. Furthermore, any communication to third parties of nonpublic information held by the Bank is subject to the penalties set forth in Articles 226-13 and 226-14 of the Criminal Code relating to professional secrecy.

The regulatory provisions governing the collection of information from financial intermediaries and direct reporters specify that the information provided will be used for purposes of drawing up the balance of payments. The original version⁴⁵ of the 1951 law is incorporated in the texts conveyed to financial intermediaries, in order to make reference to the confidential nature of the data communicated. The texts intended for direct reports do not indicate the confidential nature of the data communicated to the BdF.

Within the DBDP, data access is organized on a need-to-know basis. Access to the information system is password protected, and employee accreditation is defined by hierarchy in order to comply with Article 7 of the Bank's Ethics Code, which stipulates that: "the fact that an employee is subject to the professional secrecy requirement does not constitute authorization for him or her to receive confidential information bearing no relationship to his or her area of activity. Consequently, nonpublic information may be

⁴⁵ The original version of the 1951 law has been amended 13 times.

divulged within the Banque only to employees with a need to know such information in the context of their professional duties.” Like all the directorates at the head office, the DBDP draws up its own “local security policy.” A memorandum on “the local security policy on computer and office automation applications” has also been prepared. This memorandum, which is regularly updated, explains and groups together the rules and controls applied to these tasks within the DBDP, in particular the security procedures established to ensure observance of the confidentiality and integrity of individual data during the production process, and draws up a plan of action.

Data dissemination complies with the principles defined in a CNIS notice dated June 6, 1980. For a table to comply with confidentiality rules, it is necessary that (i) the minimum number of statistical units covered by each cell be not fewer than three and (ii) no statistical unit dominate the contents of a cell by accounting for more than 85 percent of the aggregate reported in that cell. A memorandum on the “local security policy on the production process for Directorate outputs” contains an instruction sheet on the information dissemination policies, gathering together the rules and controls aimed at ensuring that the confidentiality of individual data is observed.

Finally, the Council of Governors of the European Central Bank conducts an annual review of a report on the implementation of the Guideline of December 22, 1998 on the confidentiality of the individual statistical data gathered by the staff of the ECB assisted by the national central banks (NCBs). The latest report, bearing reference SEG/Gov/X/320a, was submitted to the Council on December 13, 2002.

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

The obligation of potential respondents to communicate information to the BdF is defined by the decree of March 7, 2003 and the 1951 law. This decree specifies the reporting obligations for residents carrying out international financial and nonfinancial transactions and the BdF’s power to collect information on the international investment position (IIP). An order specifies the amounts of the transactions or holdings/stocks beyond which these reporting requirements or data collection authority apply.

The decree is drawn up pursuant to the powers granted by Law No. 66-1008 of December 28, 1966 as amended⁴⁶ on financial relations with the rest of the world. Article 9 of the 2003 decree introduces a new framework for penalties based on Article L.165-1 of the CMF, facilitating the possible recourse to sanctions.

The 1951 law enables the BdF, as a public agency producing statistics, to conduct statistical surveys following their approval by the CNIS. These surveys, when they have the status of mandatory surveys, are subject to a penalty system managed by the Disputes Committee of

⁴⁶ As amended by Law No. 96-117 of February 14, 1996.

the CNIS. The 1951 law also enables the BdF to obtain the results of the surveys conducted by other institutions participating in the French statistical service, once the need to do so has been recognized by the CNIS.

The BdF takes the statistical burden on respondents into consideration. The DBPD established a moratorium from 1998 to 2002 on additional statistical requests for banks, owing to the special constraints relating to the introduction of the scriptural euro, the Y2K switchover, and the introduction of euro cash. However, the Directorate-General of Research and International Relations has decided to resume inspection missions in 2003 in the major banks, to be conducted by the BdF's Inspectorate General assisted by DBDP experts, as it did in 1992 and 1995. These missions will examine the processing chains following the introduction of the reporting threshold of €12,500, as well as the reliability of portfolio investment declarations (see 3.1.1 and 3.2.2).

The BdF has for almost a decade undertaken to announce—between 6 and 12 months in advance, depending upon their importance in terms of the workload for respondents, or 18 months for the most burdensome changes—any change in its data collection system that has an impact on banks and enterprises reporting directly. To this end, the DBDP principally uses the information channel available through the CNIS. A specialized group within the CNIS has responsibility for statistical matters relating to “Money, Finance, and the Balance of Payments.” The three-year statistical program for all the entities concerned, including the Banque de France (DBDP, DESM) and the CB, is reviewed at least twice a year by this group, as are the preliminary statistical projects for the current year and following year (documents available on request).

In its message on medium-term statistical projects, the DBDP sets forth its strategy and intentions as regards changes in the declarations. In this regard, the CNIS attaches particular importance to the statistical burden that such projects represent for respondents and ensures that new obligations do not duplicate existing requests from other entities, in order to avoid any overall increase in the burden posed on the reporting community. Any initiative which contributes to easing this burden is strongly encouraged by the CNIS. Accordingly, all changes in the data collection system for the balance of payments, as regards both banks and enterprises, have been mentioned and explained within the framework of the CNIS ever since it was established.

0.2 Resources

0.2.1 Staff, financial, and computing resources are commensurate with statistical programs of the agency

Overall, the total staffing level appears to be satisfactory to meet needs, and the DBDP indicates that its staffing is comparable to that of France's major partners in Europe. The staff devoted to all stages of producing and disseminating the balance of payments and the international investment position as well as research includes 40 economists and managers and 120 statisticians and technical and administrative support personnel. The human

resources policy is geared toward retaining a sizable critical core of qualified staff. The average length of service is 10 years for staff, and 6-8 years for supervisory personnel.

Computer resources appear to be adequate. The SAFIR computer application used by the DBDP is of recent vintage: December 1998 for the first portion (master lists, some statistical processing, and the acquisition of data deemed valid), expanded in December 1999 to include the collection and checking of data submitted by credit institutions, enterprises, etc. Since that time, two to three new versions have been put into production each year to address technological or functional developments. The client/server application is housed on a dedicated UNIX server. Two types of technical architecture are used: ORACLE database management software is used for master lists and source data, and the SAS software package for statistical processing activities. Every staff member has a dedicated workstation and access to personal and/or shared computer resources. The continuous development of the SAFIR application is an absolute priority, in particular because of the major improvements that will be required when the collection system is revamped as planned between 2004 and 2006.

Financial resources are adequate. The cost of compiling France's BOP and IIP is reimbursed by the government through the Government-Banque de France Commission established by the 1993 agreement, which endeavors to keep this cost as moderate as possible. There is a three-year plan on the staffing, budgets, and IT resources required for maintaining and developing the statistical program. At the European level, the work program of the Statistics Committee (STC) is prepared for one year, while that of the European Union Committee on Monetary, Financial, and Balance of Payments Statistics (CMFB) is prepared for two years.

0.2.2 Measures to ensure efficient use of resources are implemented

The business plan, including the portion devoted to statistics, is widely disseminated to staff. All supervisory staff participate in preparing the statistical plan for the coming year. A statement of highly detailed objectives is published and broadly disseminated within the DBDP. Information notes and the reports of the STC and CMFB or the various European task forces are disseminated in the same manner. There is very close collaboration with other BdF units, in particular with the DESM (Monetary Statistics Unit (SASM), Securities Statistics Unit (SEVAM), and National Financial Accounts Unit (SESOF)) with a view to enhancing procedural efficiency.

The DBDP has been subjected to an endless flood of changes, resulting for the most part from decisions taken at the European level and the recommendations of multiple audits (BdF, Eurosystem, Audit Office, Commission "État/Banque de France"). Reflecting these changes in the SAFIR information system requires that all units regularly review their work procedures. In addition, the aim is to look closely at unnecessary tasks and nonrelevant controls. The control thresholds are raised as necessary. Finally, as the DBDP is a government sanctioned activity, its budgetary procedures are reviewed annually in order to reanalyze and justify any new requirement.

0.3 Quality awareness

0.3.1 Processes are in place to focus on quality

A report on the quality of statistical data, the outcome of work on a network introduced in February 2002 between the DBDP and the DESM, was submitted in October to the Management Committee of the Banque de France, made up of the Governor, the two Vice Governors, and the Directors-General. The report was prepared at the request of the Management Committee, and a summary was published in the February 2003 issue of the *Bulletin de la Banque de France*; it approaches the dimensions of quality in accordance with the exhaustive approach adopted by the IMF (DQAF) and adapted, in a slightly altered form, by the European institutions (Eurosystem, Eurostat). The report uses this assessment method to take stock of progress made and the efforts to be made as regards the quality of statistical data.

In addition, the DBDP participates in the joint ECB-Eurostat task force on the quality of balance of payments statistics, which will submit its final report to the CMFB in June 2003. In this framework, it has volunteered along with four other central banks and/or statistics offices to participate in a pilot exercise aimed at testing a battery of quantitative indicators (series stability, internal and external consistency, etc.). Some of the indicators analyzed by the task force were already being calculated periodically at the DBDP.

The DBDP is or has been subject to four series of audits or comparable assessments: the general internal audit of the Bank (with regular monitoring of the implementation of recommendations), the Eurosystem audit (which focuses in particular on methodology, procedures, and IT security), the audit by the Audit Office, and the explanations provided to the Euvrard Commission (examination of the compensation conditions for services rendered to government), the latter two audits being focused in particular on costs and, correlatively, on economies of scale.

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

The identification of possible problems is initially the task of the DBDP itself, in particular via the quantitative indicators that it periodically updates, the range of which will be supplemented once the final choice has been made of the indicators selected at the European level (see 0.3.1). The report on the DPDB-DESM network as well as the internal and external audits referred to above may also contribute to this identification.

Two distinct bodies express views on the quality of balance of payments statistics. The ECB, as a privileged user, has established, sometimes jointly with Eurostat, various working groups or task forces whose efforts are intended to guide data improvement strategies. The CNIS works in particular on improving the quality of survey data sources by certifying the rigor of the methods used. In addition, the CNIS makes it possible to gather user views on a regular basis.

Furthermore, the DBDP regularly organizes meetings with the major public sector users of balance of payments statistics (INSEE, Treasury, etc.). Moreover, ad hoc actions are carried out to take stock in depth of data quality, such as the colloquium on "French Direct Investment in Globalization: Assessment and Stakes" organized by the DBDP in March 2002 in collaboration with the CNIS. The colloquium, which was devoted to a stock-taking of concepts and figures, the stakes involved, and the evolution of statistical systems, gathered together representatives of respondents (banks, insurance companies, enterprises), of government, international organizations (OECD, UNCTAD, WTO, etc.) or European organizations (ECB, Eurostat), and academics from the French and foreign public and private sectors.

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 tradeoffs between the "accuracy/reliability" dimensions on the one hand, and "timeliness" on the other hand, were a special focus of the DBDP-DESM report on data quality. The DBDP is part of the euro area where decision-makers, who are among its main users, regard the balance of payments as an important indicator for monetary policy purposes; this justifies monthly periodicity, rapid publication of results after the end of the preceding month, and more in-depth work on the monetary approach to the balance of payments. "Public" users are also sensitive to quality considerations, as evidenced by the initiatives of the Economic and Financial Committee of the European Union to promote the quality of statistics in Europe, taken in response to impetus from the French Minister of Economy and Finance at the time. Quality improvement is also taken into account in the development of the new statistical programs (or national action plans) presented to the CNIS and in European forums. The presence of data users and producers at the semi-annual meetings of the specialized group on "Money, Finance, and Balance of Payments" of the CNIS helps identify any new requirements for statistics and hear users' views on statistics.

1. Integrity

1.1 Professionalism

1.1.1 Statistics are compiled on an impartial basis

The ECB and ESCB Statutes, like that of the BdF, establish these institutions' independence from the public authorities, thereby guaranteeing, among other things, the absence of interference in respect of the contents or publication of statistical information. Article 7 of Protocol No. 18 on the Statute of the European System of Central Banks and of the ECB thus provides that: "In accordance with Article 108 of this Treaty, when exercising the powers and carrying out the tasks and duties conferred upon them by this Treaty and this Statute, neither the ECB, nor a national central bank, nor any member of their decision making bodies shall seek or take instructions from Community institutions or bodies, from any government of a Member State or from any other body. The Community institutions and bodies and the governments of the Member States undertake to respect this principle and not

to seek to influence the members of the decision making bodies of the ECB or of the national central banks in the performance of their tasks.”

The DBDP has implemented, in early 2003, a training and professional development course on statistical analysis intended for staff working in the statistical directorates of the Bank. Staff members are also encouraged to participate in seminars organized by the IMF. Among the staff recruited by the Bank via competitive examinations, the preference is for statisticians, international economists, or graduates of business schools. The increased presence of INSEE staff on secondment to the DBDP, and with experience in the treatment of goods, direct investment, foreign affiliate trade statistics (FATS), or the preparation and conduct of statistical surveys, is encouraged.

Various DBDP units, including the pole for economic studies of the rest of the world, prepare research and studies which have been discussed in advance within the directorate (perhaps with the organization of an internal seminar) and then with the directorate-general and, where applicable, with other Bank directorates. Staff are encouraged to present the results of their work in European and international working parties as well as in external colloquiums (recent example: a study on the international investment position presented at the colloquium of the Irving Fisher Committee of Central Bank Statisticians organized for the first time by the BIS, and then at the most recent meeting of the IMF Balance of Payments Statistics Committee).

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

The DBDP uses many statistical models to compile the balance of payments figures, including, among other things, forecasting of data on Key Items at M+35, calculation of small amounts (falling below the €12,500 threshold and not reported by banks), estimation of the wages of cross-border workers, calculation of accrued interest, calculation of reinvested earnings, estimation of the stock of direct investment (although this survey is virtually exhaustive), survey of trade credit, and two statistical surveys now being tested to estimate tourism revenue and expenditure. The choices of sources and statistical techniques are informed solely by statistical considerations. By way of example: the introduction in 1993 of a common system for reporting customs data (the Intrastat system) in the Member States of the European Community led to the elimination of the financial framework for customs that made it possible to use an econometric model to calculate the monthly amount of advances on orders and trade credits paid and received by resident nonfinancial corporations. A new data source then became necessary, and took the form of a survey on the stock of advances on orders and trade credits. All the characteristics of this new survey were presented in late 1993 to the CNIS Validation Committee and received the necessary survey approval. Also of note are the numerous tasks carried out within the various European task forces, the conclusions of which are used to inform statistical techniques.

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

Two press reviews internal to the Bank (summaries or articles), as well as the press clipping service provide by the DBDP documentation unit and the DBDP management team for the major financial newspapers in English, make it possible to identify errors made in interpreting the balance of payments statistics. In that event, the Directorate-General and in some instances the Governor are alerted by means of a flash notice. It bears noting, however, that the Bank's communications policy for the balance of payments, as well as in other fields, places emphasis on "pedagogical" efforts in the medium term rather than individual reactions. While of late there have been no findings of flagrantly abusive interpretation of the statistics, it is the de facto policy of the BdF not to inform the public, through the media or other means of communication, of its commentary on such erroneous interpretations.

1.2 Transparency

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

The 1993 law on the Statute of the Banque de France and the annual report on the balance of payments and France's international investment position are disseminated on the BdF website along with the regulatory texts aimed at respondents, which contain a selection of applicable legal provisions. The CNIS and INSEE websites may also be consulted for the general provisions governing French statistics. The Bank's statistical publications (in hard copy form) indicate the address of its website; telephone numbers and postal addresses are indicated beneath tables and charts (hard copy and Internet), making it possible to obtain additional information.

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

The information available on the BdF website on the Statute of the BdF indicates to the public that the BdF compiles the balance of payments on behalf of the government. The time lag between sending the figures to the MINEFI and its publication of the press release is generally short, but may vary depending on whether or not a weekend comes into play. The draft MINEFI press release is reviewed rapidly by the DBDP (see 0.1.1). Ways of reducing the time lag have been discussed in recent contacts between the DBDP and the Treasury, which is responsible for disseminating the press release within the MINEFI. However, only the metadata disseminated on the IMF's DSBB clearly indicate which government employees have access to the data prior to their release and at what stage of the preparation process this access is obtained.

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

The MINEFI press release is published under the imprimatur of the MINEFI and the BdF, but the title of the press release makes reference to the fact that the data are compiled by the

BdF (see 0.1.1). For the data disseminated by the BdF, all tables make reference to the DBDP as data compiler. The BdF requests that when these statistics are used or reproduced, their origin be specified.

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

Major methodological changes are announced to user representatives sufficiently in advance in the context of the CNIS, which disseminates this information, in particular on its website. If respondents have any concerns, the DBDP practice is that they be alerted 6 to 18 months in advance in order to enable them to take the necessary steps. Future methodological changes through 2006 are described in an information notice available on the Internet.

1.3 Ethical standards

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

The BdF has adopted a financial code of conduct applicable to all its employees; this code has been published in the BdF's *Bulletin officiel*. The code has been approved by the General Counsel of the BdF and by the Ministry of Economy, Finance, and Industry, and has the force of law. In addition, an ethics officer was named in 2002 and entrusted with the mission of exercising surveillance over the proper implementation of this code; the officer may be approached by any staff member who wishes to have him examine a situation which might entail a risk of conflict of interest. Every BdF employee has received a personal copy of the financial code of conduct.

The BdF Statute and its personnel regulations include ethical principles (notably professional secrecy) about which employees are informed when they assume their positions. Observation of these principles is an integral part of the professional culture of BdF employees. The behavior of managers, supervisors, and the staff as a whole provides evidence of this on a daily basis. Failures to observe them may be severely punished, as provided in the personnel regulations and the Criminal Code.

The financial code of conduct has been issued directly to every BdF employee. The missions of the ethics officer also include advising staff who seek an opinion. In the case of the DBDP, employees and new staff must take cognizance of the document on the local security policy, which is updated annually. Reminders of these rules are periodically disseminated in individual e-mails.

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 concepts and definitions used for compiling the balance of payments generally conform to the recommendations made in the fifth edition of the *Balance of Payments Manual (BPM5)*. The reinvested earnings of direct investment firms are reported as income and to the financial account in accordance with the recommendations of *BPM5*. However, the calculation of these amounts includes capital gains and losses as well as profits and losses from exceptional operations. This process is consistent with the French accounting framework and is comparable to practices in other countries, as evidenced by the results of an IMF study conducted in 1997, although it departs from the recommendations of *BPM5*.

In accordance with *BPM5*, direct investment operations are recorded with a clear distinction between share capital, reinvested earnings, and other operations. In addition, a breakdown by institutional sector, as well as by industry, is available for resident enterprises. Under the direction principle, long-term loans provided by a direct investment enterprise to its parent company are recorded as disinvestment under direct investment, as recommended in *BPM5*. However, other reverse investment transactions between affiliated enterprises, namely share capital transactions, short-term loans, trade credit, and cash flow operations, are not recorded under direct investment, but rather according to the other functional categories of investment in the balance of payments. Application of the direction principle is one of the subjects under study in a joint ECB-Eurostat working party. Pending the conclusions of this working party, some corrections are made as from January 1, 2003, in particular in the case of general direct respondents, and a change in data collection has been programmed for 2006 in order to apply the direction principle fully, but without excessively adding to the data collection burden faced by the DBDP's respondents.

2.2 Scope

2.2.1 The overall structure in terms of concepts and definitions follows internationally accepted standards, guidelines, or good practices

In principle, France's balance of payments covers all transactions between residents and nonresidents. The BdF clearly instructs its respondents about the definition of the residency principle to be adopted in order to complete the payment reports (CRPs) addressed to financial intermediaries, the statistical reports addressed to direct reporters, or the questionnaires for other respondents. The definition of the concept refers, in the case of individuals, to the primary center of interest, except in the case of official representative offices. For legal entities, the concept of residence is based on the location of the establishment and the existence of real economic activity exercised by autonomous production units. It bears noting that the Overseas Territories, which legally are not members

of the European Union or the euro area, are excluded from the statistical coverage of France's balance of payments published monthly and from the balance of payments data forwarded to the ECB and Eurostat. However, their trade with the rest of the world is reincorporated into the quarterly and annual balance of payments figures which France sends to the IMF.

2.3 Classification/sectorization

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

The classification of institutional sectors is consistent with the classification used in *BPM5*, while that for transactions is very close to it. The "travel" item is broken down by distinguishing between professional and personal travel, as recommended in *BPM5*, but only for the annual data conveyed to Eurostat. This breakdown is made using ratios, and following the introduction of a new approach for estimating this item in 2002 (see 3.2.2), it could be performed more regularly on the basis of survey data. The c.i.f./f.o.b. adjustments made for merchandise trade are performed on the basis of survey data that are renewed every other year. The estimates for the passenger transportation portion of all-inclusive trips (transportation services) is obtained with the help of ratios, pending the results of surveys introduced in 2003 (see 3.2.2).

Major construction and public works projects, which under some conditions specified in *BPM5* could be recorded under the direct investment heading (with counterpart entries under merchandise trade and investment income) are recorded as services, owing to the absence of a complete account series on their activity in the host country (see 4.3.3). The operations recorded under the insurance services heading are treated in accordance with the recommendations of *BPM5*, and only the "net" portion of insurance services is recorded under services, with corresponding entries under current transfers. Reinsurance services are also treated in accordance with *BPM5* recommendations, although there is no item for imputed household income from net equity in life insurance reserves. Repos and reverse repos are treated as guaranteed loans, in accordance with *BPM5*.

2.4 Basis for recording

2.4.1 Market prices are used to value flows and stocks

In general, valuation of transactions on a cash basis corresponds to market prices, in conformity with *BPM5*. Transactions in foreign exchange are converted at the average market exchange rate for the period considered. When flows are derived from data reported in terms of stocks, the change in stocks in the settlement currency is valued at the average rate of the currency for the period considered. For the international investment position, stocks are valued as they should be, at the end-of-period rate.

When a merger/acquisition operation is carried out through the exchange of securities, in the form of a public stock-for-stock offer, there is no payment in “cash.” The amount recorded is therefore calculated by multiplying the number of securities exchanged by the stock market rate at the end of the offer. The amount obtained is then transmitted to the reporting institution for verification.

For the international investment position, the stock of direct investment is valued and reported both at book value and at market price. The valuation of stocks of capital and reserves is obtained by various methods depending on whether the shares in question are listed or not listed, French or foreign. Portfolio investment stocks are valued at market value. In part, these adjustments are made “security by security” thanks to the detailed database on securities available at the DBDP (see 3.2.2). Other investments are recorded at their book value, except in the case of derivatives.

2.4.2 Recording is done on an accrual basis

The DGDDI’s international trade data replace the cash basis data of the international transactions reporting system (ITRS) in order to be closer to the concept of transactions as defined by *BPM5*. Timing adjustments are made in order to record exports of refined petroleum on an accrual basis, that is, at the time the product is sold rather than when it crosses the French border.

Income from debt securities are reported to the DBDP on a cash basis. Pending the conclusions of a European working group on accruals in which the DBDP is participating, adjustments are made at the time of transactions in such securities in order to show the value of accrued interest under income by deducting it from the settlement value of the security in order to add it, as a positive value, under portfolio investment income. However, these adjustments result in an overestimation of the income from debt securities for two types of transactions, namely sales of French securities to nonresidents and purchases of foreign securities by residents.

The recording of debt forgiveness and rescheduling operations follows the recommendations of *BPM5*, resulting in entries under capital transfers and of the appropriate instrument in the financial account. However, the accumulation of payments arrears does not result in entries under income, with a counterpart entry under other assets of general government, short term (arrears). This discrepancy will be corrected, as the balance of payments data and the international investment position will soon (in the course of 2003) be calibrated against the data obtained directly from the government accounts. In respect of these operations, France is essentially a creditor country, and their impact on the balance of payments is marginal.

Transfers from the European Community (entries under credits) are recorded on a cash basis. However, the regulations governing transfers from the European Agricultural Guidance and Guarantee Fund (EAGGF)—Regulation No. 25 of 1962, amended most recently by Regulation CEE No. 728/70—lead to the finding that these transfers, while only paid once a year, are accumulated throughout the year as expenditure is incurred on the services and

organizations authorized by the Member States (see 4.3.3). The income from other investments is recorded on a cash basis.

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

In accordance with the recommendation of *BPM5*, current and capital transactions are, in principle, recorded gross, whereas transactions in the financial account are recorded net, with each asset and liability component being broken down separately. The BdF adopted the new functional presentation of financial derivatives on January 1, 2000, using the option of presenting these transactions without distinguishing between assets and liabilities.

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 French system for collecting balance of payments data is an international transactions reporting system (ITRS). Gathering the information needed to establish the settlements statement depends upon five data sources, namely: (1) the financial and monetary institutions, reporting their own transactions as well as transactions conducted on behalf of their customers; (2) the monetary authorities sector (operations of the Banque de France); (3) general government, for its own operations; (4) the major nonfinancial corporations covered by general direct reporting (DDG); (5) other individuals and legal entities with accounts abroad, but which do not meet the conditions to be classified in the DDG category, and hence are covered by partial direct reporting (DDP). For reserve assets, data collection is from the Back-Office Directorate of the BdF.

Additional sources of information are used to move from the settlements statement to balance of payments statistics. The most important of these are (1) information from the DGDDI, which provides data on merchandise trade collected from enterprises and (2) the results of the monthly survey on trade credit and advances on orders referred to as survey E84. The foreign merchandise trade statistics prepared by the DGDDI replace the figures on payments for merchandise exports and imports resulting from the settlements statement by making routine corrections. Other annual surveys on stocks abroad and direct investment supplement the data sources and are used for purposes of drawing up the IIP and comparing flows and stocks for the largest respondents. Other data sources are used to validate the data or to make it possible to calculate stocks in market value terms. In this connection, mention may be made of the BAFI and the banking database on companies (FIBEN) databases (see 3.2.2) or the security by security database.

The system has been designed from the outset to cover all transactions with the rest of the world, transaction by transaction. The ITRS includes banks that have transactions abroad

(about 350 of them), approximately 760 DDGs, and 1,800 DDPs (at end-December 2001). Each transaction gives rise to a payment report (CRP), which includes the unique identification number for the enterprise (SIREN) so that it may be associated with the resident enterprise effecting the transaction or on whose behalf it is carried out. Each month, the DBDP receives, verifies, and analyzes (see 3.3.1) between 600,000 and 800,000 international transactions. This volume was scaled back considerably following the initial implementation, beginning January 1, 2002, of a European directive calling for an exemption threshold of €12,500 per operation for the declarations produced by banks. Once this threshold has been exceeded, all transactions must be reported and be classified by economic code. Transactions are reported gross, that is, the system does not authorize the subtraction of credits from debits.

The procedures for updating the reporting bases are as follows: (1) The population of general direct reporters (DDGs) is, in theory, updated once a year on the basis of final figures for the preceding year. In practice, this procedure, which was applied until 1997, is no longer followed. This decision results from the switchover to the scriptural euro, the Y2K situation, and the introduction of euro cash, and, in this context, the DBPD's concern to avoid increasing the reporting burden on enterprises. The transactions of these potential DDG enterprises are recorded through the MFIs. The annual updating of the DDG base is to be reintroduced when the new system for direct reporting on services is introduced, which is scheduled for 2004; (2) The population of partial direct reporters (DDPs) is updated by comparing it with bank declarations under code 062 (the "neutral" code normally used by banks for the operations of DDPs); (3) The updating of the population of enterprises subject to survey E90 (annual financial stocks vis-à-vis the rest of the world), the annual survey of French direct investment stocks abroad, and the survey of foreign direct investment stocks in France, is conducted annually on the basis of final figures on flows recorded in the balance of payments for the last known year; and (4) The reporting population for the MFI sector is updated annually.

As regards supplementary data sources, survey E84 on stocks of trade credits covers 1,800 respondents, including 760 DDGs and about 1,100 small and medium-sized enterprises. The sample for this survey is developed on the basis of flow data from the ITRS and data from the DGDDI. The annual survey of direct investment stocks covers about 2,000 direct investment enterprises in France, and, in the case of direct investment abroad, 9,000 enterprises.

The introduction of the €12,500 threshold affected the volume of current transaction flows, in particular under certain services and income headings. In respect of services, the loss in value has been estimated at 8.7 percent on the revenue side and 9.9 percent on the expenditure side. In this connection, commercial services showed losses valued at 50.5 percent on the revenue side and 37.3 percent on the expenditure side. However, a statistical procedure has been introduced to remedy these losses (see 3.2.2).

The financial press is monitored systematically by supervisory staff (each closely monitors one or two national or foreign publications) as sources of information on the transactions and

operators to be taken into consideration in statistics or records. In addition, the websites of DDG enterprises are monitored at least once a month by the staff members responsible for checking declarations, and as necessary by staff and/or supervisors, in order to obtain additional information about particular noteworthy operations.

Meetings are organized periodically with professional organizations such as the French Association of Corporate Treasurers (AFTE) in order to glean enterprise reactions to evolving techniques relating to operations with the rest of the world (principally cash pooling, see 3.1.2) and to inform them about proposed changes in data collection. Other meetings are organized with reporting firms (DDGs) in order to take stock of their declarations and explain the methodology used in the balance of payments (37 such meetings were held in 1998, 26 in 1999, 25 in 2000, 20 in 2001, and 25 in 2002).

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

The regulatory texts for financial intermediaries contain 66 instructions which explain the definition, scope, and classification criteria in great detail. The regulatory provisions for the DDGs are more concise, but contain all the necessary information. As for all ITRSs, the date of recording is the date of settlement, and the DBDP has introduced procedures for making adjustments (the “transactionalization” of data) in order to achieve conformity with the principles of *BPM5*. Classification by economic code makes it possible to compile the balance of payments with a breakdown that meets, and for certain financial flows exceeds, the requirements of *BPM5*.

One of the difficulties of the ITRS is properly capturing customers’ operations with the rest of the world in the form of “cash pooling” or “netting” operations. The DBDP has introduced training sessions with DDGs in order to clearly explain the processing for payment reports (CRPs), and where applicable for statistical reports, of these operations (only those DDGs with sufficient transaction volumes are concerned with these sessions). Other contacts with enterprises are necessary in view of the multiplicity of different parties that may be involved in a securities operation and an operation involving order-taking upon delivery.

The new DGDDI survey (introduced in 2000) on the costs of services relating to international merchandise trade, called the c.i.f./f.o.b. survey, is intended to define a new method for calculating the c.i.f./f.o.b. conversion coefficient in accordance with international recommendations. The results of this survey were introduced into the balance of payments in late 2001.

3.1.3 Source data are timely

In the case of enterprises, respondents are informed of the deadlines set for submitting data, and the regulatory provisions clearly indicate the dates for sending in each declaration. For general direct reporting, the monthly declarations must be received not later than 30 days after the end of the month concerned, and the annual declarations must reach the BdF by

March 15 of the year following the closing date of December 31. For partial direct reporting, the declarations must be sent to the BdF not later than the 15th of the following month. In the case of the survey on stocks of French direct investment abroad, the form sent to enterprises mentions the deadline for returning the declaration.

The DBDP provides close monitoring in order to ensure that information is received by the deadline. (1) For general direct reporting, each staff member responsible for monitoring an enterprise ensures that the declarations have arrived, and there is a weekly stock-taking with his or her immediate supervisor, who may also monitor the arrival of declarations by means of a computer file accessible on the network; in addition, status reports with charts may be printed on demand at any time. (2) For the survey on stocks of French direct investment abroad, for which information is collected through the network of BdF branches, the inclusion of collection of this survey among the objectives of the branches ensures that this is monitored, and surveys are received by the deadline in over 90 percent of cases on average. (3) In the case of the banks, respondents are informed of the deadlines set for submitting data in the regulatory provisions. In all cases, there is systematic follow-up of deadline compliance, by telephone reminders, faxes, e-mails, and deadline reminders conveyed at meetings with respondents where necessary.

On average, the results show that in 2002, about 80 percent of the settlements reported by the DDGs were gathered in time for the production of the balance of payments for Key Items ($m+35$), and the rate rose to almost 95 percent by $m+58$. Despite this high response rate, there is still the possibility that some settlements by DDGs are not reported to the DBDP. To remedy this possibility, for the data collected on the basis of flows, that is, those derived from statistical reports (CRSs), status reports are used to identify all respondents whose submissions are missing as well as the validity of the information reported. In the event that information is missing or invalid, “provisions” are recorded, based for the most part on the nature of the information obtained from the respondent in the preceding month(s). Corrections are recorded in the statistical processing chains.

3.2 Statistical techniques

3.2.1 Data compilation employs sound statistical techniques

All the data collection forms have been designed to facilitate the task of the enterprises (for example, clarity and sequencing of information requested). The forms are all adapted to computer processing at the enterprise level (the file formats requested have not been subject to any criticism by enterprises) and at the DBDP. The vast majority of them have been tested with enterprises. The SAFIR application is specially adapted to the efficient processing of the information received, and allows for numerous computerized checks (see 3.3.1).

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

The DBDP uses numerous statistical models and supplementary surveys to compile the balance of payments figures: these pertain in particular to the calculation of small amounts (falling below the €12,500 threshold and not reported by banks), estimation of the wages of cross-border workers, calculating accrued interest, calculating reinvested earnings, estimating direct investment stocks (although that survey is virtually exhaustive), the survey on trade credits, and the two statistical surveys now being tested to estimate tourism revenue and expenditure.

Since the introduction of the European reporting exemption threshold for flows of less than €12,500 in January 2002, the DBDP has been estimating unreported amounts on the basis of the figures for 2000 and 2001. The share of missing flows is estimated for each balance of payments line on the basis of the results of a study conducted on the monthly distribution in 2000 and 2001 of operations that were below the simplification threshold of €15,000 (as used in the French reporting system until 12/31/2001). In 2003 and for the years ahead, this statistical correction will continue to be applied. Upon the introduction of the new system for general direct reporters, scheduled for early 2004, a sample-based survey is planned with non-DDG enterprises engaged in international services transactions in order to supplement the data from financial intermediaries and complete the information provided on a monthly basis in the future by the services DDGs. By 2006 this new system is expected to largely compensate for the loss of information resulting from the introduction of the exemption threshold.

The preliminary data on international trade are adjusted using a statistical model in order to reduce the amount of revisions by Customs (DGDDI). This adjustment is necessary in view of the extremely short time available for compiling the monthly balance of payments in Key Items ($m+35$) and because the revisions of DGDDI data are spread over a 5-6 month period on average. As regards data collection from the MFIs, correction procedures have also been put in place to make up for missing declarations: when an establishment which exceeds the €100 million threshold fails to submit its reporting statements to the DBDP (the so-called 10/11 or 12/13 statements), the corresponding BAFI document (8010) is used, or, should it not be available, the stock for the preceding month is carried forward.

Owing to the lack of available information on earnings reinvested during the reference year, these are initially estimated on the basis of a statistical model using assumptions based on INSEE's half-yearly forecasts of the business cycle; about fifteen months following the end of the reference year, they may be calculated on the basis of accounting data on profits/losses and the business profit/loss allocation account. Provisional estimates are calculated separately for resident enterprises with investment from abroad and nonresident direct investment enterprises. The INSEE forecasts used for the calculation are available by industry and based on data on the gross operating surplus from the national accounts. Accordingly, they constitute an adequate data source for resident enterprises and for the investment enterprises in countries bordering France. Other, more global sources are used to

project provisional estimates of the reinvested earnings of direct investment firms located in other countries. The final estimates of the earnings reinvested by the foreign branches of French enterprises are made on the basis of data on their profits/losses and dividends collected and transmitted via the branches and offices of the BdF. In the case of the final estimates of the reinvested earnings of French branches of foreign firms, the necessary data are extracted from the enterprise banking file (FIBEN) of the Enterprise Directorate of the BdF, which itself contains data provided through the network of BdF offices.

Pending the completion of two surveys on residents' expenditure abroad (April 2003) and nonresidents' expenditure in France (September 2003), the figures for the "travel" line are estimated on the basis of declarations submitted by financial intermediaries, the DDGs, and the issuers of credit cards on payments made by credit cards, taking into account the share of credit card spending in travelers' payments. Beginning in 2002, additional information has been obtained in order to enhance the reliability of the estimates based on credit cards. This new information makes it possible to identify the purchases made using business and personal credit cards and, for each, to isolate ATM withdrawals, Internet payments, and other payments. After the completion of the two surveys planned for 2003, which will provide expenditure and revenue amounts, the existing method will be adapted to take the survey results into account, and will make it possible to have provisional data for the balance of payments at $m+35$ in order to take account of the processing lags for surveys on tourist expenditure.

The stock of French listed companies that are direct investment enterprises is valued in light of the share price for each enterprise. The method is the same for listed foreign firms. For direct investment operations in nonlisted French firms, for which equity capital data is gathered on the basis of book value, a common method determined with national accountants, using valuation ratios (stock market value of listed firms/equity capital of listed firms) is applied to the equity capital of nonlisted firms. For nonlisted foreign firms, a cumulative valued flow method is used. Annual balance sheet flows, with flows and stocks valued over the entire period, are added to the stock at market value at the end of the preceding year. This valuation at market value is performed with the help of a composite index of changes on foreign stock markets (on the basis of country weighting by the stock of French direct investment abroad) and exchange rates.

Similarly, for portfolio investment, in order to value stocks in terms of market value when the annual data on stocks is not yet available, for the estimated ("provisional") international investment position, the DBDP uses a cumulative flow method, with valuation indexes (French bonds, foreign bonds, share indexes, UCITS) developed by other statistical units of the BdF (in particular the unit responsible for the national financial accounts), thus ensuring consistency between the two systems of accounts.

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 non-sampling error; the results of the assessments are monitored and made available to guide planning*

Exhaustive verification processes have been developed. At the Direct Reporting level (General and Partial), several series of controls have been introduced. Rapid “manual” checks of the data arriving in hard copy form or on diskette make it possible to identify and correct the most obvious errors. There are three kinds of computerized controls provided by the SAFIR application: (1) so-called “formal” controls (for example, verification that the countries, currencies, and economic codes declared actually are part of the collection nomenclature); (2) automatic consistency checks (CCAs), which make it possible, among other things, to single out the largest operations (different thresholds depending on the nature of the operation) and the largest changes in stocks, with these checks leading to an in-depth examination of the operations in question with possible queries to the enterprise; (3) consistency checks on request (CCDs), which may be requested for a respondent whose declaration is to be examined in greater depth (the check may, for example, relate to changes in stocks or to risks of duplication between estimates entered in the database and data subsequently received from the enterprise). Finally, there are checks of the “time series” variety which are carried out using status reports established for each enterprise and recording changes over a two-year period in the data declared by each enterprise for each code in the collection nomenclature.

The structure of the bank reporting system is consistent with bank accounting practices. However, the balance of payments is not compiled directly from the bank financial statements submitted to the CB (BAFI statements), but instead on the basis of specific declarations for balance of payments purposes. In the case of the banks’ operations on their own account (other investment, for the most part), there are systematic cross-checks between the “balance of payments” statements and the BAFI statements. In the event of discrepancies, the banks are approached for explanations.

For the survey of stocks of French direct investment abroad, a consistency check is carried out by computer in order to compare the stock declared for year n with a theoretical stock calculated as the sum of the stock for year $n-1$ and the flows occurring during year n ; any sizable difference results in queries to the enterprise. The DBDP has developed verification processes for identifying errors in the data reported through the banks. Furthermore, the time series by type of service are systematically analyzed to identify any possible anomalies, using monitoring of operations by enterprise.

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

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

In the case of revenue flows, the time series are analyzed by type of revenue by cross-checking against the revenue anticipated on the basis of estimated positions for the major securities lines (interest yields on public debt instruments, dividend payments).

For direct investment flows, the completion of operations announced in the press is monitored. The DBDP maintains a detailed list of the operations announced in the financial press, and the information is forwarded directly to the staff members responsible for the enterprises concerned (each employee is responsible for a quite specific portfolio of enterprises). Portfolio flow declarations show data security by security, allowing for pinpoint checks. In addition, issues announced in the press are monitored, as are redemptions, and the data on the external public debt are compared with the government's survey of "primary dealers."

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

For all BOP operations, corrections intended to correct for the lack of information and/or temporarily incomplete information may be input into the system to replace calculated data. These corrections are based upon expert analyses. They are validated at a plenary meeting in the presence of the management team. The recent (2002) reorganization of DBDP units, which makes it possible to distinguish more clearly between source data collection/production/validation activities and activities relating to the validation of statistical output, has made it possible to place emphasis on analyzing consistency over time and the validation/justification of the trends observed.

In this regard, the source data are always presented in time series: at the monthly/quarterly validation meetings, the tables or charts setting forth the figures for the month are checked against other data: flows recorded in preceding months, but also cumulative flows for the year to date, annual flows, etc. The data are presented in greater or lesser detail depending on the type of operation in question: MFI operations, for example, are broken down by short- and long-term, by currency, by counterpart sector, and with an intra/extra breakdown. Portfolio investment flows are broken down by category of securities (shares and UCITS, bonds and the equivalent, money market instruments). A more granular presentation is also provided for each type of Treasury security (OAT, BTAN, BTF), in order to allow for particularly close monitoring of trading in these instruments. In addition, lending and investment operations in other investments are presented for four sectors (monetary authorities, general government, MFIs, other sectors). In the case of the operations of "other sectors," a more detailed presentation is also provided by distinguishing lending operations by maturity (short-term vs. long-term), short-term investment operations (claims and liabilities), and the assets of direct reporters with unaffiliated nonresidents. In addition to the tables and charts systematically prepared for the validation meetings, other control tools are in place: longer series (such as series on the monthly deposit/lending position of the MFIs,

series on the geographical distribution of direct investment, series on the portfolio investments of BAFI reporting banks, etc.).

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

In the case of the wages of cross-border workers, work carried out in the European context (analysis of bilateral discrepancies between EU member countries) has made it possible to identify discrepancies under this heading between French flows and the flows of the nearby major trading partners. This study also showed a bias in respect of the *BPM5* recommendations in the recording of such flows, as settlements make it possible only to obtain net flows, while gross flows should be recorded. In addition, this study had some impact on other items: travel (consumption of a portion of wages outside French territory) and current transfers (social welfare payments). The flows of wages paid to cross-border workers residing in France and vice versa are now recorded gross for these major trading partner countries bordering on France.

There are quarterly calculations of the implicit interest rate by major category of financial investment, on the credit as well as debit sides, by cross-checking against the interest flows on stocks of the corresponding financial assets. The travel results in the balance of payments are compared with data from the monthly survey of hotel occupancy conducted by INSEE on behalf of the Directorate of Tourism. The study of the international operations by enterprises in the trade and services sectors makes it possible to compare the results by major sector of activity in the balance of payments with the information provided by professional bodies.

Either within a bilateral framework or as part of the European work, numerous studies have been conducted with a view to improving bilateral flows with France's major trading partners and, particularly, for the compilation of the balance of payments of the Monetary Union. Hence the question of intra-European asymmetries is constantly an issue in the preparation of the balance of payments of the Monetary Union and that of the European Union. In addition, the problems raised by the preparation of a balance of payments for the Monetary Union have led to the use of national customs data in an "origin" methodology. Reference might also be made to the fact that the BdF has had to adopt the geographic breakdown of revenue flows from securities portfolio assets by place of issue.

3.5 Revision studies

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

Since 1992, at the request of the authorities, the DBDP has been preparing monthly results for deadlines that vary depending on the year, but always ranging between 40 and 65 days. The increased frequency of publication and the shortening of deadlines have resulted in DBDP statisticians according great importance to the measurement of the revisions between the various values of balance of payments aggregates for one and the same period, depending

on the status and production date of the data. Hence revision studies carried out in the past ten years have received particular attention within all the work aimed at ensuring the quality of the balance of payments. The content of the revisions at each deadline is analyzed attentively, with the same frequency as publications. On a less regular basis, simple but systematic analyses are conducted of the revisions between the (three or four) published versions for one and the same month. Some of these studies are likely to disappear within the formalized framework for quality indicators defined at the European level (see 0.3.1).

4. Serviceability

4.1 *Relevance*

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

Like the DESM, the DBDP is an automatic member of the specialized "Money, Finance, and Balance of Payments" group of the CNIS, which gathers together representatives of respondents (banks and enterprises), trade unions, producers of statistics (INSEE, etc.), and users (other government units, academic economists, and private sector economists). This group meets twice a year and serves as the forum for discussing the current situation, submitting new proposals for statistical programs, and gathering respondents' opinions, as well as the technical views of other producers of statistics and users. In addition, ECB staff produce periodic reports on the quality of the aggregates for the euro area and, correlatively, the quality of the balance of payments contributions of the member countries as a whole. Proposed statistical programs (national action plans) are also discussed among experts in European working groups and committees (e.g., Eurostat balance of payments working group, CMFB, etc.).

The DBDP regularly organizes meetings with the major public sector users of balance of payments statistics: half-yearly bilateral meetings with INSEE, and monthly and half-yearly meetings with the Treasury (the half-yearly meeting is focused on methodological and technical issues, while the monthly meeting, broadened to include representatives of other directorates and subdirectorates of the Bank and the Treasury, has a macroeconomic and financial focus). DBDP representatives regularly participate in national accounts commissions, in particular the specialized commissions on services, tourism, and transportation. Users, in particular academics, professional associations, employer organizations, and trade union representatives, participate in these meetings where various statistical issues are discussed. Reports from the meetings are published in the *Journal officiel*. The BdF is also represented on the IMF's Balance of Payments Statistics Committee.

4.2 Timeliness and periodicity

4.2.1 Timeliness follows dissemination standards

The dissemination deadline is 35 days following the end of the month for the balance of payments presented in terms of the Key Items, as required by the ECB, and much shorter than the prescribed SDDS timeliness of no more than one quarter after the end of the reference period.

4.2.2 Periodicity follows dissemination standards

A detailed balance of payments is available monthly, exceeding the quarterly requirements of the SDDS but meeting the requirements of the ECB.

4.3 Consistency

4.3.1 Statistics are consistent within the dataset (e.g., accounting identities observed).

In a system of monthly settlements like that of France, the quarterly flows are, without exception and by design, equal to the sum of monthly flows; similarly, the annual flows are equal to the sum of quarterly flows, and consequently equal to the sum of monthly flows. The only exception to this rule concerns the financial flows derived from the stocks of the banking sector. In this case, the calibration of the quarterly data against the sum of monthly data stems from the management rule that allows deduction of flows from the changes in stocks, taking valuation problems into account.

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

Monthly data compiled in accordance with *BPM5* are available beginning in 1997, and annual data beginning in 1995. Annual series presented in accordance with a different classification are available for 1973 to 1994. Longer annual series are available since 1946 on a basis comparable to but less detailed than that recommended in the *BPM5*.

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

Since the new 1995 base was introduced for the national accounts, an analysis has been conducted annually of the discrepancy between the balance of payments figures and those for the rest-of-the-world account. This process of cross-checking between INSEE data and DBDP data has made it possible to significantly reduce the nonmethodological discrepancies between the two sets of statistics, in particular those stemming from the use of different sources (principally for transportation services). An INSEE and DBDP working group was established in late 2002 with the objective of ultimately eliminating these discrepancies. For the remaining discrepancies, it is noteworthy that the adjustments made by the DBDP to

merchandise trade data in order to anticipate revisions are different from the those made to the national accounts for the same reason.

There is a methodological difference between the balance of payments and the rest-of-the-world account as regards the treatment of major construction projects abroad. Trade between the parent company and the work site abroad are regarded as exchanges of construction services in the French balance of payments (see 2.3.1), but are treated as direct investment in the national accounts. There is also a difference in the treatment of transfers from the European Union, which are recorded on an accrual basis by the national accounts and on a cash basis in the balance of payments (see 2.4.2).

On the other hand, the standards for compiling the national financial accounts and the balance of payments and international investment position statistics have in large measure been harmonized in the context of the work to introduce the *ESA 95*. A bridge table has been prepared jointly by the balance of payments statisticians and the national financial accounts officers working in the DESM. Valuation indexes are used jointly by the latter in order to ensure good consistency between the two accounts systems.

Moreover, the development of the monetary analysis of the balance of payments of the euro area justified the introduction of a consistent statistical framework as well as a full range of progressively more granular cross-cutting studies within the Eurosystem (deposit/credit operations of MFIs, operations of non-MFIs, sectorization of portfolio investment, etc.). Thus, for example, the ECB quite recently undertook comparisons of the data on the other investment of other sectors with the “mirror” series sent to the BIS.

The banking sector transactions reflected in the balance of payments statistics are consistent with the principles of money and banking statistics. The consistency check between the two sets of statistics is a management rule for the validation of the MFI sector data. Accordingly, for the “other investment—deposits/lending of MFIs” heading, systematic cross-checking, that is, of the Key Items for month m , the quarterly version, and the annual version is carried out with the monetary statistics in terms of stocks and flows. Regular exchanges with the DESM have been carried out in greater detail through the creation of a working group on “Counterpart/external position of MFIs,” whose work will be the subject of a report in 2003. Methodological gaps and treatment rules specific to the two units for deposit/lending activity and for MFI securities have been identified, including the following major ones: (1) the calculation of flows and the valuation effects associated with exchange rate changes are not performed in exactly the same way; (2) the revision procedures and timetable are not strictly identical, owing to a difference in the ECB policy for monetary statistics and the balance of payments data; (3) the procedures for correcting monthly data are not absolutely identical.

4.4 Revision policy and practice

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

In recent years, the revision policy for balance of payments data has evolved in order to properly take into account the impact on revisions resulting from ECB requests for monthly data disseminated in accordance with very short deadlines, while minimizing the negative effects for users of excessively frequent revisions.

Since 2002, the revision policy is as follows:

1. publication of the initial, simplified monthly data (Key Items) at $m+35$.
2. publication of the following two months (in Key Items) without revision of the preceding months, at $m+70$ and $m+105$;
3. publication of data for the quarter at $q+75$ (data available with monthly periodicity and a detailed breakdown);
4. upon publication of the data at $q+75$, only the months within the quarter in question are subject to revision;
5. publication of annual data at $y+180$ (data available with monthly periodicity and a detailed breakdown);
6. upon publication of the annual data, all months within the year in question are subject to revision; once these figures have been revised, the figures are final.

The methods for correcting for working days and seasonal adjustments (WD-SA) are fully consistent with the revision policy. The WD-SA correction factors are re-estimated when the data are published at $q+75$, using the correction factors projected for the data at $m+35$. This policy on WD-SA revisions makes it possible to minimize changes in the correction factors, particularly as regards working day corrections, which may fluctuate considerably for the monthly data. Only current account transactions are adjusted in this manner. The revision policy is explained in a methodological paper available at no charge on the website.

4.4.2 Preliminary data are clearly identified

In view of the complexity of the revision policy, the DBDP has adopted a simple approach to enable users to understand the situation. In all the statistical tables disseminated by the DBDP, data at $m+35$ are identified as “provisional figures;” data at $q+75$ as “semifinal figures;” and data at $y+180$ as “final figures.”

4.4.3 Studies and analyses of revisions are made public

The methodological note on “The balance of payments and the international investment position” explains the sequence of developments that prompted the DBDP to adopt its new revision policy and to eliminate the “provisional monthly results” published at $m+60$. In the case of current transaction flows, the discrepancies over the 24 months of 2000 and 2001

between the data at $m+35$ and those at $m+60$ were less than 1.6 percent on average, on both the revenue and expenditure sides. This example notwithstanding, few revision studies are made available to the 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)

The BdF *Bulletin*, which is published monthly, provides a brief (two-page) analysis of the salient features of recent balance of payments developments. A table including a simplified presentation of the balance of payments is incorporated into the text, which is supplemented by a series of charts showing changes in the major balance of payments headings. These charts are constructed on the basis of moving 12-month WD-SA data, thereby facilitating trend analysis.

A summary of the statistical tables provided as an annex to the *Bulletin* makes it possible to refer rapidly to the balance of payments data. The monthly statistics there are published in conformity with the level of detail recommended by the ECB (Key Items) for the current account, and with a more detailed breakdown for the financial account. WD-SA data are also available for the six current account headings. The *Annual Report on the Balance of Payments and the External Position of France (Rapport annuel – la balance des paiements et la position extérieure de la France*, hereafter “the *Annual Report*”) includes an extremely detailed analysis of the developments over the preceding year, presented in the context of recent changes.

5.1.2 Dissemination media and formats are adequate

The MINEFI and BdF press release is the first information source on the balance of payments statistics. Soon after it is disseminated, the BdF publishes its own analytical memorandum and updates the databases available on its website. Shortly thereafter, the *Bulletin* (see 5.1.1) is available to the public in hard copy or from the BdF website. Access to balance of payments data is greatly facilitated by the BdF website, which contains the latest edition of the BdF *Bulletin* and the *Annual Report*, as well as detailed methodological notes. The site also provides access free of charge to numerous time series on the balance of payments and to the pre-announced release schedule. In addition, latest balance of payments data as well as a copy of the most recent Annual Report are available on the MINEFI’s website.

5.1.3 Statistics are released on the pre-announced schedule

Data dissemination is in keeping with the pre-announced schedule available on the BdF website, which indicates the release dates for the next four monthly sets of balance of payments data.

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

The data are released to all users at the same time, first through the MINEFI and BdF press release disseminated on the MINEFI website and to press agencies, and rapidly thereafter on the BdF website.

5.1.5 Nonpublished (but nonconfidential) subaggregates are made available on request

The DBDP can respond to requests for extremely detailed data as long as the confidentiality rules handed down by the CNIS are observed (see 0.1.3). The BdF *Bulletin* contains a note at the end which indicates the unit to be addressed (as well as how to reach it) for any request for additional information on the contents of the publication. The webpage on balance of payments statistics publications on the BdF website contains a similar note, providing the e-mail address of a correspondent to whom any additional information requests may be addressed.

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

A detailed methodology is published in the *Annual Report*. Thanks to an efficient navigation tool, the BdF website permits rapid access to this methodology as well as to a general information notice on the balance of payments. The *Annual Report* also contains text boxes on methodology which cover a specific topic in detail (see 4.3.2); articles on methodology are also published in the Bank's *Bulletin* (one of the more recent articles, on the balance of payments methodology of the euro area, appeared in the *Bulletin* for November 2002).

A more comprehensive methodological note, explaining the methodological principles, the stages in compiling the balance of payments, the structure and balances of the balance of payments and the IIP, and the work in progress and changes planned for 2003, was published on the BdF website in December 2002. Finally, the chapter on France in the ECB's "BOP Book," accessible on its website, reproduces the DBDP methodology in accordance with the format required by the ECB.

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

Different levels of detail make it possible to address the needs of the public either in terms of analysis, which is simplified in the *Bulletin* and exhaustive in the Annual Report, or in terms of statistical tables or methodological notes.

5.3 Assistance to users

5.3.1 Contact person for each subject field is publicized

Two three-person units are available, one to institutional users, the other to users in the general public, to respond to requests for information on the balance of payments or IIP statistics. The ways to reach them (telephone and fax numbers, e-mail address) are widely disseminated, and in particular are provided on hard copy or web publications from the DBDP. Furthermore, the tables and charts included in publications (the *Bulletin* and the *Annual Report*) mention the data source and the unit responsible for compilation. These references also include a telephone number. The DBDP maintains a detailed log of requests received during the current year. In 2002, the DBDP responded to 180 individual data requests. General government (26 percent) and embassies (24 percent) made the most requests, and direct investment (59 percent) was the subject under the greatest scrutiny. Roughly 10 percent of requesters were interested in the methodology and the information notice.

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

A catalogue of BdF publications, indicating the cost of the products, is published annually by the Communications Directorate of the BdF, and is also accessible on the BdF website. The Public Relations Unit of the Communications Directorate is responsible for servicing orders along with the “Administration, Dissemination, Micro and Information System”.

Table 6. France: Data Quality Assessment Framework: Summary of Results for the Balance of Payments
(Banque de France)

Legend: NA = Not Applicable; O = Practice Observed; LO = Practice Largely Observed; LNO = Practice Largely Not Observed; NO = Practice Not Observed.						
Elements	NA	Assessments				Comments
		O	LO	LNO	NO	
0. Prerequisites of quality						
0.1 Legal and institutional environment			X			The MINEFI is identified as the source of the statistical data it disseminates, which may give the impression that it has been involved in preparing the figures. The statistical production of the balance of payments could be better integrated in the French statistical system.
0.2 Resources		X				
0.3 Quality awareness		X				
1. Integrity						
1.1 Professionalism		X				
1.2 Transparency		X				
1.3 Ethical standards		X				
2. Methodological soundness						
2.1 Concepts and definitions		X				The adjustments for accrued interest in respect of bond transactions overestimate gross income.
2.2 Scope		X				
2.3 Classification/sectorization		X				
2.4 Basis for recording			X			
3. Accuracy and reliability						
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				
4. Serviceability						
4.1 Relevance		X				There are differences between the current account of the balance of payments and the rest-of-the-world sector of the national accounts.
4.2 Timeliness and periodicity		X				
4.3 Consistency			X			
4.4 Revision policy and practice		X				
5. Accessibility						
5.1 Data accessibility		X				
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.

In support of their subscriptions, SDDS subscribers undertake to do the following:

Metadata:

- 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.

Internet website:

- maintain a 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. 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

Quality Dimensions	Elements	Indicators
<p>Prerequisites of quality.¹</p>	<p>0.1 Legal and institutional environment—<i>The environment is supportive of statistics.</i></p> <p>0.2 Resources—<i>Resources are commensurate with needs of statistical programs.</i></p> <p>0.3 Quality awareness—<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. 0.1.2 Data sharing and coordination among data producing agencies are adequate. 0.1.3 Respondents’ data are to be kept confidential and used for statistical purposes only. 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 of the agency. 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. 0.3.2 Processes are in place to monitor the quality of the collection, processing, and dissemination of statistics. 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>1. Integrity</p> <p><i>The principle of objectivity in the collection, processing, and dissemination of statistics is firmly adhered to.</i></p>	<p>1.1. Professionalism—<i>Statistical policies and practices are guided by professional principles.</i></p> <p>1.2 Transparency—<i>Statistical policies and practices are transparent.</i></p> <p>1.3. Ethical standards—<i>Policies and practices are guided by ethical standards.</i></p>	<p>1.1.1 Statistics are compiled on an impartial basis. 1.1.2 Choices of sources and statistical techniques are informed solely by statistical considerations. 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. 1.2.2 Internal governmental access to statistics prior to their release is publicly identified. 1.2.3 Products of statistical agencies/units are clearly identified as such. 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**

Quality Dimensions	Elements	Indicators
<p>2. Methodological soundness</p> <p><i>The methodological basis for the statistics follows internationally accepted standards, guidelines, or good practices.</i></p>	<p>2.1 Concepts and definitions—<i>Concepts and definitions used are in accord with internationally accepted statistical frameworks.</i></p> <p>2.2 Scope—<i>The scope is in accord with internationally accepted standards, guidelines, or good practices.</i></p> <p>2.3. Classification/sectorization—<i>Classification and sectorization are in accord with internationally accepted standards, guidelines, or good practices.</i></p> <p>2.4 Basis for recording—<i>Flows and stocks are valued and recorded according to internationally accepted standards, guidelines, or good practices.</i></p>	<p>2.1.1 The overall structure in terms of concepts and definitions follows internationally accepted standards, guidelines, or good practices: see dataset-specific framework.</p> <p>2.2.1 The scope is broadly consistent with internationally accepted standards, guidelines, or good practices: see dataset-specific framework.</p> <p>2.3.1 Classification/sectorization systems used are broadly consistent with internationally accepted standards, guidelines, or good practices: see dataset-specific framework.</p> <p>2.4.2 Market prices are used to value flows and stocks.</p> <p>2.4.2 Recording is done on an accrual basis.</p> <p>2.4.3 Grossing/netting procedures are broadly consistent with internationally accepted standards, guidelines, or good practices.</p>

**Data Quality Assessment Framework—Generic Framework
July 2001**

Quality Dimensions	Elements	Indicators
<p>3. Accuracy and reliability</p> <p><i>Source data and statistical techniques are sound and statistical outputs sufficiently portray reality.</i></p>	<p>3.1. Source data—<i>Source data available provide an adequate basis to compile statistics.</i></p> <p>3.2. Statistical techniques—<i>Statistical techniques employed conform with sound statistical procedures.</i></p> <p>3.3. Assessment and validation of source data—<i>Source data are regularly assessed and validated.</i></p> <p>3.4. Assessment and validation of intermediate data and statistical outputs—<i>Intermediate results and statistical outputs are regularly assessed and validated.</i></p> <p>3.5. Revision studies—<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 employees 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 non-sampling 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**

Quality Dimensions	Elements	Indicators
<p>4. Serviceability</p> <p><i>Statistics are relevant, timely, consistent, and follow a predictable revisions policy.</i></p>	<p>4.1 Relevance—<i>Statistics cover relevant information on the subject field.</i></p> <p>4.2 Timeliness and periodicity—<i>Timeliness and periodicity follow internationally accepted dissemination standards.</i></p> <p>4.3 Consistency—<i>Statistics are consistent within the dataset, over time, and with other major datasets.</i></p> <p>4.4 Revision policy and practice—<i>Data revisions follow a regular and publicized procedure.</i></p>	<p>4.1.1 The relevance and practical utility of existing statistics in meeting users’ needs are monitored.</p> <p>4.2.1 Timeliness follows dissemination standards. 4.2.2 Periodicity follows dissemination standards.</p> <p>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.</p> <p>4.4.1 Revisions follow are 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.</p>

**Data Quality Assessment Framework—Generic Framework
July 2001**

Quality Dimensions	Elements	Indicators
<p>5. Accessibility</p> <p><i>Data and metadata are easily available and assistance to users is adequate.</i></p>	<p>5.1. Data accessibility—<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></p> <p>5.2. Metadata accessibility—<i>Up-to-date and pertinent metadata are made available.</i></p> <p>5.3. Assistance to users—<i>Prompt and knowledgeable support service is available.</i></p>	<p>5.1.1 Statistics are presented in a way that facilitates proper interpretation and meaningful comparisons (layout and clarity of text, tables, and charts).</p> <p>5.1.2 Dissemination media and formats are adequate</p> <p>5.1.3 Statistics are released on a pre-announced schedule.</p> <p>5.1.4 Statistics are made available to all users at the same time.</p> <p>5.1.5 Nonpublished (but nonconfidential) subaggregates are made available upon request.</p> <p>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.</p> <p>5.2.2 Levels of detail are adapted to the needs of the intended audience.</p> <p>5.3.1 Contact person for each subject field is publicized.</p> <p>5.3.2 Catalogues of publications, documents, and other services, including information on any charges, are widely available.</p>

¹ The elements and indicators included here bring together the “pointers to quality” that are applicable across the five identified dimensions of data quality.

SUMMARY OF DISCUSSION WITH USERS

To assess the adequacy of the macroeconomic statistics produced by France in terms of the needs of decision-makers and analysts, the mission conducted an informal survey questionnaire in varied sectors of activity and met with about ten of them at a meeting held on March 7, 2003.

At the request of the mission, INSEE identified data users (115) from the media, financial institutions, major enterprises, government agencies, universities and research centers, Parliament, professional associations and trade unions, embassies and foreign representative offices in France, etc., to whom it sent an IMF-designed questionnaire; 46 questionnaires were returned, yielding a response rate of 40 percent, by users from the various groups listed above. The attendants to the meeting confirmed the substance of the main comments made on the questionnaires. The user comments on the questionnaires and those made at the meeting are summarized in the following table.

These replies lead to the following general findings.

The users participating in the survey regard France's macroeconomic statistics as a whole as above the average for other European countries. The national accounts are viewed as far above the average.

The coverage of statistics is considered to be quite satisfactory overall, except for government finance statistics; the level of detail is satisfactory except for the government finance statistics and the balance of payments.

The periodicity is regarded as quite satisfactory except for government finance statistics and, to some extent, for the monetary statistics. The timeliness of dissemination of the statistics is deemed satisfactory except in the case of the national accounts.

Users are aware of the release calendars for the national accounts and price indexes but less so for the macroeconomic statistics. When the users are aware of a calendar, they find that the pre-announced dates are generally observed.

A significant proportion of users considers that revisions are not sufficiently documented. Access to the data is regarded as satisfactory overall; access to metadata is deemed satisfactory overall, and they are considered to be sufficiently clear and detailed to be useful.

The methodologies applied appear to be quite sound and fully appropriate. The accuracy and impartiality of the macroeconomic statistics are ranked very highly.

The areas in which users suggest improvements are principally the government finance statistics and social statistics. Businesses and their professional federations do not find answers to a significant proportion of their needs in the macroeconomic statistics. Accessibility to the data, and particularly in long series, should be facilitated. The interconnection between the statistical fields should be clearly and methodically presented.

**Comments and Suggestions from the Informal Questionnaire Survey of Users of
France's Macroeconomic Statistics**

Principal User Comments	
<i>Insufficient coverage</i>	<p>The production and consumption statistics should cover the services sector.</p> <p>Strengthen the coverage of general government other than the central government: local governments, hospital sector, various central government agencies, and social security.</p> <p>Indicate the real coverage of the balance of payments (statistical practice) by comparison with its theoretical coverage (methodology).</p> <p>Lack of information on stocks and turnover.</p>
<i>Insufficient level of detail</i>	<p>The government finance statistics should distinguish local taxation from national taxation, and the taxation of labor from that of capital.</p> <p>Breakdown of public expenditure by function.</p> <p>More granular information on the total public debt.</p> <p>Monetary statistics: more detailed breakdown by purpose of loans and by average maturity.</p> <p>Various statistical sectors: lack of information by enterprise size, more detailed breakdown of operations with the rest of the world (in particular separate out the euro area, if possible distinguish by country).</p>
<i>Periodicity and timeliness</i>	<p>Quarterly accounts: sometimes take too long to appear.</p> <p>Various fields: comparison with the United States generally shows that France and the other European countries are slower.</p>
<i>Revision practices</i>	<p>INSEE documents its revisions well, but the notification should be more prominent as it sometimes goes unnoticed. Backward extrapolation of series should maintain the original level of detail.</p> <p>Monetary statistics and national accounts: major changes unexplained or explained too briefly.</p> <p>Various statistical sectors: release the figures more rapidly even if later revision is necessary; pointless to release figures that must be revised later; revised series published too late.</p>
<i>Access to methodologies</i>	<p>National accounts: the documentation on methods is inadequate.</p> <p>Various statistical sectors: not enough documentation online; write up the methodologies in terms that are more readily comprehensible to the general public.</p>
<i>Data access</i>	<p>All statistical sectors: improve the search engines on the downloadable series; allow the downloading of groups of series instead of one at a time; difficult to access long series.</p> <p>Government finance statistics: data dispersed on the websites of multiple ministries or administrations; lack of transparency and clarity.</p>

Principal User Comments	
<i>Quality of methodologies</i>	<p>Overall, the methodologies are regarded as cohesive, but there are often discrepancies vis-à-vis other national or European standards and nomenclatures.</p> <p>Price indexes: doubts about the weighting.</p> <p>Government finance statistics: complex and obscure interconnection with the national accounts, and between the national accounts and the government budget.</p> <p>National accounts: problems drawing connections between the nomenclatures adopted for the breakdown of price, volume, value, employment, and capital amounts.</p>
<i>Accuracy and impartiality</i>	National accounts too optimistic.
<i>Comparison with other European countries</i>	National accounts, price indexes, and general government accounts are often released after those of other European countries.
<i>Areas for improvement</i>	<p>The macroeconomic statistics are often difficult to put into perspective in terms of realities and the needs of businesses and professional associations.</p> <p>Lack of information on extremely small businesses and crafts.</p> <p>Social statistics, labor market, and wages: need to be strengthened in terms of methodology, periodicity, and accessibility.</p>
<i>Comment by IMF mission</i>	A number of the views expressed indicate that users expect to find the statistical outputs they are seeking within the five sectors of macroeconomic statistics under review in the questionnaire. However, these statistics do not contain outputs sought either because of their structure, for methodological reasons, or for reasons relating to the nature of the sources used.