

TWINNING CONTRACT
Support to Statistics

Kosovo



MISSION REPORT

on

**Industrial Production Index in Kosovo II – Planning of pilot survey
and data collection**

Component no 3.3.2b

Mission carried out by Søren Kristensen and Ingeborg Vind, Statistics Denmark

10 – 13 June 2014

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Author's name, address, e-mail

*Søren Kristensen
Statistics Denmark
Sejrøgade 11
DK-2100 Copenhagen Ø
Denmark
Tel: +45 3917 3337
Email: skr@dst.dk*

*Ingeborg Vind
Statistics Denmark
Sejrøgade 11
DK-2100 Copenhagen Ø
Denmark
Tel: +45 3917 3084
Email: inv@dst.dk*

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List of Abbreviations

KAS	Kosovo Agency for Statistics
KAU	Kind of activity unit
SBS	Structural Business Statistics
STS	Short Term Statistics
ToR	Terms of Reference
VAT	Value-added tax

1. General comments

This mission report was prepared within the Twinning Project „Support to Statistics”. It was the second mission to be devoted to STS and Industrial Production Index within Component Business Statistics of the project.

The concrete objectives of the mission were:

- To assess the progress made on the actions listed in the first mission report
- To assist in solving any remaining quality issues before publication of the first version of the Industrial Production Index.
- To assist in the compilation of the index for the first quarter of 2014 with a focus on how to organise a regular production of a quarterly index.
- To create a development plan for the industrial production index

The consultants would like to express their thanks to all officials and individuals met for the kind support and valuable information which they received during the stay in Kosovo, and which highly facilitated the work of the consultants.

This views and observations stated in this report are those of the consultants and do not necessarily correspond to the views of EU, KAS or Statistics Denmark.

2. Assessment and results

On the first day of the mission, KAS recounted the progress of the work with the industrial production index since the previous mission. Data for the 2012 and 2013 has been merged in one file. There is not a complete overlap between the two samples as they have been drawn using different criteria. In order to fill the gaps KAS has decided to use VAT data. The imputation with VAT has been begun but was not completed at the time of mission.

Most of the day was devoted to hands-on analyses of the merged sample with particular emphasis on the imputations. The analyses were carried out by looking at data at the two digit NACE level. The analyses revealed that there were some issues, some of which were due to an apparent change in the business id number from one sample to the other. One of the issues that was discussed was whether the sample data should be grossed up or not. The experts would not recommend the grossing up of the data due to the merging of the two samples.

On the second day, the work on data validation continued. The work took departure in a table with data aggregated at the two-digit level. Some examples of possible data errors were discussed in detail. Following that the experts gave a presentation on methods of imputation which were then discussed based on an example from the KAS data. The discussion also revealed a possible quality issue of VAT data caused by a rule that allows companies to choose to pay taxes based on last year's turnover +10 pct., instead of reporting each quarter. Final taxes will then only be calculated by the end of the year. The impact of this on the VAT data used for imputations has not been analysed.

Next, the experts gave a detailed step by step description of how to calculate both the industrial turnover index and the industrial production. The presentation used the KAS data, which had been discussed the day before.

The road map drafted as part of component 3.1.2 was then discussed and elaborated in more detail. Special attention was drawn to the prerequisites for the transition to NACE rev 2, e.g. that the recoding has to be implemented in the business register before the recalculation of the indices. The resulting development plan can be found in annex 3 of this report.

On the third day the step by step introduction was repeated and discussed in detail at the request of KAS staff. The next topic on the agenda was a presentation of the production cycle of the industrial production index. Taking departure in the Danish example, the various steps of the production cycle were discussed. Emphasis was on the necessity of establishing fixed procedures and automated processes for the timely production of short term statistics. The remainder of the time was used on data validation, which was carried out by comparing STS data to VAT data at the two digit NACE level.

3. Conclusions and recommendations

KAS should focus first on the issues relating to publication of the first version of Industrial Production Index.

The next mission is planned to take place in November 2014. The objective of the next mission will be to assist in the transition to NACE rev. 2 for the industrial production index. Further objectives will be agreed upon at a later stage, but may include assistance in regard to the compilation of data for 2014 and on how to organise a regular production of a quarterly index.

It is recommended that the mission on sample design, scheduled for the first quarter of 2015, should be carried out as early as possible, maybe even in the 4th quarter of 2014. This way the mission will be in time for the drawing/updating of the sample for 2015. It is important that KAS will be able to update the sample themselves and that the mission also covers assistance on how grossing up based on the sample should be done.

Action	Deadline	Responsible person
Resolve remaining data quality issues in 2012 and 2013 data	April 2014	KAS
Publish a provisional version of the industrial production index for 2012 and 2013	June 2014	KAS

Annex 1. Terms of Reference

Terms of Reference:

Component 3: Business Statistics

Activity 3.3.2b: Industrial Production Index in Kosovo II – Planning of pilot survey and data collection

Scheduling:

ToR –ready date: 26 May 2014
 Start / end of activity: 10-13 June 2014
 Reporting time: 20 June 2014

Mandatory result of the component:

Mandatory Result	Intervention logic	Benchmarks	Sources of information	Assumptions
Mandatory Result 3.3	Preparing short-term statistic according to NACE Rev. 2	<ul style="list-style-type: none"> A number of STS time series revised according to NACE Rev. 2 by 8th project quarter 	<ul style="list-style-type: none"> Twinning Quarterly reports Mission reports 	<ul style="list-style-type: none"> Sufficient absorption capacity Access to administrative and survey data Low turn-over of staff involved in implementation Staff works on project related tasks in between missions

Subject / purpose of activity 3.3.2.b:

Further consultancy regarding the Industrial Production Index. Briefings on EU requirements for the survey on Industrial Production Index according to Council Regulation (EC) No 1158/2005 amending CR 1165/98 19 May 1998 concerning short-term statistics.

Expected output of activity 3.3.2b:

Mission report – describing the status of the work and the work done since last mission with the Industrial Production Index in Kosovo. The Mission report should also propose action to be taken at KAS to improve the index. Suggestions for Terms of reference for other activities in Component 3.3.

KAS resources:

Mr. Ismajl Sahiti, Head of Division, ismail.sahiti@rks-gov.net (Component Leader)
 Mr. HysniElshani, Head of sector, hysni.elshani@rks-gov.net
 Mr. MuhametKastrati, Manager of database, muhamet.kastrati@rks-gov.net
 Ms. ValdeteNavakazi, Senior Officer for STS, valdete.navakazi@rks-gov.net
 Ms. LuljetaKrasniqi, Senior Officer for SBS, luljeta.krasniqi@rks-gov.net
 Mr. BekimBojku, Senior Officer for energy statistics, bekim.bojku@rks-gov.net

KAS Twinning team:

Project Leader Mr. Ilir T. Berisha, Director of Economic Statistics and National Accounts,

Ilir.T.Berisha@rks-gov.net

RTA Counterpart Ms. Teuta Zyberi, International Relations Officer, teuta.zyberi@rks-gov.net

Member state resources:

Mr. Søren Kristensen, Chief Adviser, Statistics Denmark, skr@dst.dk

Ms. Ingeborg Vind, Senior Adviser, Statistics Denmark, inv@dst.dk

Twinning resources:

Mr Per Knudsen, RTA, pkn@dst.dk

Ms Nora Zogaj, RTA Assistant, nzogaj@yahoo.com

Description of the background for the activity

The first mission on Industrial Production Index in Kosovo stated that KAS should focus on the issues relating to publication of the first version of Industrial Production Index in the period until the next mission. The remaining quality issues should be addressed after the first version has been published.

This mission no. 2 will follow up on the recommendations given by the first mission. The objective of the mission will be to assess the progress made on the actions listed in the first mission report and assist in solving any remaining quality issues before publication of the first version of the Industrial Production Index. This mission will also assist in the compilation of the index for the first quarter of 2014 with a focus on how to organise a regular production of a quarterly index.

A long term development plan for the Industrial Production Index will be prepared in order for KAS to fulfil the requirements of the EU-legislation.

Activities to be undertaken in preparation for the mission:

List of attached documents

- Kristensen & Vind: Mission Report on Industrial Production Index in Kosovo I – Introduction of EU Methodology and Requirements Component no 3.3.2a

The expected activities are:

- Development of detailed plan for actions by the twinning program

Expected output:

- Mission report – according to template
- Detailed plan for KAS to follow to achieve the goal: A number of STS time series revised according to NACE Rev. 2 by 8th project quarter – for the Industrial Production Index

Annex 1. Program, - June 10-13 2014

Day	Place	Time	Event
1	KAS	09:00	Introductory remarks to this part of component 3
		09:15	KAS: Work done since last mission on Industrial Production Index
		10:30	Coffee break
		11:00	Workshop: Remaining quality issues - how to proceed towards publication of the first version of the Industrial Production Index
		12:00	Lunch break
		13:15	Workshop continued
		14:30	Coffee break
		15:00	Workshop continued
		16:00	Preliminary conclusions. Program for day 2 and 3 to be agreed upon
2	KAS	09:00-12:00	Workshop continued from day 1
		13.15-16.00	Workshop: Development of detailed plan for the Industrial Production Index beyond the first publication, including plan for transition to NACE rev. 2
3	KAS	09:00-10:30	MS: The production process and timeline of the Industrial Production Index in Denmark
		11.00-16.00	Workshop: Mapping of the production process of the Industrial Production Index in KAS based on 2014Q1 data collection
4	KAS	09:00-10.30	Workshop/wrapping up: Agreement on recommendations and time plan
		10:30	Coffee break
		11:30	Debriefing with BC Project Leader, Experts, Component Leader and RTA

Annex 2. Persons met

KAS:

Mr. Ismajl Sahiti, Head of Division

Mr. Hysni Elshani, Head of sector

Ms. Valdete Navakazi, Senior Officer for STS

Mr. Bekim Bojku, Senior Officer for energy statistics.

Ms. Violeta Sylja, new staff

Ms. Saranda Berisha, new staff

RTA Team:

Per Knudsen, RTA

Nora Zogaj, RTA Assistant

Annex 3. Development plan for the Industrial Production Index

	2.14	3.14	4.14	1.15
Final data validation of 2012, 2013 (VARIABLES 110 AND 120)				
Imputation procedure design	VN+BB			
Imputation of data 2012,2013	VN+BB			
Index procedure design	VN+BB			
Create indices for 2012,2013	VN+BB			
Publishing data for 2012,2013	VN			
NACE rev 2 (calculation, publication)			VN+MK	
Review of design, sample				VN+MK+BB (January)
Production of 2014Q1				
Production of 2014Q2, and beyond				
Prerequisites for NACE rev. 2 publication				
NACE rev. 2 in SBR		x		
PPI available at NACE rev. 2			when?	
SBS (for value-added shares) available at NACE rev. 2			when?	