TWINNING CONTRACT

Support to Statistics

Kosovo

MISSION REPORT

on

Activity 2.6.3: 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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IPA 2012

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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

1. General comments

This mission report was prepared within the Twinning Project „Support to Statistics". It was the fourth mission to be devoted to compilation of Supply and Use tables for 2013 within Component 2, National Accounts, of the project. The mission was aimed at continuation of bringing data on a form ready to be used as input in a Supply and Use framework. This work had started in the two previous missions, but important data sources that had become available before the previous mission still needed validation and corrections.

The concrete objectives of the mission were:

- To continue the coding and formatting of source data that had started up in the previous missions.
- To calculate figures according to National Accounts concepts from of the two new Data sources, "SBS 2013" and "PRODCOM 2014", and to code and format the results.
- To establish a space at the computer network of KAS where Excel-worksheets containing inputs to the SUT-framework, the current version of the SUT-framework and corrections to the initial product balances can be stored and accessed by the staff of the national accounts division.

Unfortunately the mission was shortened as we were unable to arrive in Pristina until Tuesday. When we arrived from Copenhagen to Vienna with some delay on Sunday, we found that connecting flight to Pristina was cancelled. Vienna was covered by fog and we were told that landing in Pristina was considered impossible due to a dense fog there. We were then booked on a flight the following day. On Monday we did leave Vienna, but after having tried an unsuccessful landing at Pristina Airport the plane had to return to Vienna. Once more we were booked on a plane the following day. When boarding the plane on Tuesday the passengers were warned that it might still be necessary to return to Vienna due to bad weather conditions, but this time the landing was successful. We arrived at KAS in time to have a briefing with the staff on Tuesday afternoon.

The lost time did have some impact on how much we could accomplish during the mission. However, being three Danish consultants this time we managed to look discuss most of the issues that were on the agenda. Data for output and input for general government were completed during the mission. Specifically the "SBS 2013" and "PRODCOM 2014" were brought on a form that should make it possible to produce data-inputs to the SUT-system, but it will be necessary to correct a considerable number of errors in the spreadsheets and to code the input side of the "PRODCOM" statistics before the data is ready to be used. This should as far as possible be done before the next mission.

The time schedule for further missions was discussed. The Danish consultants proposed a mission as early as possible in January, a mission early in February as well as a mission late in February.

The consultant would like to express his/her 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.

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

2. Assessment and results

2.1 Continued coding of source data.

This mission was predominantly devoted to finalization of the coding of data for general government and coding of the data sources that had been made available before or during the mission in October.

2.2 Coded source data available from the previous missions.

A number of areas have been made available during the previous missions, some of which are ready in a form that be used as into the SUT-framework and some of which will have to combined with data from other sources before such use. Such data cover the following areas:

- Agriculture
- VAT-statistics
- SBS-statistics for 2012
- Imports and Exports of goods
- The household budget survey

2.3 SBS-statistics for 2013.

This statistics was now available with all headings translated from Albanian to English. Despite a rather low response rate, the statistics is grossed up to cover the observed economy and seems to have a reasonable coverage compared to other sources. Before this mission some spreadsheets had been added to the workbook by a Danish consultant. Here the variables of the SBS were translated into those concepts that are needed for national accounts purposes. This exercise revealed that some additional validation is needed before significant errors are removed. A Danish consultant will investigate to which extent such correction can be performed automatically. It should be possible, for instance, where inventories are show as belonging to trade activity in pure manufacturing-units and vice versa. Some corrections will, however, probably need to be made manually and will require some work by the KAS-staff.

2.6 PRODCOM statistics for 2014.

This statistic has now got English headings. It still seems the best source for information on the product structures of production and intermediate consumption for the manufacturing industries. While the output side has been coded by the product codes used in the SUTs, the input structures are not yet classified in the same systematic way. The data will need to be coded by looking at the Albanian descriptions of the inputs. The work was initiated during this mission. A sheet was created that contains a sorted list of all the various descriptions (in Albanian) of products found in the worksheet. Many are differently spelled description of the same product and the coding by SUT product codes should not be too difficult. It will, however, still require some work from people in KAS.

2.7 General government.

The data for general government already contained a systematic coding including ESA-codes and SUT-product codes for sales, intermediate consumption and gross fixed capital investments. This mission was used to make full product balances for government output for consumption and targets for production, intermediate consumption and gross fixed capital formation for general government by industries. The coded data for sale, intermediate consumption and gross fixed capital formation was also transformed to correct format and entered the SUT-framework. There is updated data available for general government and KAS-staff will follow the same steps for coding and formatting, and enter the updated data to the SUT-framework after the mission. Errors in the coding of the general government were detected when entering the figures to the SUT framework. Some of them were corrected during the mission and others will be corrected by the KAS-staff when they update the data.

2.8 Setting up a workbook that collects data on industry output and input totals:

A workbook has been created that contains separate spreadsheets for the various source data that will need to be added together to form the targets for total production and intermediate consumption by industries as well as column-totals for imports, exports and final uses. The resulting industry totals shall be compared to similar totals from the current national accounts, and the differences shall as far as possible be explained. As the data from statistical sources do not completely correspond to their

similar national accounts concepts, the workbook shall also contain sheets that show such corrections that are needed, e.g. for FISIM, use of insurance services etc.

2.9 Comparison of output and input structures.

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

2.9 The SUT-framework on the network.

An area on a network server has been reserved for the SUT and the files that will contain the calculation of data inputs to the SUT framework. It has been given a directory structure as described in the report from the October mission. The people working on the SUT have been given access rights to the space on the server. The newest version of the Excel SUT-environment and the more or less final versions of the workbooks that contain data-inputs have been moved to the server. There is still a need to appoint one or more persons that shall be responsible for the central data storage.

3. Conclusions and recommendations.

Due to the air traffic problems this mission ended up being rather short. Nevertheless a number of issues were addressed. General government data was brought to a stage, where input- and output-data is coded by products and industries and the values have been entered into the Excel SUT- framework. Updated data for the general government is available and will be coded and entered to the SUT-framework by KAS-staff after the mission. Work on SBS and PRODCOM could not be finished and will need to be continued during the time until the next mission. When a number of significant errors have been removed from the SBS-data it will (in combination with the VAT-statistics) be the most important source for output and input –totals for those industries that are covered by this statistic. The detailed industry data for trade will be used to establish a distribution of trade margins by products. The VAT-statistics will form the basis for the distribution of non-deductible VAT by products and by industries.

During the mission members of the KAS staff mentioned that some data-inputs used in earlier calculations ought to be updated. An example is the above mentioned data from government accounts. There was also a wish to refine the method used to gross up the data from the household budget survey. Such improvements should preferably be fully implemented before the next mission, as it is important to move forward with the process of populating the SUT-framework. It must also be kept in mind that at this moment the most important tasks seem to be the coding of PRODCOM's input side and correction of errors in the SBS for 2013.

Putting together all the information on outputs, inputs and final uses as well as distributions of trade margins, taxes and VAT will need to await that the last data-inputs are ready. Balancing of supply and use cannot take place before the SUT-environment has been fully populated with data. As some earlier missions were delayed due to lack of important data-sources, it is here recommended that three missions are placed within January and February 2016.

Actions needed for preparing the next mission

Action	Deadline	Responsible person
Coding and formatting of SBS-data 2013.	Before next mission	Danish consultants: Automatic correction of errors where possible. KAS staff: Remaining errors.
Coding of PRODCOM 2014.	Before next mission	KAS-staff: Correction of errors in the coding of industry outputs. Coding of inputs based on product-descriptions in Albanian language

Annex 1. Terms of Reference

EU Twinning Project
KS12 IB ST 01
Support to Statistics

Terms of Reference:

Component 2:   National Accounts
Activity 2.6.3:   SUT activity III.
Continued support to the compilation of national accounts in Kosovo. Special focus on SUT

Scheduling:
Tor –ready date: 19 November 2015
Start / end of activity: 7-11 December 2015
Reporting time: 18 December

Mandatory result of the component:

Mandatory Result	Intervention logic	Benchmarks	Sources of information	Assumptions
2.3.1	Initial support to implementation of Action Plan for National Accounts Continued support to implementation of Action Plan for National Accounts Final Support to implementation of Action Plan for National Accounts	• Mission report uploaded on project homepage • Selected areas of the National Accounts updated according to ESA2010	• Twinning quarterly reports • Mission Report • Updated action plan	• 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: 2.6.3 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 and Jens Holst Jensen´s mission 2.6.3 in October 2015. The mission in October concluded that:

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.

During the mission in Ocotber 2015 the following plan was agreed upon:

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

Expected output of activity 2.6.3:

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

KAS resources:
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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.

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, December 2015

Day	Place	Time	Event
1	KAS	10:00	KAS: Overview of what has been accomplished since the previous mission on SUTs October 2015
		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, BC Project Leader, Component Leader, and RTA

Annex 2. Persons met

<u>KAS:</u>

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Interpreter (some missions)