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Meeting on National Accounts

(Geneva, 26-28 April 2000)

**MAIN PROBLEMS WITH THE IMPLEMENTATION OF 1993 SNA IN AZERBAIJAN**

Supporting paper submitted by State Statistical Committee of Azerbaijan

SUMMARY\*

**Estimation of Gross Domestic Product (GDP)**

1. In Azerbaijan, the calculation of the macro-economic indicators according to the SNA has been made since 1992. In 1994 the recommendations of SNA-93 were applied in all calculations.
2. As a result of the economic reforms during 1995-1999, about five thousand big and medium enterprises were privatised and more than 50 thousand small industrial enterprises were established. Besides, there are about 70 thousand self-employed persons and about 800 thousand small farms. In these conditions the national statisticians have faced the problem of coverage.
3. Beginning with 1995 the State Statistical Committee of the Republic of Azerbaijan created the unified business register of the economic units. In 1999, was also created a similar register for physical persons. As from 1998 the NACE was adopted. The product classification (CPA) is being currently implemented.

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\* Unofficial summary in English prepared by the ECE Secretariat.  
Original document is CES/AC.68/2000/28 which exists in Russian only.

4. In compiling the production accounts there are difficulties linked with the existing book-keeping system. There is still the practice of compiling the accounting reports of the enterprises on a cumulative basis, and this all makes it difficult to estimate the separate quarters. The financial indicators are reported by some industries not in the moment of shipment of goods and services, but in the moment of actual transfer of funds into the current accounts of the enterprises.

5. The process of implementation of the national accounts can be divided into several stages:

- 1992-1994, the transition from complex and aggregated indicators according to the balance of national economy to the indicators of SNA with some considerable adjustment work,
- 1995-1997, the statistical business register needed for the statistical surveys, was created. For the first time the country's balance of payments was prepared. The household budget surveys and the survey on occupations were improved.
- from 1998, some stability has been established in the use of the sources of information, which have been improved to correspond to the international standards.

#### **Sources of information**

6. The main sources of information are the monthly (quarterly) surveys of the enterprises. The sample has been made using information from the Statistical business register.

7. Different sources of data are used for compiling the national accounts by all institutional sectors.

8. At present, the State Statistical Committee of Azerbaijan pays greater attention to the development of sector accounts, household budget surveys and observation of the hidden economy.

9. As from 1997 the accounts on household sector were compiled. This gave the opportunity not only to calculate the standard indicators, but simultaneously to estimate the dimension of the hidden income of the households.

10. The State Committee of Azerbaijan has not yet compiled a financial account. Nonetheless, it is previewed to conduct the experimental calculation of the main financial indicators for the household sector in 2000.

**Informal, hidden economy**

11. It is well known that some subjects of industrial activity, especially small enterprises, under-report on purpose the cost of their production.

12. The economic and social changes and the appearance of new market economic relations influenced the growth of the informal, hidden economy. It can be observed in the following sectors: trade, transport, construction, renovation of dwellings and servicing of vehicles, food, healthcare, education, tourism, etc.

13. In the national accounts of Azerbaijan several types of informal economic activities are taken into consideration. Among them are: production of alcohol and bread, tobacco, milk, meat and meat production, individual construction, renovation of dwelling and servicing of vehicles, private transport services, etc.

**Quarterly accounts**

14. At present there is severe need for short-term indicators showing the dynamics of the development in the economy and its components. One of the first-range tasks of the Statistical Committee of Azerbaijan is to start the methodological work on the compilation of quarterly national accounts: studying the content of the existing data bases and broadening the circle of the data sources used for calculation of these estimates. For this purpose, for the first time since 1999, the integration of various short-term statistical indicators into an unified system was performed. Along with the annual accounts, quarterly national accounts estimates are made from the production and expenditure sides.

15. As a result of the adjustment of the existing data quarterly national accounts are prepared for 1998 and 1999.

**Future plans**

16. At present the major part of the working programme is devoted to the application and improvement of the methodology of national accounts and the use of labour statistics data. It will be possible to solve this task before the end of 2000. There is also an intention to compile input-output tables for 2000.