

**TWINNING CONTRACT**

**Development of new statistical methodologies and indicators in selected areas of statistics in line with EU statistical standards**

**Ukraine**



**MISSION REPORT**

**on**

**Foreign direct investment**

**Component no. 3.2**

**Activity 3.2.4: Follow up on the results of pilot survey**

Mission carried out by Ryan Loesch, Statistics Sweden

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## List of Abbreviations

ToR	Terms of Reference
SSSU	State Statistics Service of Ukraine
INE	Statistical Office of Spain

## **Executive Summary**

### **1. Background and brief history**

The objective of the third and final mission was to discuss the draft questionnaire 11-fea that was designed during the second mission and put into reality in the form of a prototype. The idea behind the questionnaire was to determine the level and type of relationship in the framework of foreign direct investment among Ukrainian responding institutions. It was determined that finding the ultimate controlling investor a key issue in being able to report statistics properly.

### **2. Focus**

The third mission's main point of focus was to examine responses from 11-fea and see if Ukrainian institutions had any difficulties with reporting their group structure. Of the institutions that answered only one said it might have difficulties with filling in the required fields. This gave positive reinforcement that 11-fea was a good idea and should help in fulfilling the reporting requirements to international organizations.

### **3. Next step**

The next step should be to put 11-fea into circulation. Being that it is a new form and the contents of the form is something that Ukrainian institutions are not used to, it might take some time in receiving the forms filled out in return.

## 1. General comments

This mission report was prepared within the Twinning Project Development of new statistical methodologies and indicators in selected areas of statistics in line with EU statistical standards. It was the third mission to be devoted to FDI within Component 3.2 of the project. The mission was aimed at defining a strategic plan forming the base of the further implementation of the project in this statistical area.

The concrete objective of the mission was:

- To give consultation for improving the methodology of the survey

- *presentation of the objectives of the mission*
- *where necessary reference to other parts of the project / to other missions*
- *where necessary background information*

The consultant would like to express his thanks to all officials and individuals met for the kind support and valuable information which he received during the stay in Ukraine, and which highly facilitated the work of the consultant.

This views and observations stated in this report are those of the consultant and do not necessarily correspond to the views of EU, SSSU or Statistics Denmark / Statistics Finland / Statistics Lithuania / Central Statistical Bureau of Latvia / Statistical Office of the Slovak Republic / INE / Statistics Sweden.

## 2. Assessment and results

In the Ukraine, data is collected through surveys sent to respondents that fall within FDI criterion. These surveys are done on a quarterly basis. A business register is used to extract a survey population. Regional statistical offices collect and compile the micro FDI figures and send the figures to the main statistics headquarters (State Statistics Service of Ukraine) in Kyiv. The SSSU is in close cooperation with the National Bank of Ukraine who is in charge of compiling the balance of payments and also any methodologies used.

The objective of the third and final mission was to continue familiarization with the existing data collection system of foreign direct investment (FDI) and to discuss the new form 11-fea. The mission even discussed methodological issues surrounding the ultimate controlling investor.

## 3. Conclusions and recommendations

*List conclusions and recommendations related to the activities mentioned in the ToR.*

In conclusion, the new survey on group structure within Ukrainian companies should be implemented during 2013. A consideration might be to send out the new form in smaller intervals so the regional offices have time to inspect them in smaller quantities. This might give the regional offices time to ask questions and start getting a clear picture of how the group structures are constructed in Ukraine.

*Actions needed for preparing the next mission – fill out and add tables as needed.*

Action	Deadline	Responsible person
Group structure survey (final)	December 2013	T. Ye. Kobzeva

## **Annex 1. Terms of Reference**

### **Twinning Project**

### ***“Development of Ukrainian Statistical Methodologies in line with EU Standards”***

#### Terms of Reference

#### *Component 3.2 Survey of Direct Foreign Investments*

#### *Activity 3.2.4 Follow up on the results of pilot survey*

### **Background information**

Statistics Denmark in partnership with Statistics Finland, Statistics Lithuania, Central Statistical Bureau of Latvia, Statistical Office of Slovak Republic, INE Spain - National Statistical Institute of Spain and Statistics Sweden, implements in Ukraine "Development of New Statistical Methodologies and Indicators in Selected Areas of Statistics in Line with EU Statistical Standards" Twinning Project. The State Statistics Service of Ukraine (State Statistics of Ukraine) is the Beneficiary of this Project).

This action is being implemented under Component 3.2 *Survey of Direct Foreign Investments*. *The purpose of this Component is to improve the statistical tools for survey of direct foreign investments in accordance with methodological requirements of Standard determination of direct foreign investing.*

This action will contribute to achieving the abovementioned objective and reference indicators specified in the contract, namely: *Implementation in statistical activities of selected provisions of the Standard OECD determination of direct foreign investing.*

### **Purpose of the Mission**

The prior purpose of the mission is: determining ways of improvement of foreign direct investment surveys taking into consideration the respective EU experience.

Questions planned to be discussed during the mission:

1. Presentation of the Draft Questionnaire on determining the level and type of relationships in the framework of foreign direct investments, defining the final controlling investor as well as receiving recommendations on how to fill it in.
2. Presenting the results of approbation of the draft questionnaire in enterprises and organizations.
3. Discussing the methodological approaches to formation of information on direct investments reserves using the principle of investments trending.

## **Expected Results**

*Elaboration of necessary tools for pilot surveying conduct.*

## **Actions**

The tentative schedule of the mission is the following:

Date: 20.03.13

Date: 21.03.13

## **Tasks to be fulfilled by SSSU to facilitate the mission**

The Beneficiary will ensure the following:

Attendance of experts of division, which is engaged in national observation of direct investments (investments of foreign economic activity) and conducts its organizational and methodological support.

## **Consultant and Partner**

The mission will be conducted jointly with:

Ryan Loesch, Statistics Sweden.

The partner from the country-beneficiary will be:

L. M. Ovdenko – Director of Production Statistics Department;

M. M. Sobko – Deputy Director of Production Statistics Department;

T. Ye. Kobzeva – Head of Unit for Statistics of Investments of Foreign Economic Activity, Production Statistics Department;

S. P. Karpinska, O. M. Antonova, O. M. Faraon – Chief-Experts – Economists of the same unit.

## **Timing**

The mission will be conducted in two days in Ukraine.

## **Report**

The summary report on the results of the mission should be submitted not later than two weeks after the mission is completed.

## **Annex 2. Persons met**

### SSSU:

T. Ye. Kobzeva – Head of Unit for Statistics of Investments of Foreign Economic Activity, Production Statistics Department;

O. M. Faraon – Chief Expert-Economist of Unit for Statistics of Investments of Foreign Economic Activity, Production Statistics Department;

O.M. Antonova – Chief Expert-Economist of Unit for Statistics of Investments of Foreign Economic Activity, Production Statistics Department

### RTA Team:

Irina Bernstein , RTA

Volodymyr Kuzka, RTA Assistant

Vakhtang Mikadze Interpreter

### Annex 3. Survey Group Structure

