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IMPLEMENTATION OF 1993 SNA IN ARMENIA:
PROBLEMS, SOLUTIONS AND PROGRESS

Supporting paper submitted by Ministry of Statistics, Armenia*

SUMMARY*

Short Chronology

1. The first familiarity with the calculation of Gross Domestic Product - the main indicator of SNA began in 1988. In 1993, thanks to the huge help of the international organizations and especially to the invaluable help of OECD, the transition process from the registration of material product system to SNA began in the Republic.

2. In 1994, the GDP calculations included some estimates for the hidden and informal economy: some additional registrations and adjustments were implemented.

* Unofficial summary in English prepared by the Ministry of Statistics of Armenia. Original document is CES/AC.68/2000/33 which exists in Russian only.

3. Presently in Armenia, National Accounts are elaborated on the basis of reported data for the period 1990-1997. All accounts are elaborated except *financial account, for which some preparative work is conducted for introduction in 2001.*

The difficulties on the way from 1993 to 2000, understanding the system's components

4. The economic theory. A long time passed before the accounting system of the enterprises passed on to *the method of accrual recording* under the acknowledgement of "incomes" and "expenditures" (i.e. time of transaction registration). For the calculation of GDP, the special statistical form of registration 1-À was implemented for sampling of all big enterprises and the majority of medium-sized enterprises. This allowed to differentiate between accounting and registration with the aim to compile the statistical macro-economic indicators. Since 1997 the accounting "brotherhood" also passed onto using this method.

5. We have come across the same problem with the method of costs estimation. In the accounting system, the costs were registered according to the historic value, while in the SNA - since 1997, we succeeded to pass on to the recommended *method of registration at current prices*. Again, in these circumstances, we have had to introduce the special statistical form 1-Ï and publish the special clarifying instruction to it.

6. The estimation of consumption of fixed capital. In the Republic, the revaluation of fixed assets hasn't been conducted systematically and the method of perpetual inventory hasn't been used.

7. In the estimation of fixed assets and depreciation, only in 2000 we succeeded to introduce one more statistical form of observation No 11, which will allow to solve the problem of *estimation of fixed assets (and, correspondingly, the gross formation of fixed capital) in market prices*. We hope to solve the problem also by using the results of the work of the Canberra Group. This will give us the possibility to create an additional system of data for the third stage of SNA - 93 implementation, which will also include the statistics on capital stock (fixed assets inventories at the end of period by industry breakdown).

8. The identification and strengthening of statistical sources. The SNA implementation brought to the necessity of reformation and improvement of the

whole statistical system in order to present the information necessary for estimation of economic phenomena on the basis of the SNA principles. A special attention has been paid to the introduction of a business register. It should be noted that the special requirements of the System are also reflected in the presently used questionnaire of business register.

9. In the autumn of 1999 the Statistical Service announced its intention for subscription to the IMF's General Data Dissemination Standards. The corresponding activities are implemented with the IMF's Statistical Department.

Progress Possibilities, Necessity for Modernization

10. Organizational and legal strengthening:

- A huge reformation is implemented in the accounting system of non-financial corporations.
- A New Civil Code was adopted and put into force since 01.01.1999, which is "the Economic Constitution" and it supposes to introduce the amendments to many other acts of the economic right, including the issues on introduction of administrative and other information registers.
- The Statistical Service undertook the active work on the legislation modernization in the sphere of statistics.
- The Statistical Service has published "SNA - the indicators of Armenia for 1990-1997 -" Handbook in three languages.

11. What else should be done for finalizing the SNA-93 introduction?

- The formation of a business-register, development of a reliable relation with the accounting system; improvement of data reliability of industry statistics and households surveys; the use of new specialised software.
- transition to using information for separate periods (quarters) instead of the accumulating sum from the beginning of year.
- improvement of the calculation methods of Producer Price Index.
- methodology improvement of registration of seasonal fluctuations in the GDP calculation.
- Implementation of the Financial Account; progress in the sphere of satellite accounts and regional accounts, etc.