



ევროკავშირი  
საქართველოსთვის  
The European Union for Georgia



## Twinning Project

Contract: GE 16 ENI ST 06 18

# Strengthening the Capacity of the Georgian Statistical System

**Component 2: “Enhancing Methodological Soundness in the National Accounts in line with EU standards”**

**Sub-component 2.2: “Compilation method of Supply – Use (SUT) tables and Input Output (I/O) Tables”**

## MISSION REPORT

**Activity: 2. 2.C (RS) “Finalization of the population of figures into the SUT-table before balancing”**

Mission carried out by  
Mr. Jens Holst Jensen, Statistics Denmark  
Ms. Maria Nilsson, Statistics Denmark  
Mr. Søren Larsen, Statistics Denmark  
11th June – 23th June 2020

Version: Draft no 1





ევროკავშირი  
საქართველოსთვის  
The European Union for Georgia



## Expert contact information

Mr. Jens Holst Jensen  
Statistics Denmark  
Copenhagen, Denmark  
Tel: +45 3917 3484  
Email: [jhj@dst.dk](mailto:jhj@dst.dk)

Feltkode ændret

Mrs. Maria Nilsson  
Statistics Denmark  
Copenhagen, Denmark  
Tel: +45 3917 3408  
Email: [mnn@dst.dk](mailto:mnn@dst.dk)

Mr. Søren Henri Larsen  
Statistics Denmark  
Copenhagen, Denmark  
Tel: +45 3917 3483  
Email: [shl@dst.dk](mailto:shl@dst.dk)





ევროკავშირი  
საქართველოსთვის  
The European Union for Georgia



## Table of contents

1. General comments.....	4
2. Assessment and results .....	4
3. Conclusions and follow up.....	4
Annex 1. Terms of Reference.....	6
Annex 2. Participants .....	6



## 1. General comments

This mission report was prepared within the EU Twinning Project "Strengthening the Capacity of Georgian Statistical System". This was the third mission within the sub-component 2.2: "Compilation method of Supply – Use (SUT) tables and Input Output (I/O) Tables". Due to COVID-19 the mission was carried out as a Remote Session in the period from June 11<sup>th</sup> to 23<sup>th</sup> of June 2020. The mission was mainly devoted to population of figures into the SUT-table before balancing.

The purposes of the mission were:

- To discuss the data inputs prepared by Geostat before the mission.
- To identify those areas where adjustments to data are needed.
- To carry out practical exercises with methods to enter data into the Excel SUT environment prepared by the Danish experts.
- To set up plans for preparation of those initial data inputs that are still not brought on a form suitable to be entered into the SUT environment.

The consultants would like to express their gratitude to the Geostat staff who participated in the mission, for the kind support and valuable information received during the mission.

The views and observations stated in this report are those of the consultants and do not necessarily correspond to the views of the European Union, Geostat, Statistics Denmark, or other statistical institutions involved in the implementation of the project.

## 2. Assessment and results

The mission was carried out as a Remote Session in the period from June 11<sup>th</sup> to 23<sup>th</sup> of June 2020. Within this period three Zoom meetings were held, on which topics from the Terms of Reference were discussed.

Before the meetings the Danish experts had prepared Excel workbooks that will contain the framework for Georgian SUTs for 2017 and 2018 and a sheet with macros for entering and adjusting data for the framework. Geostat had prepared data inputs covering production, foreign trade, household final consumption expenditure, final consumption of output from NPISH/general government, capital formation, taxes on products and trade margins. Data had been exchanged between Geostat and Statistics Denmark by e-mail and made ready for use in the Excel environment.

On each meeting experts and Geostat participants looked at some of the data sources and discussed where a need for adjustments will require further work on these issues. The participants agreed on tasks to be performed during the period before a following mission, preferably within the next month.

Conducting this mission remotely has been more difficult and less efficient than if the mission was conducted with experts being present in Georgia. But in general all parties were well prepared for each meeting, worked dedicated in between the meetings and achieved results that are essential to the progress of the project. It is the experts perception that the mission was successful and that substantial steps were taken towards the final target of the sub-component.

## 3. Conclusions and follow up

- Output by industries: Adjustments are needed to outputs of trade services.
- Foreign trade: It is recommended to keep CIF values for the import of goods and to introduce CIF-FOB adjustments to foreign trade in transport and insurance. A description of the various steps in the

transformation from Geostat's foreign trade statistic to balance of payments figures should be obtained from the National Bank of Georgia.

- Intermediate consumption: The Danish experts shall have access to results from new survey of costs within industries covered by SBS to provide assistance to Geostat with construction of initial input structures by industries.
- Household final consumption expenditure: The figures from the household budget survey are evidently undervalued. More realistic initial targets for total consumption for each COICOP group should be assessed, if necessary based on the levels from existing current national accounts with supplements for non-residents' consumption on Georgian territory. Detailed distributions of traveler's expenditures by products are not required.
- Changes in inventories: The present calculation still results in some improbable distributions by products. More Plausible distributions of the various types of inventory changes should not be finished until the other areas at the uses side is populated by values at purchaser's prices.
- Wholesale and retail trade margins: The initial estimates provided by Geostat seem to be a good starting point for the calculations.
- Taxes and subsidies on products: The Excel SUT environment now contains formulas that will automatically make an initial distribution of net-taxes on products by uses.
- Value added tax: The Danish experts have constructed a model for calculation of VAT for all combinations of products and industries/groups of final consumption based on their – probably still incomplete – information on the Georgian VAT-legislation. The Georgian staff should consider whether the resulting table of VAT-percentages contains realistic assumptions.

It is recommended that the missing parts needed for the population of the SUT environment are made available within the next month and that a mission is planned to take place in late August in which we will attempt to remove differences between supply and use for each product balance.

A following mission is required to – as far as possible - adjust total use within each column of the uses side to their corresponding target-values. Finally supply and use of trade, transport and VAT must be balanced.

Actions needed for moving forward:

Action	Deadline	Responsible person
Send results from the newly conducted cost survey to experts in Statistic Denmark.	As fast as possible!	Geostat
Make an example Visual basic-macro that will convert a two-dimensional Excel table into of sheet contain a flat file in the common format used to enter data into the SUT environment.	As soon as possible!	Søren Larsen, Statistics Denmark.
Make the necessary corrections to data-inputs and produce data for those areas that are not yet filled.	End of July	Geostat, with some assistance from Danish experts.
Make a proposal for the product structures of the columns containing intermediate consumption based on the cost survey.	Early in August	Danish experts

## Annex 1. Terms of Reference

### Terms of Reference

#### EU Twinning Project GE 16 ENI ST 06 18

11<sup>th</sup> June – 23<sup>th</sup> June 2020

### Component 2: Enhancing methodological soundness in the National Accounts in line with the EU standards

#### Sub-component 2.2: Compilation method of Supply – Use (SUT) tables and Input Output (I/O) Tables

##### Mandatory results and benchmarks for sub-component 2.2:

- Compilation method of Supply-Use (SUT) tables improved and Input-Output (I/O) tables implemented

##### Indicators of Achievement (baseline and targets):

- Availability of Supply Use Tables (SUT) as a statistical product according to SNA08
  - **Baseline:** 2019 – SUT is produced in current prices
  - **Target:** End of 2020 – SUT produced in current and constant prices according to SNA08
- Availability of I/O Tables as a statistical product
  - **Baseline:** 2019 – I/O tables are not available
  - **Target:** End of 2020 – I/O tables available

#### Activity 2.2.C (RS) “Finalization of the population of figures into the SUT-table before balancing”

##### 1. Purpose of the activity

- Finalization of the population of figures into the SUT-table before balancing

##### 2. Expected output of the activity

- Use of the cost structure survey for input structures in the SUT
- Format and enter data for Agriculture, GFS and Household survey
- Compile other predetermined figures for specific cells and products in the SUT
- Make initial estimates of the value layers: Wholesale trade, retail trade, taxes, subsidies and VAT
- Input provided to the ToR of next activity
- Mission report written
- Updated road map for sub component 2.2



ევროკავშირი  
საქართველოსთვის  
The European Union for Georgia



## Annex 2. Persons met

### Geostat

Mr. Levan Karsaulidze, Head of National Accounts Department

Ms. Natia Merebashvili, Senior Specialist at Annual Accounts Division

Ms. Tinatin Papiashvili, Head of Quarterly Accounts Division

### RTA Twinning Team

Mr. Steen Bielefeldt Pedersen, Resident Twinning Advisor

