

TWINNING CONTRACT

Support to Statistics

Kosovo



MISSION REPORT

on

Activity 2.6.2: Continued support to the compilation of national accounts in Kosovo. Special focus on SUT

Component no 2 National Accounts

Mission carried out by
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List of Abbreviations

CPA	Statistical Classification of Products by Activity in the European Economic Community
HBS	Household Budget Survey
KAS	Kosovo Agency for Statistics
NACE	Statistical Classification of Economic Activities in the European Community
PRODCOM	List of PRODUcts of the European COMMunity
SBS	Structural Business Statistics
SUT	Supply and Use table
ToR	Terms of Reference

Executive Summary

This mission was primarily aimed at preparing statistical source data for input into an SUT-framework stored as an Excel workbook. The dimensions and structure of the table-framework had been outlined during previous missions, but still needed some fine tuning.

To be ready as input data each statistical source needs to be converted into the classifications of products, transaction types, industries and consumption groups used in the SUT-framework. Furthermore the data should be transferred to spreadsheets in a standardized format that can be entered into the common SUT-framework using a set of Excel macros that will ensure that all values are placed in the correct rows/columns/valuation layers of the SUTs.

The work had started in the two earlier missions and data sources that were available at that time. Agricultural outputs, Intermediate consumption of General Government and Household final consumption according to the Household budget survey was coded in a more or less finished form before this mission, but some problems remained to be solved. Statistics for imports and exports of goods has now been brought on the form needed when the data shall be entered into the SUT framework.

The detailed VAT statistics for 2013 seems to contain the most reliable information on total output and input by industries for those industries that are collecting VAT. It has been converted into totals for the 2-digit NACE2 industries that correspond to the columns for production and intermediate consumption. Furthermore the industry outputs by 4-digit NACE industries have been converted into the SUT- product classification. It is obvious, that this rather primitive way of distributing industry-outputs by products will have to be replaced by more reliable structures from Agriculture-, SBS and PRODCOM statistics where such information is available.

A Danish expert had transferred the output side of the SBS for 2012 from NACE1.1 to NACE2 and coded it by SUT-products. In this way the product structure of industry outputs can be used as a supplement where information is incomplete in the SBS statistics for 2013.

Before the present mission it was difficult to code the 2013 SBS due to missing explanations. During the mission the meaning of the spreadsheet columns was explained, and it should now be possible to give the data a form, that can be used to establish initial product structures for each industry.

The PRODCOM statistics for 2014 is assumed to be the best possible source for information on product structures for outputs and inputs in the manufacturing industries. The survey was not available until the beginning of October. We had found it appropriate not to have the present mission before this statistic was available. It has now been possible to code the output side from this survey. The input side still needs to be classified in a systematic way. All input-descriptions consist of text in the Albanian language; the coding will have to be done in cooperation between the Danish experts and KAS staff.

The unfinished work on source data will have to continue up to the next mission, where we hope to be able to finish coding and formatting. It should then also be possible to carry out the calculations that are necessary to establish a set of initial targets for the column totals of the SUTs that is output and imports at basic prices and intermediate consumption and final consumption by categories including exports at purchasers' prices.

Before the next mission a central SUT framework shall be placed on a network server that can be accessed by all persons who are working on the data inputs.

The next mission is now planned to take place late in November or in the beginning of December.

1. General comments

This mission report was prepared within the Twinning Project „Support to Statistics”. It was the third mission devoted to compilation of Supply and Use tables for 2013 within Component 2, National Accounts, of the project. This mission was aimed at continuation of work on bringing data on a form ready to be used as input in a Supply and Use framework. This work had started in the previous mission. An important statistical source, new “PRODCOM” –statistics, could, however, not be expected to be available until late in September.

The concrete objectives of the mission were:

- To follow up on the coding and formatting of source data that had started up in the previous mission.
- To look into the two new Data sources, “SBS 2013” and “PRODCOM 2014” and to work out a plan for their utilization in the project.
- To continue the development of the Excel-framework established during the previous missions.

Since the mission in June source data have been available for foreign trade in goods, agricultural outputs and inputs, value added tax by industries, household consumption and government finances. The people responsible for each of these areas had worked on coding of these data sources by the products, industries and consumption group used in the SUT-framework. During this mission some time was spent on solving a number of unsolved problems within each of these areas. The result is a number of standardized Excel sheets with data in standard formats ready to be entered into the common Excel-framework.

The SBS-statistics for 2013 existed in the June mission, but was at that time difficult to use as its descriptions were still not entirely translated from Albanian. It is now expected to be brought on our standardized format and coding before the next mission. Its coverage is still rather limited. To fill possible gaps the SBS-statistics for 2012 have been coded with the classifications of the SUTs for 2013.

The new PRODCOM statistics for 2014 contains valuable information on the composition of outputs and inputs in the manufacturing industries. The output side is being coded as National Accounts products and will be brought on a form that is comparable with similar information based on SBS- or VAT-statistics.

VAT-statistics on 4-digit NACE2-industries still seems to be the most reliable source for total production, intermediate consumption and GFCF in many industries, but will need to be supplemented by information on secondary production from the other sources.

A new proposal for a time schedule for the SUT-project was included in the mission report from the mission in June. As PRODCOM statistics for 2014 and a final version of data from SBS-statistics for the year 2013 could not be ready before mid-September, the following mission was scheduled to be in October. As the present mission was postponed to late in October and the National Account division in Pristina will need some time for publishing of figures earlier in November, it was proposed that the next mission shall preferably wait until late in November.

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

The 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 / NI-CO / Statistics Finland / Istat / Statistics Lithuania.

2. Assessment and results

2.1 Coding of source data.

This mission was predominantly devoted to coding of data sources, some of which were available since March or June, while other sources had just been made available to the National Accounts division of KAS.

2.2 Agriculture.

The coding started in during the experimental phase in the May mission. During this mission some unsolved problems were addressed. A comparison with existing National Accounts data seems, however, to show some differences in the levels that still need to be explained.

2.3 VAT statistics.

This statistics apparently contains the best information on the levels of total outputs, inputs and GVA for many industries. As all variables are available on 4-digit NACE2 industries, one can easily form VAT-totals for each 2-digit NACE industry. There are, however, areas that are badly covered by this statistic, as some industries do not collect VAT and are probably not included in the statistics. The same applies to non-observed activity that may have a significant size in certain areas.

The distribution by products of industry outputs can also, as a default solution, be based on the outputs of the 4-digit sub-industries that are contained in each 2-digit industry. Such a distribution of total output by industry by NA-products has now been established in a form that is ready to be entered into the Excel-framework, but it must be emphasized, that these distributions will usually be replaced where SBS or PRODCOM must be considered stronger sources.

2.4 SBS-statistics for 2012.

This statistics was originally coded by the old NACE1.1. To be useful as a supplement to the information on output and input structures in NACE2-industries it had to be re-coded. As it was coded by four-digit NACE codes it was not too difficult to convert most of it into a credible 2-digit NACE2. It is now on a form that is comparable with data from VAT-statistics, SBS 2013 and PRODCOM – statistics.

2.5 SBS-statistics for 2013.

This statistics was available with headings translated from Albanian to English before this mission. However some headings still needed some further explanation. Now it should be possible to write a Excel macro that will convert and translate the data into a format that can be used to compare the data

with the figures from VAT-statistics 2013, SBS 2012 and PRODCOM statistics. This is planned to be done by the Danish experts before the next mission. Coverage of the SBS for 2013 is said to be somewhat insufficient and it will probably need to be supplemented by information from Vat-statistics, SBS from 2012 and PRODCOM for 2014.

2.6 PRODCOM statistics for 2014.

This statistic is probably the best source for distributions of industry outputs and inputs by products within each 2-digit NACE2-industry, even when it does not strictly refer to the year 2012. It has now got English headings. As the coding of output follows an international standard and correspondence tables between PRODCOM 2014 and NACE can be established, it should be relatively simple to convert the data into the product classifications used in the SUTs using an Excel macro. This is planned to be carried out before the next mission.

The PRODCOM statistics also contains information on the input structures of each industry. This information is not classified in the same systematic way. The data will need to be coded by looking at the Albanian descriptions of the inputs, a task that will still require some work with participation of people in ASK.

2.7 Industries not covered by SBS, VAT or PRODCOM.

A number of industries and products will not be covered by sources such as SBS-, VAT- or PRODCOM-statistics. In these cases the main task is to find, review and transpose figures from the existing National Accounts to the proper SUT-format needed.

During the mission we looked into the calculations behind Financial Services, Insurance and Pension funding and made the necessary calculations for the SUT. In a similar way we have to find the calculations for the activity of Renting of dwellings, Imputed rent and some other activities.

2.8 Comparison of output and input structures.

When VAT-statistics, SBS statistics for 2012 and 2013 and PRODCOM for 2014 are available in comparable forms it should be possible to combine the data spreadsheet as basis for decisions on column structures we will use for the initial, unbalanced, SUTs.

2.9 General government.

The information from government accounts already contains a systematic coding of government intermediate consumption. A correspondence between this coding and the product classification used in the SUTs was established before since the previous mission and some unsolved problems were decided upon during this mission. The industry coding is based on the detailed COG-coding that was already found in the data source. The inputs have now been brought on the format that is needed when they shall be entered into the Excel framework. Wages and salaries, social contributions, Taxes and sales revenue has been coded by ESA-codes. As estimated consumption of fixed capital is also available, it should be rather easy to calculate the values of government output by industries. It is, however, important to compare these figures with similar figures from the existing National Accounts and published data from the Ministry of Finance, before the figures are accepted as final.

2.10 Foreign trade in goods.

These figures have been converted from HS to CPA and the correspondence between the original coding and the product coding used in the SUTs has been completed during this mission. Imports and exports are now at a form that can be entered into the Excel framework.

2.11 Foreign trade in services.

Before this mission a more disaggregated version was made available from the balance of payments. During the mission the size of the CIF-FOB correction was determined. This value will need to be subtracted from the import of transport- and insurance- services to avoid double counting, as the same value is also included in import of goods in the National Accounts.

2.12 The household budget survey.

This survey is available as an Excel-workbook. It is originally coded by a detailed version of COICOP that needed to be translated into the product code used in the SUTs. Most of this was done in KAS before the present mission and a few remaining problems were solved early in this mission. The totals of the HBS should in principle cover household consumption of the total population. It turned up that, according to the HBS, household consumption should be considerably lower than in the current National Accounts, also in those CIOPOP groups where it cannot be explained by differences in concepts. An investigation that should clear up the cause of the differences has been started.

2.13 The Excel-framework for the SUTs 2013.

The “empty” Excel workbook that was made ready as a framework for the SUTs has now been corrected. The product classification was cleaned up to avoid overlapping products and a number of rows in the system have been deleted or renamed.

2.14 Trade and transport margins.

The values of total trade- and transport margins are determined as the value of total output from the trade industries less the shares that are distributed as services at basic prices. The margin layers that contain formulas representing a model for distribution of the supply of wholesale- and retail trade margins will have to be brought up-to date before next mission.

2.15 Taxes less subsidizes on products.

These should be identified for all taxable products. Custom and excise duties are shown in the foreign trade statistics for imports distributed by their specific products. Other taxes and subsidies should also be identified. Values for taxes and subsidies for each product should be found in government accounts. The net tax-layer on the uses side of SUT contains formulas that represent a simple model for distribution of taxes by uses based on common sense. It may need some adjustment to the specific rules of Kosovo’s legislation.

2.16 VAT.

Similarly the layer for VAT at the uses side must contain formulas that represent Kosovo’s VAT-legislation. The calculation of non-deductible VAT for each cell at the uses side can utilize information on the actual assessed VAT by industry and purpose that is found in the VAT -statistics; hence the VAT-model will be somewhat different from those used in other countries that have had Danish assistance. A specific model for Kosovo’s VAT is being considered at this moment.

2.17 The SUT-framework on the network.

It is planned to store a “current version” of the Excel SUT-environment on a network server where it will be accessible from the PCs of the people working with different areas of the data that is going to

be input into the system. The server should also contain the latest updated version of those worksheets that produce the standardized input-files.

3. Conclusions and recommendations

The data sources that were already available in the previous missions have now been coded and made ready to be entered into the SUT-environment. There is, however, still a need to compare the results with the values from the existing National Accounts and to consider whether the coverage is sufficient. This is particularly important for agricultural output and input and for the household consumption estimates based on the household budget survey.

Data sources that became available close to the start of the present mission will need to be brought on a similar form. This has been done for industry outputs based on VAT-statistics and the 2012-output structures based on SBS –statistics for this year. Coding of output structures in PRODCOM statistics for 2014 by the SUT-products took place during the present mission, but the input side will require additional work before it can be used for determination of initial input structures for manufacturing. It will require some effort by the staff of the KAS and it will probably require that some time is devoted to this task during the next mission as the product descriptions are exclusively in the Albanian language. Data from the SBS statistics for 2013 has not yet been transformed into the standardised format. The Danish experts will work on this issue that can probably best be carried out by Excel macros.

Before the next mission a common SUT-environment and space for input-sheets should be placed on a network server and the people who are going to work on the SUTs should be given the necessary rights to access the common files. It is also recommendable that someone is made responsible for the maintenance of these common files.

An example of an Excel workbook that can be used for a systematic description of the steps involved in calculation of initial targets totals for column totals for supply at basic prices and uses at purchasers' prices was presented during the present mission. In the next mission the information from the various data sources will have to be put together in such a framework. The decisions on the individual targets will require that the output and input structures that can be derived from different sources are put together in a spreadsheet where they can be compared.

The plan below must be considered as tentative, as it is difficult to assess the time needed for each task. As the start of the present mission was delayed by some weeks, the next mission will need to be later in November to leave sufficient time for the planned work between the two missions. Given the duration of the project we will have to plan for a number of missions in December, January and February to catch up with the delays. This will need to be discussed in the upcoming mission.

Action	Deadline	Responsible persons
Validation of data inputs that have been coded: Agriculture Government input and output Household consumption	Early in next mission	KAS:
Coding of additional data sources for output: VAT statistics SBS 2013 PRODCOM 2014	Before next mission Before next mission During next mission	Danish experts “ “ KAS and experts
Input structures: SBS 2013 PRODCOM	Will start before next mission During next mission	Danish experts KAS

Annex 1. Terms of Reference



EU Twinning Project KS12 IB ST 01 Support to Statistics

Component 2: National Accounts

Activity 2.6.2: Continued support to the compilation of national accounts in Kosovo. Special focus on SUT

Scheduling:

Tor –ready date: 2 October 2015

Start / end of activity: 19-23 October 2015

Reporting time: 30 October 2015

Mandatory result of the component:

Mandatory Result	Intervention logic	Benchmarks	Sources of information	Assumptions
2.3.1	<p>Initial support to implementation of Action Plan for National Accounts</p> <p>Continued support to implementation of Action Plan for National Accounts</p> <p>Final Support to implementation of Action Plan for National Accounts</p>	<ul style="list-style-type: none"> Mission report uploaded on project homepage Selected areas of the National Accounts updated according to ESA2010 	<ul style="list-style-type: none"> Twinning quarterly reports Mission Report Updated action plan 	<ul style="list-style-type: none"> Sufficient absorption capacity Low turn-over of staff involved in implementation Staff works on project related tasks in between missions Access to accurate primary statistics A detailed Terms of Reference is developed in a timely manner detailing tasks (input), expected output, participants of the activity and agenda

Subject / purpose of activity: 2.6.2 activity

Support to the compilation of national accounts in Kosovo. Special focus on Supply and Use Tables (SUT). This mission is a continuation of Mr. Søren Larsen's mission 2.6.1 in June 2015. The mission in June concluded that:

Because source data from SBS and PRODCOM-statistics will not be finished before mid-September 2015, Population of the supply side of SUTs should not be finished until these important sources are available. It is furthermore important that the people in KAS has the necessary time to finish their tasks. At the start of the next mission the missing supply data should be put together and all data inputs should be brought on the standardized form that is ready to be entered into the Excel framework.

The plan for missions on SUTs was revised in the June mission:

	Time	Most important issues
1	March 09-13, 2015	Fact finding mission
2	June 22-26, 2015	Classifications, correspondence tables and coding of source data. (this mission)
3	Early October 2015 (This mission)	Supply by industries and products. Data entry, distribution of taxes, trade- and transport margins.
4	Early November 2015	Balancing of supply and use for each product.
5	Late November or early December 2015	Adjustment to targets for industry inputs and final uses
6	Mid or late January 2016	Final balancing of margins, taxes and VAT, breakdown of GVA, symmetric I-O table.
7	February 2016	Unsolved issues. Presentation of final versions of the results. Proposals for future work.

Expected output of activity 2.6.2:

Mission report describing results of coding of data to be used for SUT

Recommendations for the way ahead for SUT in KAS

Description of work done during the mission and work that needs to be completed before the next activity

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Description of the background for the activity

The 2012 Adapted Global Assessment report (AGA) prepared by Eurostat states the following about National Accounts (p.53-54): In 2010 KAS prepared with IPA support an “Action Plan for compiling and publishing comprehensive statistics on National Accounts and labour market”. That Plan is in principle a useful instrument to organize the future development of National Accounts together with the development of standards and sources that are needed for the enhancement of coverage and improvement of National Accounts data.

The Twinning Project has already had several activities in Component #2 National Accounts including a fact finding mission on SUTs.

During the fact finding mission KAS and the expert found that it would be possible to create SUT for National Accounts in Kosovo.

Activities to be undertaken in preparation for the mission:

- Previous mission reports on NA component. All published at www.dst.dk/kosovo

The expected activities are:

- Update of action plan for improvement of National Accounts with SUT
- Further development of detailed plan for future actions on SUT by the twinning program
- Coding of data

Expected output:

- Mission report – according to template
- Detailed plan for further activities to be completed in component 2 by the twinning program
- Updated version of timetable for SUT
- List of actions to be taken before next mission

Annex 1. Agenda, October 2015

Day	Place	Time	Event
1	KAS	10:00	KAS: Overview of what has been accomplished since the previous mission on NA in November 2014
		10:45	Coffee break
		11:00	Discussion on plans for this week
		12:00	Lunch break
		13:30-15:30	Hands-on SUTs data
2	KAS	09:00-16:00	Hands-on SUTs data

3	KAS	09:00-16:00	Hands-on SUTs data
4	KAS	09:00-16:00	Hands-on SUTs data Discussion on recommendations A plan for next mission and what to do before next mission Report writing
5	KAS	10:00-12:00	Report writing Debriefing Experts, Component Leader, BC Project Leader. (RTA is in DK for meetings and vacation)