

# 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 2.1: *“Compilation methods of National Accounts and new products”*

## MISSION REPORT

### Activity 2.1.I (RS) *“Assessment of possibilities and obstacles of producing Sports Satellite Accounts in Geostat”*

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Reviewed and approved by experts on Sports Satellite Accounts,

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## 1. General comments

The effect on the national economy from Sports related activities is in general growing. Therefore some governments around the world, including the Georgian government, consider Sports related activities a very interesting area on which a more precise and detailed picture is needed with the aim of being able to assess more thoroughly the economic importance of sports related activities and how much it contributes to the economy. For that purpose what is needed is to develop a satellite account system for sports related activities, the so-called Sports Satellite Accounts (SSA), which is an account mirroring the structure of Supply Use Tables, containing only sports related goods and services, indicating on each of them, the share of sports related activity. The Georgian government has therefore contacted Geostat and asked them to assess the current situation in Geostat in respect to produce SSA's in the future and what it takes to prepare and produce SSA's in the future.

Following the government contact Geostat contacted the Twinning team who is already established in Geostat assisting in assessing, developing and implementing other statistical areas and products, among others on National Accounts. The Twinning team are very delighted to be given the opportunity to assist on a highly profiled and interesting area as Sports. The SSA is an area which has been explored and developed by only a very few countries around the world, which also limits the number of experts available for such a task. However, the Twinning team managed to get in touch with two experts from Poland and two experts from the Netherlands who agreed to assist in the work.

A Terms of Reference (ToR) was outlined in May 2021, cf. annex 1, which has as objective to assess the current state of play in Geostat, how much work is needed to develop and produce SSA's in Geostat and ultimately to outline a ToR for future expert missions to Geostat for experts assisting in the actual development and implementation of the SSA's.

To accomplish the targets of the ToR, two meetings with the Polish experts and one meeting with the Dutch experts were arranged. This report is the outcome of the information and discussions from those three meetings, a lot of mail correspondence and a lot of reading before, after and in between the meetings. The report is written by the Resident Twinning Advisor, and reviewed and approved by the 4 experts.

## 2. Findings and assessment

As mentioned the SSA is an account mirroring the structure of Supply Use Tables, containing only sports related goods and services, indicating on each of them, the share of sports related activity. To develop SSA's a lot of conditions need to be assessed and considered. Also while working towards a production system of SSA's difficulties will arise, new and revised demands will be revealed and not foreseen obstacles will appear. All together it means that the overview and the level of information is still to a certain extent limited and will reveal when the real work on developing the system begin. The advices, recommendation and estimations in this report are therefore based on the given situation and the limited insight into the state of play at Geostat and is therefore accompanied by some uncertainty.

### Frame and content

SSA's take as point of departure the existing Supply Use Tables (SUT) for which a new framework is being developed in Geostat by the time of writing. The first task in developing SSA's is to decide which of the combination of Goods & Services and Industries in the SSA would need to be disaggregated into sports related vs. non-sports related activities. The point of departure for such a decision is the so-called Vilnius definition of sports which is a standard concerning categories of products and economic activities related to the sports sector, in accordance with the official NACE and CPA classifications used in the European Union.

The more disaggregated the existing SUT are, the easier point of departure for the SSA. In the Netherlands the SUT is disaggregated by 600 goods and services on 140 industry groups, while in Poland it is disaggregated by 543 goods and services and 84 industry groups. The new Supply Use System which is being build in Geostat by the time of writing is disaggregated by 330 products and 64 industries and thereby not as large and detailed as the Dutch and Polish system, in respect to number of goods and services.

### Estimation of contribution of sports

Parallel to the SUT a frame for the SSA mirroring the structure of the SUT framework, but only containing the goods and services that are related to sports, needs to be build. To what extent the goods and services should be divided into sports vs non-sports related goods and services, can be derived from the Vilnius definition. The main question however is: Can estimates of the share of sports in these sports related goods and services as defined in the SUT be made? In practice there will be only very few goods and services in the SUT which will be a hundred procent sports related. The majority of goods and services will only partly be sports related, so this part has to be estimate<sup>1</sup>. In general, the more detailed the original SUT, the 'easier' it will be to estimate the share of sports in these goods and services. The assessment of the possibilities to estimate the share of sports for the different goods and services makes it hard to promise – before hand – a certain level of detail of the SSA or even to compile a SSA which meets the quality standards of Geostat.

In the Netherlands for example, the value of the „Production” of broadcasting and media in relation to sports is relatively high, which is the reason that there is a high demand from users on estimating the share of sports in broadcasting and media. There is however no good source for that purpose within Statistics Netherlands, but a survey is conducted outside of Statistics Netherlands from where fairly good estimates of the share of sport in broadcasting and media can be derived. Such a survey is very countryspecific and is definitely not something that every country have access to, which can limit the possibilities of deriving reasonable estimates of in this case, sports share of broadcasting and media. If the share of for example Sports in broadcasting and media turns out to be very important also for the users of Sports Accounts in Georgia, Geostat needs to go looking for a suitable source for that purpose that can ultimately be used in estimating the share of sports in broadcasting and media with a reasonable level of quality. Or alternatively an estimate with a high degree of uncertainty due to the limited quality or usefulness of the source found will be calculated. And with the uncertainty of the specific needs of the users and the uncertainty and non-explored available sources for SSA's we are back at one of the first lessons, which is that it is difficult to give a precise answer to all challenges at the moment.

Estimating the share of sports in the different goods and services is by far the most timeconsuming and difficult part of the work on SSA and involves a careful and detailed search for available and useful sources – both in- and outside of Geostat – and exploring the reliability of the sources. Suitable sources for the division of goods and services as different as hotels, transport, clothes etc. are needed to make a reliable division of sports vs. non-sports related contribution to the economy.

In the Netherlands 80 different sources from outside the Statistical Office are used to compile the SSA, besides the statistical information within the Statistical Office. That also means that a lot of resources need to be dedicated to assess the validity of those sources, for example reports from different interest groups. The sources used in the Netherlands are of such huge diversity that a rating system has been set up in respect to the reliability of the datasources (transparancy, periodically availability etc). It means that the users will be able to see how much of the estimation of SSA is based on a sound survey and for example an expert guess.

<sup>1</sup> In fact it has to be estimated for all the separate transactions of the National Accounts (value of output, consumption, imports, exports, gross capital formation etc.)

When sources are identified the actual information needs to be converted into shares on specific goods and/or services and then calculated in the SSA. Sometimes absolute values are estimated and re-calculated into shares. Sometimes shares and not absolute values are calculated.

If specific data are not available for certain goods or services a best professional guess is made from other information obtained from whatever sources are available. This also means that a lot of creativity is put into the work on SSA, in those cases where good data are not available anywhere.

If there are no available sources – or only source of very limited liability – to make an estimate of a certain good or service in a certain industry, it can be considered if it's worth to establish a special survey to get the needed information. In case of both Poland and the Netherlands no special surveys are set up specifically to serve the SSA, as the SSA is not regarded as „important” enough for the implementation of special surveys only to serve the SSA.

### Publication of data and metadata

The last part of the work on SSA's concerns the publication. Most statistical products are published quarterly or yearly. In the Netherlands the frequency of SSA publication is every 3-4 years and the main purpose is to indicate the contribution of sports to the economy, employment and certain goods and services. It is not prioritized to publish figures from SSA more frequently mainly because the sources used to estimate the SSA is not regarded as being sufficiently good to give a reliable indication of the growth on a quarterly or yearly basis. Also, the contribution of sports to the economy will not change so fast from year-to-year.

Like all other statistical products the published data need to be followed by metadata.

### Resources needed

In the Statistical Office of Netherlands SSA's are produced and published every 3-4 years, which is a decision made by balancing between data liability and user needs. Each production process from the very start until publication of data and metadata is estimated to take 800-1000 working hours, from where by far the most time is spent on estimating the share of sports of each good and service.

800-1000 working hours is considerably lower than the time spent in the process of developing the system. It is very difficult to say how much time is needed in developing the system because it depends on – as already mentioned – the available sources, the accessibility to the sources and the usefulness of the sources, in respect to the level of detail needed. A lot of investigation is needed in that process, which can often end up in a dead end, and a new investigation will need to be set up. It's not unusual that developing a system takes more than 2-3 times the amount of working hours in the situation of production in a “well proved” production system, which in the Dutch case was 800-1000 working hours as mentioned above.

No matter the time needed at Geostat, the area is new and non-explored, and guidance and assistance in working towards a new production system would be needed and highly appreciated. A draft and general work-plan/Terms of Reference is attached as annex 2 for future expert activities with the aim of developing a system from where sports related shares of GDP can be derived. It is very deliberate that the target of such expert missions are not more concrete than described, because – again – it is very dependent on the sources available on which level that the SSA can be estimated and ultimately published.

The draft work plan/Terms of Reference is a best estimate of what it takes in respect to expert assistance to Geostat, including the time in between the missions for Geostat to work and investigate. The plans will of

course change during the process as more and more information is gathered and new problems or obstacles arise.

## Annex 1. Terms of Reference

### Terms of Reference

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

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

#### Sub-component 2.1: Compilation methods of National Accounts and new products

##### Mandatory results for activities 2.1.I (RS) of sub-component 2.1:

- ToR for future expert assistance to Geostat has been outlined

#### Activity 2.1.I (RS) “Assessment of possibilities and obstacles of producing Sports Satellite Accounts in Geostat”

##### 1. Purpose of the activity

- Introduction to Sports Satellite Accounts in the context of EU
- Classifications, products and data sources
- Production process
- Outputs
- Possibilities and challenges in Geostat
- Discussion of future work plan towards full SSA in Geostat
- Discussion of ToR for future expert assistance to Geostat

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

- Sports Satellite Accounts in the context of EU are introduced
- Classifications, products and data sources have been discussed
- Production process introduced
- Outputs of SSA have been introduced and discussed
- Possibilities and challenges in Geostat at have been discussed
- ToR for future expert assistance to Geostat has been outlined
- Mission report written

##### 3. Participants

###### Geostat

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Ms. Nino Shukakidze, Chief Specialist, Annual Accounts Division  
Ms. Khatuna Jibladze, Specialist, Annual Accounts Division  
Ms. Tinatin Papiashvili, Head of Quarterly Accounts Division

###### Parliament of Georgia

Mr. Davit Oboladze, Chief specialist, Sports and Youth Issues Committee

###### MS experts

Mr. Andries Kuipers, Senior statistical researcher/Project leader SSA  
Mr. Luuk Schreven, Senior statistical researcher



Mr. Łukasz Zadorożny, Head of Centre for Sport and Tourism Statistics

Ms. Ewa Malinowska, Head of Methodology and Surveys of Physical Education and Sport Division

**RTA team**

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## Annex 2. Terms of Reference/work plan

### Sports Satellite Accounts (SSA)

The effect on the national economy from Sports related activities is in general growing. Therefore governments around the world, including the Georgian government, consider Sports related activities a very interesting area on which a more precise and detailed picture is needed with the aim of being able to assess more thoroughly the economic importance of sports related activities and how much it contributes to the economy. For that purpose what is needed is to develop a satellite account system for sports related activities, the so-called Sports Satellite Accounts (SSA).

This is a draft Terms of Reference and a draft work plan for future experts missions to Georgia assisting Geostat in developing a Sports Satellite Account System. It is assessed that with the below mentioned 4 expert missions, and a lot of work in between, Geostat will have a system of SSA developed and will be ready to publish figures from the SSA.

Sports Satellite Accounts (SSA) developed	
Baseline and target:	Relevant Milestones
<ul style="list-style-type: none"> <li>Availability of Satellite Accounts tables               <ul style="list-style-type: none"> <li><b>Baseline:</b> 2021 – A system for producing the Sports Satellite Accounts (SSA) do not exist</li> <li><b>Target:</b> End 2023 – A SSA system has been built from where it is possible to derive and publish figures on sports share of GDP</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>The level of detail that should be targeted has been drafted (February 2022)</li> <li>Available sources have been <u>mapped</u> (January 2022)</li> <li>The level of detail in the SSA has been decided (February 2022)</li> <li>The sources to be used, have been found (February 2023)</li> <li>Estimations have been made (July 2023)</li> <li>Metadata have been created (October 2023)</li> <li>Tables have been produced for publication (December 2023)</li> </ul>

Activity 1	Introduction and assessment of the state of play
<b>Subject</b>	<ul style="list-style-type: none"> <li>Introduction to Sports Satellite Accounts in the context of EU</li> <li>Reviewing the state of play in Geostat</li> <li>Assessing and evaluating Geostats Supply Use Tables</li> <li>Discussion of user needs and demands</li> <li>Discussion of the level of detail of SSA</li> <li>Discussion of the next steps</li> <li>Outlining the tasks towards the next mission</li> </ul>
<b>Methods</b>	Mainly briefings and Presentations of the current situation, and BC experience with questionnaire. But MS & BC staff will also work side by side to prepare gap analysis.
<b>Resources</b>	BC: Relevant staff from Business Statistics, Methodology, National Accounts and IT Ministries: Representatives from the Ministry of Sport and Youth Affairs, Ministry of Economy, Ministry of Finance and other relevant administrative bodies MS: Relevant experts
<b>Duration</b>	8 working days

	- 2 STEs x 4 working days
<b>Output</b>	<ul style="list-style-type: none"> <li>SSA in the context of EU has been introduced</li> <li>The state of play in Geostat has been reviewed</li> <li>The Geostat Supply Use tables has been evaluated</li> <li>User demands and needs have been discussed and elaborated</li> <li>The level of detail of the SSA that will be worked towards has been decided</li> <li>Next steps and tasks towards next mission has been agreed upon</li> <li>Mission report written</li> <li>ToR and work plan for next mission has been revised</li> </ul>
<b>Time schedule</b>	January/February 2022

<b>Activity 2</b>	<b>Data sources and estimation</b>
<b>Subject</b>	<ul style="list-style-type: none"> <li>Discussion of the need of sources</li> <li>Discussion and partly mapping of available sources in- and outside of Geostat</li> <li>Introduction to calculations of SSA</li> <li>Discussion of the next steps</li> <li>Outlining the tasks towards the next mission</li> </ul>
<b>Methods</b>	Mainly briefings and Presentations of the current situation, and BC experience with questionnaire. But MS & BC staff will also work side by side to prepare gap analysis.
<b>Resources</b>	BC: Relevant staff from Business Statistics, Methodology, National Accounts and IT Ministries: Representatives from the Ministry of Sport and Youth Affairs, Ministry of Economy, Ministry of Finance and other relevant administrative bodies MS: Relevant experts
<b>Duration</b>	8 working days - 2 STEs x 4 working days
<b>Output</b>	<ul style="list-style-type: none"> <li>Sources have been discussed</li> <li>Available sources have been partly mapped</li> <li>The actual calculations have been introduced</li> <li>Next steps and tasks towards next mission has been agreed upon</li> <li>Mission report written</li> <li>ToR and work plan for next mission has been revised</li> </ul>
<b>Time schedule</b>	May/June 2022

<b>Activity 3</b>	<b>Data sources and estimation – continued</b>
<b>Subject</b>	<ul style="list-style-type: none"> <li>Further discussion of available sources</li> <li>Further discussion and mapping of available sources in- and outside of Geostat</li> <li>The availability and reliability of sources have been partly mapped: Is a revision to the level of detail of SSA needed?</li> <li>Further calculations of SSA</li> <li>Discussion of the next steps</li> <li>Outlining the tasks towards the next mission</li> </ul>

<b>Methods</b>	Mainly briefings and Presentations of the current situation, and BC experience with questionnaire. But MS & BC staff will also work side by side to prepare gap analysis.
<b>Resources</b>	BC: Relevant staff from Business Statistics, Methodology, National Accounts and IT Ministries: Representatives from the Ministry of Sport and Youth Affairs, Ministry of Economy, Ministry of Finance and other relevant administrative bodies MS: Relevant experts
<b>Duration</b>	8 working days - 2 STEs x 4 working days
<b>Output</b>	<ul style="list-style-type: none"> <li>Sources have been discussed</li> <li>Available sources have been mapped</li> <li>The level of detail of the SSA has been discussed once again and might have been revised</li> <li>Next steps and tasks towards next mission has been agreed upon</li> <li>Mission report written</li> <li>ToR and work plan for next mission has been revised</li> </ul>
<b>Time schedule</b>	January/February 2023

<b>Activity 4</b>	<b>Final estimations and publication</b>
<b>Subject</b>	<ul style="list-style-type: none"> <li>Outstanding issues on sources and estimation</li> <li>Discussion of the level of publication</li> <li>Discussion of the publication frequency</li> <li>Introduction and discussion of metadata</li> </ul>
<b>Methods</b>	Mainly briefings and Presentations of the current situation, and BC experience with questionnaire. But MS & BC staff will also work side by side to prepare gap analysis.
<b>Resources</b>	BC: Relevant staff from Business Statistics, Methodology, National Accounts and IT Ministries: Representatives from the Ministry of Sport and Youth Affairs, Ministry of Economy, Ministry of Finance and other relevant administrative bodies MS: Relevant experts
<b>Duration</b>	8 working days - 2 STEs x 4 working days
<b>Output</b>	<ul style="list-style-type: none"> <li>The final sources and estimation issues have been handled</li> <li>Decisions on level and frequency of publication has been made</li> <li>Draft metadata has been outlined</li> <li>Final and remaining issues discussed and a plan for the work has been outlined</li> <li>Mission report written</li> </ul>
<b>Time schedule</b>	June/July 2023