

TWINNING CONTRACT
Support to Statistics

Kosovo



MISSION REPORT

on

Activity 2.6.4: SUT activity IV

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

1. General comments.

This mission report was prepared within the Twinning Project „Support to Statistics”. It was the fifth mission to be devoted to compilation of Supply and Use tables for 2013 within Component 2, National Accounts, of the project. As the previous mission, this mission was aimed at transformation of source data into the standardized format used for input into the Supply and Use framework. During the previous missions many problems had been solved, but a number of questions still had to find solutions.

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 continue the unfinished work based on the two newest data sources, “SBS 2013” and “PRODCOM 2014”, and to code and format the results.
- To establish an initial version of targets for the column totals of the SUT-tables based on available source data.
- To work on the product structures of industry outputs and inputs.
- To produce /update the files placed at the common space on the KAS computer network.

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.

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 Coding of source data.

From previous missions data for several areas have been coded and brought on the standardized form used for input into the SUT-framework. Such data cover the following areas:

- Agriculture
- VAT-statistics
- SBS-statistics for 2012
- Imports and Exports of goods
- The household budget survey
- Input and output for general government as well as the detailed product-structure of government inputs.
- Taxes and subsidies on products distributed by the products defined for the SUT.

At the start of the present mission the SBS statistics for 2013 and PRODCOM statistics for 2014 had become available. However, both still contained some problematic coding that needed to be corrected before the data could be used as input for the SUT.

During this mission the coding of data from the PRODCOM statistics for 2014 and the SBS statistics for 2013 should be brought up to a standard appropriate to be used for decisions on the magnitudes of targets for total industry output and input.

2.2 SBS-statistics for 2013.

From the previous mission the variables of the SBS had been translated into concepts that are needed for national accounts purposes. This exercise revealed that some additional validation was needed before the data was ready for use. Experiments revealed that automatic corrections of errors would be difficult and some corrections needed to be made manually. The totals for industry outputs and inputs must still be considered somewhat uncertain, but they are compared to other available information from VAT-statistics and calculations from the current national accounts before decisions are made on the values that are entered into the SUT-framework.

It was decided not to use information on detailed product-structures from the SBS 2013 as few respondents had provided this information and the PRODCOM statistics seems a more reliable source for these structures.

2.3 PRODCOM statistics for 2014.

Before the previous mission this statistic had got English headings and industry outputs had been coded by CPA. The input structures were not yet classified in the same systematic way and the data was now coded by looking at the Albanian descriptions of the inputs. A sorted list of all the various descriptions (in Albanian) of products found in the PRODCOM worksheet was entered into a spreadsheet. Many were differently spelled descriptions of the same products. Most of the coding of the input-products was done in the KAS before the present mission and the remaining questions were solved during the mission.

At the beginning of the coding of PRODCOM for the input side, it was detected that the original coding of the output side contained many misleading translations from the Albanian product descriptions to CPA-classifications. Before the present mission a sorted list of the Albanian descriptions was put into a worksheet, similar to the sheet used to add product codes to the input side. To make discussions on the correct coding easier, the KAS-people translated the Albanian text into English and added proposals for product codes. A considerable work had already been done and the coding could be finished during this mission.

The corrected coding of outputs and inputs in the PRODCOM-statistics has been done on the level of products used for the SUT. This is not quite as detailed as the original CPA-coding. It will, however, probably still be very useful to look at the corrected coding of 2014, when the next PRODCOM statistic is collected and coded as there is a well-defined connection between the SUT-products and the CPA-classifications.

2.4 Comparison of source data for industry-totals.

Part of the mission was devoted to putting together available information on the size of total output and total intermediate consumption for each industry in the SUT-framework. Spreadsheets were drawn up for comparison between the values found in the existing national accounts, the VAT-statistics, the SBS statistics, government accounts and agricultural data for 2013. The values were also compared to the industry totals from PRODCOM 2014 keeping in mind that they refer to another year. Based on this information decisions were made on a first version of the target values for output and input in each industry. A few, but important, exceptions are wholesale and retail trade and construction that will need to await some further validation of the SBS-statistics for these areas. Finally the outputs and inputs of NPISHs will be an issue in the next mission.

2.5 Product structures of industry outputs and inputs.

For some industries the product-structure of output is determined by the calculations of the values of their output-totals. For others the structure of output must be decided based on the information on the detailed four-digit NACE industries whose output add up to the output of the SUT-framework's two-digit industries. For those industries that are covered by PRODCOM we now have a rather detailed picture of how production should be distributed by the industry's characteristic products and bi-products. During the mission the supply matrix was almost filled up with data, the exceptions being trade, construction and the NPISH-outputs mentioned above. Information on inputs have been collected, but will need to be supplemented by assumptions on the use of minor products as well as some more uncertain guesses on the input-structure of certain service-industries in the coming missions. The latest versions of the calculations within the various areas have now been placed in the common directory on the office-network that also contains the latest version of the SUT-environment.

3. Conclusions and recommendations

It turned up that a considerable effort was required to bring SBS and PRODCOM statistics up to a standard that is appropriate for use in the compilation SUTs. The staff of KAS has carried out most of this work before the present mission, and it has been possible to continue the preparation of input data during the mission.

It should be noted that it could have been difficult to finish this work on time without the presence of two people financed by SIDA. As they are leaving the office in February the national accounts will lose some very useful newly acquired knowledge.

The plan for finalization of the SUT still requires that many outstanding issues will be solved in a very short time. It is recommended, that despite the short intervals between them, two missions are arranged in February 2016. The first should preferably be as early as possible in the month, the second should on the other hand be as late as possible to allow calculations to be carried out before the final balancing of the system that will need to take place in the last mission.

Annex 1. Terms of Reference



EU Twinning Project KS12 IB ST 01 Support to Statistics

Terms of Reference:

Component 2: National Accounts
Activity 2.6.4: SUT activity IV.
Continued support to the compilation of national accounts in Kosovo. Special focus on SUT

Scheduling:

Tor –ready date: 4 January 2016

Start / end of activity: 18-22 January 2016

Reporting time: 5 February 2016

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
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Subject / purpose of activity: 2.6.4 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, Jens Holst Jensen's, and Maria Nilsson's mission 2.6.3 in December 2015. The mission in December concluded that:

During activity 2.6.3 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
<i>Coding and formatting of SBS-data 2013.</i>	<i>Before next mission</i>	<i>Danish consultants: Automatic correction of errors where possible. KAS staff: Remaining errors.</i>
<i>Coding of PRODCOM 2014.</i>	<i>Before next mission</i>	<i>KAS-staff: Correction of errors in the coding of industry outputs. Coding of inputs based on product-descriptions in Albanian language</i>

Expected output of activity 2.6.4:

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.

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, January 2016

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