

Planning Board overhauling economic analysis methods

Written by Michelle Kantrow – 1ro de mayo de 2014



The Puerto Rico Planning Board is working on an integrated plan to streamline and update the process of gathering, analyzing and releasing statistics, seeking to strengthen the numbers available for the island's economic activities, agency President Luis García-Pelatti said Wednesday.

The goal is to have quarterly statistics, previously unavailable from the agency, starting in April 2015, García-Pelatti said.

Through the so-called Social and Economic Planning Program, the agency is also looking to do more with less, given that budget considerations for the initiative have been slashed by 62 percent in the past 15 years, affecting the number of employees available to do the work. The division went from having 195 employees in 1994 to 35 in 2013, he said.

"The reduction in resources has affected the quality of economic estimates and investors have taken notice," García-Pelatti said. "The absence of economic statistics could pose serious consequences on the government, the private sector, the economy and the island in general."

To address that, the Planning Board will regroup the division to: collect, analyze and publish regular statistics on the balance of Puerto Rico's payments, net income, gross product and general economic indices; estimate Commonwealth projections; conduct studies and analysis on the most critical and urgent issues related to the island's economic problems; advise, coordinate and assist the various government agencies in the preparation, adoption and implementation of economic and social plans; as well as present studies on developments and emerging opportunities.

"The economic statistics produced are vital to the Program's revenue and budget projections, government appropriations and the establishment of appropriate public policy," he said. Meanwhile, he said the agency is looking to develop a four-year investment program as well as a social and economic comprehensive development plan for Puerto Rico. The Planning Board will also coordinate federal funding proposals and fact-gathering for the U.S. Census.

Last month, the agency earmarked \$1 million to hire 12 economists and statisticians — including Jorge Freyre, Jaime Bofill, Angel Ruiz, Wilfredo Toledo and Juan Lara — and funding has been set aside at the Government Development Bank and the Planning Board to hire outside consulting firms to correct underestimations and other issues.

"The Planning Board is proposing a rather ambitious initiative to remake its projections systems and work on updating, revising and, to some degree, correct the government's

accountability system," said Lara, who is partner at analysis firm Advantage Business Consulting, which will "design and deploy a quarterly, rather than annual, accountability system."

The Planning Board's move partly responds to concerns brought up by ratings agencies earlier this year, during their assessment of the government's credit quality.

"There was a very intense period of interaction between the government and the credit ratings agency, which took a closer look at the numbers and began asking a series of questions about the economy," Lara said. "One of the things they brought up was the need for more frequent and updated information about Puerto Rico's economy, on a quarterly basis."