



Economic and Social Council

Distr.: General
12 February 2010

Original: English

Economic Commission for Europe

Conference of European Statisticians

Group of Experts on National Accounts

Tenth session

Geneva, 26–29 April 2010

Item 1 of the provisional agenda

Towards implementation strategy for the 2008 SNA in the EECCA and SEE countries

The statistical system and implementation of 2008 System of National Accounts

**Note by the State Statistical Office of the Republic of Macedonia,
The former Yugoslav Republic of Macedonia**

Summary

The United Nations Statistical Commission adopted the 2008 System of National Accounts at its 40th session and “encouraged Member states, regional and subregional organizations to implement the standard and support all aspects of the implementation of the updated System of National Accounts, including the national and international reporting of national accounts statistics.” This paper presents the activities planned by the State Statistical Office of the Republic of Macedonia towards implementation of the new standard.

I. Introduction

1. The aim of this paper is to describe the current activities of the State Statistical Office of the Republic of Macedonia (SSO) and the activities concerning the implementation of the 1993 System of National Accounts (SNA) and the new 2008 SNA. The paper describes the efforts of the State Statistical Office for building its own position in modern society implementing the principle of good governance and supporting its own country efforts for integration in the European community through harmonization of production of statistics and producing comparable data with European and international standards.

2. Integration of new user needs and new standards and methodologies in the regular work, requires development of new strategies and improvement of the SSO's capacity. The quick response to the international requirements and the increased needs of data quality are reasons for timely and adequate mobilization of the SSO staff.

II. Legal framework and resources in the SSO

3. The Law on State Statistics¹ was adopted by the Parliament of the Republic of Macedonia in 1997 and amended in 2007 (Official Gazette No. 21/2007). The statistical law specifies the position of the state statistics in the state administration and its area of work, it gives methodological and organizational bases of statistical surveys, and the process of producing and communicating statistical data. The national statistical system, in accordance with the law, shall implement its activities following the principles of neutrality, objectivity, professional independence, rationality and confidentiality.

4. The coordination of the system-wide statistical plans is based on 5-year statistical programmes approved by the Government. The last Programme is for the period 2008–2012. It specifies the data sources for each statistical survey, as well as the deadlines for data provision to the authorized agency for data producing and can be changed or supplemented once a year. Furthermore, there is a well established cooperation between the agencies for timely provision of data for compilation of national accounts. Administrative data come mainly from the Central Register, the Public Revenue Office and other departments of the Ministry of Finance (MOF). Other data needed for compilation of national accounts, including the balance of payments and data on the execution of the general government's budget are received in a timely manner from the National Bank and the MOF, respectively.

5. In order to achieve more efficiency and to maintain the good cooperation within the system, as well as to implement the European Code of Practice as a standard, in 2009 the SSO made efforts to sign the Memoranda for cooperation with different institutions in the country which resulted in better data exchange.

6. The Strategic plan 2010-2012², and the separate strategies for data quality, the policies for dissemination and for decreasing the response burden of the reporting units, as well as the established Committee for micro data access are new concepts for improvement of serviceability, timeliness and increasing user satisfaction.

¹ http://www.stat.gov.mk/english/zanas_eng.asp?br=17

² http://www.stat.gov.mk/pdf/StrateskiPlan/StrateskiPlan2010_2012en.pdf

7. In order to achieve the objectives, the SSO is supported by different projects financed by EC (IPA and EU grants in different areas) and other donors (SIDA). Harmonization of National Accounts (NA) represents an important part of these international funding projects.

8. The State Statistical Office currently employs a total of 279 persons, of which 191 work in the central office in Skopje and 88 throughout the 8 Regional Departments. The gender structure is 60% female and 40% male. The average age of employees is 40 years. About two-thirds have university education, and the average working experience is 16 years, which represents high loyalty towards the institution. Human resources development policy is established and continuous education of the employees is an essential part of that policy.

9. The National Accounts Sector is organized in 4 Departments:

- -Department for calculation of Gross Domestic Product (GDP) by production approach and annual sector accounts
- -Department for calculation of GDP by expenditure approach and supply and use tables
- -Department for quarterly calculation of GDP
- -Department for regional accounts, sustainable indicators and structural statistics

10. A total of 20 persons are responsible for compilation of National Accounts.

III. Current status of national accounts and plans for implementation of SNA 2008

11. The SSO has been implementing SNA 1993 and ESA 1995 since 1995. Consistent data series exist since 1997. In this period different areas of national accounts have been improved. In addition Supply and use tables (SUT), regional accounts, economic accounts for agriculture and quarterly estimates of GDP and main aggregates were developed. At the same time, NA data dissemination and data transmission have become important part of the work of NA staff.

12. For compilation of national accounts, the SSO uses a wide range of data sources. The SSO has a regular programme with monthly, quarterly and annual surveys covering a range of economic activities. These surveys collect data in monetary terms, as well as data on quantities for numerous variables (production, inputs, inventories, number of employees, etc.). These data are processed and disseminated in the form of indices and/or absolute values (usually sample values rather than estimates for the target population). For some of the surveys, there is a lack of sufficient representativeness of the needed NA data. In this case, these surveys are used by data compilers only as alternative data source, mainly for validating the estimates. In practice, most of the compilations of national accounts estimates at current prices, and particularly GDP, rely on financial statements of enterprises obtained from administrative databases and surveys conducted in the National Accounts Sector. Estimates of production on registered non-agricultural unincorporated enterprises are based on the Public Revenue Office data, supplemented with some indicators from SSO's regular surveys.

13. In 2007, the work on establishing the statistical business register in the SSO was completed. In 2008, the Government adopted the National Classification of Activities (NKD Rev.2) based on NACE Rev.2 and the statistical business register was updated. This register, which is the main infrastructure for the NA data, is integrated in the Warehouse established in the SSO. Basically, the Warehouse includes financial data for each business

entity. Other administrative registers, which are used in the compilation of national accounts, are maintained by the Public Revenue Office, the Pension and Disability Insurance Fund and the Health Insurance Fund. These registers give information to the SSO on the number of employed persons who contribute to these funds, as well as information on taxes and contributions.

14. The main data source for the compilation of the annual national accounts are the financial statements of all operating legal units that, according to the law, are obliged to provide them to the Central Register. These financial statements are electronically transmitted to the SSO. Compared to the statistical surveys, one of the advantages of this data source is its comprehensiveness, keeping in mind that all corporate sectors, including all government units and nonprofit institutions are obliged to submit their financial statements. Furthermore, the enterprises have to fill in a questionnaire for statistical purposes, which is part of the financial statements. The data collected through this questionnaire are sufficiently detailed to derive estimates for the complete sequence of accounts for the corporate sector of the economy, for the general government and the nonprofit institutions.

15. Additionally, BOP data from the National Bank (NB), Budget data from the Ministry of Finance, data from the Pension and the Health fund, obtained regularly, are used in the process of compilation of NA.

16. The Sector of National Accounts conducts a quarterly survey on non-financial enterprises. Data from this survey are used as an important source for compilation of quarterly value added by industries and as sources of annual data checking of categories in current prices.

17. For NA data adjustments for the non-observed economic activity (the economic activity of units not included in the reporting system), adequate procedures and available data sources from the SSO are used. Estimates for the non-observed economic activity are published in the SSO publications on national accounts.

18. The SSO continues to improve its estimates of the non-observed economy (NOE). The SSO makes extensive use of the labor-input method using the Labor Force Survey to provide benchmark estimates of labor inputs. Information from tax records and expert opinions are also used for some activities.

19. In 2009, within the IPA 2007 Multi-Beneficiary Statistical Cooperation Programme, the SSO prepared the Description of National Accounts, sources used and methods applied. In this exercise, important areas in the implementation of SNA 1993 were identified for further improvements. For example, calculation of Gross National Income (GNI) and improvement of financial statistics related to the harmonization of budget data with ESA 1995 were identified.

20. The SSO identified that general improvements are necessary in the following important areas of NA:

- Estimation of operational leasing
- Data sources for the quarterly calculation of GDP
- Initiation of work on flash estimates of quarterly GDP
- Introduction of seasonal adjustment of quarterly data
- Introduction of NACE Rev. 2 into the NA according to European recommendations
- Improvements of the calculation of consumption of fixed capital
- Implementation of the perpetual inventory method (PIM)

- Improvement of data sources for surveys and further development
- Improvements in basic statistics as source for compilation of NA

21. Improvements that will be implemented in short term are identified for the following areas:

- Preparation of Sector accounts (According to the Memorandum of Understanding signed between the SSO and the NB, the NB is appointed as a responsible institution for financial accounts)
- Financial intermediaries services indirectly measured (FISIM) allocated by sectors based on data received from the NB
- Budget data prepared on an accrual basis. One of the priorities of the Ministry of Finance is the full implementation of ESA 95
- Employment figures in terms of hours worked to be improved
- Government consumption according to Classification of the functions of government (COFOG). First experimental data are prepared for the year 2008
- Classification of the purposes of non-profit institutions (COPNI) should be implemented for Non-profit institutions serving households Sector (NPISH). First experimental data are prepared for the year 2008
- Output, income and expenditure method estimates should be balanced in a SUT framework

IV. Issues selected as important for implementation of SNA 2008

22. The first introductory explanations for the revision of SNA 1993 were provided to the SSO staff by the UNECE Statistical Division experts – Mission in Skopje, in 2006. Additional information about the methodological recommendations of the 2008 SNA was received from discussion papers of the UN and Eurostat, presented on different events.

23. The SSO included the implementation of 2008 SNA in the National Programme for Adoption of the Acquis as a topic that should be treated starting from 2010. This will include staff training for 2008 SNA including the establishment of a detailed plan of activities for the implementation of 2008 SNA.

24. Related to the preparation of a strategy for implementation of 2008 SNA, the SSO interviewed by a questionnaire the National Bank and the Ministry of Finance in order to identify the main topics that should be supported in more adequate manner for the implementation of 2008 SNA in these institutions. Common issues identified in this interview are:

- Non-financial assets
- Informal and illegal activities
- Research and development (R&D)
- Public-private partnerships (PPPs) (including buy-own-operate-transfer (BOOT) schemes)
- Investment funds
- Amortization of non-produced assets
- Accrual recording of taxes

- Retained earnings of mutual funds, insurance companies and pension funds
- Goods for processing

25. The concept of the strategy will be focused on:

(a) Explanation of the theoretical issues and methodological recommendations of the 2008 SNA by organizing staff training.

(b) Data analysis (identification of the units, the accounting system and reporting, and introduction of new variables in the existing SSO surveys).

(c) Activity plan, which will be discussed with wider users and stakeholders.

26. Backward revision of the series will depend on other statistical data available in the SSO and on the possibilities to collect additional data (data on some new phenomena in our economy should be examined, for example private pension funds, financial funds, leasing etc.)

V. Conclusion

27. The implementation of the 2008 SNA will mobilise the available resources and all the challenges that do not require additional data will be solved through the process of regular work.

28. The collection of additional data will require further harmonisation of the existing surveys in the SSO and in some cases their supplementing with certain additional data.

29. In relation to the adjustment of administrative data, the process will include additional negotiations and discussions with other institutions.

30. Technically, the activities are foreseeable and in that part the training of the SSO staff and other authorised bearers of statistics that will use the 2008 SNA is very important. In addition, this training should also include all users that will implement 2008 SNA in everyday work, such as accountants, professors, researchers etc. Support in the efforts to provide training is of significant importance for all participants in the implementation of SNA 2008.

31. The activities for implementation of NACE Rev. 2 will also have influence on the implementation period, as well as on the data revision period for which the SSO will develop a detailed plan of activities.