



Economic and Social Council

Distr.: General
20 February 2012
English
Original: Russian

Economic Commission for Europe

Conference of European Statisticians

Group of Experts on National Accounts

Eleventh session

Geneva, 30 April–4 May 2012

Item 1 of the provisional agenda

Special session for economies in transition

Plan of action to improve the national accounts statistical indicators of Azerbaijan and its implementation

Report of the State Statistics Committee of the Republic of Azerbaijan

Summary

Implementing the changes in methodology of the System of National Accounts, 2008, in national accounts practices is among the challenges now facing national statistics offices. This report presents the three-year plan of action to improve national accounts indicators in Azerbaijan and describes the efforts to implement the plan and the results obtained. Another three-year plan, to improve national accounts statistics, has already been approved.

I. Basic goals

1. In April 2009, the State Statistics Committee drafted and approved a 2009–2011 plan of action to improve national accounts statistical indicators.
2. The measures in the three-year plan were prompted by a desire to tackle the practical problem of compiling indicators for national accounts in a balanced and consistent manner and lay the ground for their further development. The measures set out in the plan aim to:
 - Fill gaps in implementing the 1993 SNA
 - Improve basic statistics and price indices used for producing SNA indicators
 - Establish a methodology and database for implementing the recommendations made in the 2008 SNA

II. Identifying the challenges and main areas of activity

3. Before the plan was drafted, in addition to identifying unresolved problems with the 1993 SNA, the changes in the 2008 SNA were carefully reviewed and the changes that would have greatest impact on national accounts indicators in the country were identified.
4. It was found that about half of all the changes in the 2008 SNA were of no practical interest to the national accounts statistics of the country as the phenomena in question were absent or insignificant.
5. A decision was made to begin implementing the new provisions of the 2008 SNA with the changes directly affecting the size of GDP, bearing in mind the resources of the Statistics Committee, the relevance of one change or another to the national accounts and the needs of users.
6. The following issues were thus identified for the first stage of implementation of the 2008 SNA as priorities:
 - Output of the informal sector and illegal activities
 - Improving FISIM calculations
 - Improving the calculation of GDP at constant prices
 - Improving the calculation of consumption of fixed capital
 - Improving the calculation of holding gains
 - Recording expenditures on research and development in the SNA
 - Recording military expenditures in the SNA
 - Output of the Central Bank
7. Activities included in the three-year plan cover the following main areas:
 - Improving methods of measuring the output of the informal sector and illegal activities
 - Implementing the new classification of economic activities (NACE Rev.2)
 - Improving FISIM calculations
 - Improving the calculation of GDP at constant prices

- Improving the methods of data collection and processing for business statistics
- Developing missing price indices
- Improving the calculation of consumption of fixed capital
- Improving the calculation of holding gains
- Improved recording of expenditure on research and development in the SNA
- Improved recording of military expenditures in the SNA
- Creating databases and a methodological framework to record non-produced tangible assets in the SNA
- Improving the calculation of the output of the Central Bank

III. Implementation of the plan and technical assistance

8. Sectoral statistics divisions, the Price Statistics Division, the Labour Statistics Division and the Statistical Research Centre were involved with the National Accounts Statistics Division in implementing the plan.

9. In 2009, when the plan of action was adopted, a two-year twinning project sponsored by the Statistical Office of the European Communities (EUROSTAT) was launched. The project addressed the issue of how to make the business register, business statistics and price indices better in order to improve the SNA data and to directly improve the national accounts, in particular for sector accounts, supply and use tables, financial accounts, calculation of consumption of fixed capital and estimates of the non-observed economy.

10. The objectives of the project largely coincided with the objectives outlined in the plan of action. Thus, we were provided with an effective tool in the form of advisory assistance for the implementation of the objectives.

11. Top experts of the statistical bodies of the Czech Republic, Germany, Bulgaria and Lithuania were involved in the twinning project.

IV. Results of implementation of the plan of action

12. The following results were obtained during the implementation of the 2009–2011 plan of action:

- Methodological clarifications were made and a working group composed of officials from the relevant ministries and departments was formed to evaluate stocks of non-produced tangible assets
- Calculations of military expenditures in the SNA have been improved based on additional data obtained from the Ministry of Finance
- Estimates of holding gains have been improved
- Worksheets and software to calculate SNA indicators have been improved
- New indicators have been added to statistical reporting forms in order to obtain the information required to improve the calculation of consumption of fixed capital, production and distribution of research services, FISIM, financial account indicators and sector accounts of financial organizations

- An integrated system of statistical reporting forms has been developed and introduced
- Experimental estimates have been made to compile supply and use tables at constant prices
- Producer price indices for transport and, postal and telecommunications services, a housing price index and a general price index for capital goods have been developed, taking into account imports and domestic production
- FISIM calculations at current and constant prices have been improved
- FISIM allocations have been estimated among sectors or users
- Following a study of practices in European countries, methodological guidelines for estimating illegal activities have been developed
- Sources of information have been identified, data received and experimental estimates made of illicit drug trafficking and use and illegal production of alcohol and tobacco products
- In conjunction with the Tax Ministry, an investigation into fraudulent reporting by enterprises was conducted by tax inspectors, and the corresponding evaluations were made of this problem
- Experimental labour estimates were drawn up for 2008 to 2010
- Data sources were improved, methodological guidance was prepared and estimates of the non-observed economy using the labour input method were made
- In cooperation with the Central Bank and the State Migration Service, work began on estimating the number of foreign nationals working in the country and the amount of remittances sent abroad

V. Further efforts to improve national accounts indicators

13. A further plan of action for 2012 to 2014 has been developed and approved so as to systematically and effectively continue the effort to improve the national account indicators and to introduce the 2008 SNA changes. Measures to introduce those changes have also been included in the draft State programme to improve the statistical system of Azerbaijan in the period from 2013 to 2017.

14. Implementing the foregoing measures to improve the national accounts indicators also involves consulting with and reviewing the best practices of European countries, in the framework of bilateral cooperation, and also through international technical assistance programmes (technical assistance and information exchange (TAIEX) and others).

Annex 1

Plan of action to improve national accounts statistics, 2009–2011¹

<i>Actions</i>	<i>Work</i>	<i>Deadline for implementation</i>	<i>Executing authority</i>
1. Improve balance sheet indicators	1.1 Improve the indicators used in statistical reporting form No. 11 on the existence and movement of fixed assets and other non-financial assets	June 2009	
	1.2 Work with the relevant authorities to estimate stocks of non-produced tangible assets (subsoil, land, forest and water resources) and to determine prospects in this area	August 2009	
	1.3 Obtain additional information on investment in the construction of dual-use military installations and data on the balance-sheet value of these installations	August 2009	
2. Improve calculations of GDP	2.1 Review and improve worksheets and models used to measure various components of GDP	November 2009	
	2.2 Obtain additional information on the composition of government expenditures on defence required to correctly measure GDP and other national accounts indicators	August 2009	
	2.3 Organize and conduct research to determine the market value of 1 m ² of housing by region and calculate a price index	October 2010	
3. Incorporate the new classification of types of economic activity into national accounts statistics	3.1 Prepare retrospective time series of production and generation-of-income accounts in the section of the new version of the classification of types of economic activity for 2000–2009	2011, with extension into 2012	
	3.2 Prepare retrospective time series of quarterly GDP broken down using the new classification of types of economic activity	2011, with extension into 2012	
4. Improve data on inventories	4.1 Improve the methods for calculating holding gains (or losses)	October 2010	
5. Improve techniques to register results of research and development in national accounts	5.1 Draw up a methodology with instructions for including the results of research and development in national accounts	April 2010	

¹ Approved by decision No. 7/1 of 29 April 2009 of the board of the State Statistics Committee.

<i>Actions</i>	<i>Work</i>	<i>Deadline for implementation</i>	<i>Executing authority</i>
	5.2 Improve calculations to register research and development in national accounts statistics	Before the end of 2011	
6. Improve FISIM calculations	6.1 Draw up a methodology with instructions to improve FISIM calculations	September 2010	
	6.2 Improve and introduce FISIM indicator calculations	Before the end of 2011	
	6.3 Consult and obtain information for the division of market and non-market service output of the Central Bank	Before the end of 2011	
7. Improve the measurement of GDP at constant prices	7.1 Develop deflators to convert indicators for intermediate consumption at comparable prices	2010–2011	
	7.2 Improve producer price indices for construction	Before the end of 2010	
	7.3 Develop producer price indices for postal and communication services	June 2009	
	7.4 Develop producer price indices for industrial services	2010–2011	
	7.5 Develop an aggregate price index for capital goods (with producer and import price indices)	March 2010	
	7.6 Improve calculations of fixed capital formation at comparable prices	August 2010	
	7.7 Improve methods of calculating final consumption of households at comparable prices	November 2009	
	7.8 Improve methods of deflating non-market services	November 2009	
8. Ensure full coverage of national accounts indicators and the quality of primary data	8.1 Improve the methods of conducting sample surveys and processing of results	2009–2011	
	8.2 Develop and introduce a classification of reasons for non-responses to sample surveys	July 2009	
	8.3 Provide automated editing of incomplete and distorted data in statistical reporting with the use of methods of data imputation methods	2010–2011	
9. Bring the practice of comparing short-term statistics into line with international standards	9.1 Improve the use of chain indices while comparing monthly and quarterly data with data from the previous period	Before the end of 2009	

<i>Actions</i>	<i>Work</i>	<i>Deadline for implementation</i>	<i>Executing authority</i>
	9.2 Take into account seasonality factors when calculating current indices	Before the end of 2010	
10. Improve calculations for the non-observed economy	10.1 Compile supply and use tables for individual product groups using input-output coefficients for 2006	October 2009	
	10.2 Conduct special surveys to obtain additional information to rectify inconsistencies found while compiling balance sheets	In 2010	
	10.3 Experimental estimates of the non-observed economy using the labour input method	December 2009	
	10.4 Review other countries' statistical practice of estimating illegal activities	November 2009	
	10.5 Develop techniques to estimate and record illegal activities in national accounts statistical indicators	May 2010	
	10.6 Estimate the parameters of the non-observed economy, broken down by sector, in accordance with the classification used in the analytical tables for full coverage of statistical information	2009–2011	