**National Accounts**

*Scope and Classification*

A. GDP by Industry

GDP by industrial origin (production) is the summation of the Gross Value Added (GVA) of all industries (economic activities) in the country. The production side of the accounts consists of the following industries:

* Agriculture, hunting, fishery and forestry
  + Agriculture and forestry
  + Fishing
* Industry
  + Mining and quarrying
  + Manufacturing
  + Construction
  + Electricity, Gas and Water Supply
* Services
  + Transport, Storage and Communication
  + Trade,  Repair of Motor Vehicles, Motorcycles, Personal & Household Goods
  + Financial Intermediation
  + Real Estate, Renting & Business Activities
  + Public Administration & Defense; Compulsory Social Security
  + Other Services

B. GDP by Expenditure

GDP by expenditure share is the sum of the final uses of goods and services in the economy, valued at purchaser’s prices. The expenditure side of the accounts is independently estimated and includes the following items:

* Household Final Consumption Expenditure
* Government Final Consumption Expenditure
* Capital Formation
  + Fixed Capital Formation
    - Construction
    - Durable Equipment
    - Breeding Stocks & Orchard Development
    - Intellectual Property Products
  + Changes in Inventories
* Exports
  + Exports of Goods
  + Exports of Services
* Less: Imports
  + Imports of Goods
  + Imports of Services
* Statistical Discrepancy (residual)

Statistical Discrepancy is derived as the residual of the GDP estimates between the production side and the expenditure side. For the annual revised/rebased national accounts starting 1998 onwards, the statistical discrepancies are maintained at zero but for the quarterly accounts, the statistical discrepancy is maintained at one percent or less than one percent. This is shown in the expenditure side of the accounts.

*Sources of Data and Methodology*

The data is sourced from the Philippines Statistics Authority (PSA).

Data for the PSNA are taken mostly from administrative records/reports, sample surveys, and censuses and special studies.

1. ***Administrative records/reports*** – are generated out of the monitoring and regulatory functions of government agencies. In most cases, they have complete coverage and are readily available for timely analysis. Most of the sectors under the expenditure accounts and some of the sectors under the production sectors utilize administrative-based data for their national accounts estimates. Some of the administrative based data are used directly in the estimation methodology while others are used as indicators.
2. ***Sample surveys*** – majority of the sectors under the production side of the accounts rely on the Quarterly and Annual Survey of Philippine Business and Industry (QSPBI) and (ASPBI) of the PSA-National Statistics Office (PSA-NSO) for purposes of obtaining trends and structures.  However, these quarterly surveys are in most instances not originally designed for national accounts purposes. The variables gathered in the QSPBI, namely: compensation, revenue and employment serve as indicators of the performance of an industry.  The ASPBI, on the other hand, provides information on the gross output of the industries, cost structure, inventories and depreciation, among others.
3. ***Censuses & special studies*** – the accounts still relies on censuses for its benchmark estimates and special studies in developing/deriving parameters that are part of the estimation methodology.  These parameters include, among others, Intermediate Consumption Ratio (ICR) undercoverage ratio and unit cost relevant to the industries concerned. The censuses essentially provide “complete” coverage of the population while the special studies cover specific areas or information that cannot be covered in the censuses considering that the censuses are geared towards providing general-purpose statistics.  Special studies are normally done by the concerned agency in a particular area of interest or in some cases it is a collaborative effort among agencies that have also a stake or interest in that topic/area. Censuses and special studies provide the basis for benchmark estimates and parameters, respectively.

Gross Value Added (GVA) is estimated for all the production sectors of the economy. GVA is derived by deducting the cost of goods and services used up in the process of production from the total value of goods and services produced during the period. When required data are not available to directly estimate the GVA by the above approach, other methods are resorted to such as the use of the Goss Value Added Ratio (GVAR), where GVA is obtained simply as the product of the gross output and the GVAR. The GVARs are computed from the latest Census of Philippine Business and Industry (CPBI) or the Annual Survey of Philippine Business and Industry (ASPBI) including the updated cost of production studies conducted by concerned agencies.

The other method used is extrapolation, where the output is derived using the trend of value changes from quarterly/annual surveys. Weighting schemes, imputation, validation schemes are also applied.

GVA is estimated separately for the organized and unorganized sectors of the economy. For the organized and unorganized activities, further disaggregations are estimated by factor shares such as compensation, consumption of fixed capital, taxes on production and imports and other value added.

Most of the expenditure items on GDP rely on administrative data for the quarterly/annual estimates. General government consumption expenditure and capital formation on public construction depend on government statistics particularly data obtained from the Commission on Audit (COA) and Department of Budget and Management (DBM).

Personal consumption expenditure and investments on durable equipment utilize the commodity flow approach, supplemented by quarterly indicators on output.  Changes in inventories, and expenditures on orchard development and breeding stock rely on administrative based data, including information from the quarterly surveys on agriculture and fisheries.  However, some items in changes in inventories are extrapolated using the trend of the quarterly survey of PSA-NSO, particularly for trade and manufacturing establishments. Merchandise exports and imports use direct estimation method based on the PSA-NSO Foreign Trade Statistics whose basic data come from the Bureau of Customs.

The present quarterly and annual PSNA at at constant price has shifted from the1985 based to 2000 base year.  Most of the industries under the production accounts apply the single deflation method.  Both the production and expenditure items are deflated using the appropriate price indices such as Producer’s Price Index (PPI), Consumer Price Index (CPI), Wholesale Price Index (WPI) and Retail Price Index (RPI), among others.  For some sectors in the PSNA, specific indices were developed to be used as deflators, such as the composite price index in the Construction sector.