Non-Observed Economy in EECCA and SEE countries
Survey Results

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Survey of EECCA and SEE countries

- Sent to 18 EECCA and SEE countries

- 15 replies (out of 18) from EECCA and SEE countries
  Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Mongolia, Serbia, Tajikistan, Turkey, Ukraine, Uzbekistan

- Questionnaire covered two parts
  - **Non-observed economy**
  - Owner occupied Housing

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Do you compile estimates for the components of the NOE?

STATISTICS

- All 15 countries compile NOE estimates
  - 11 countries apply the OECD Handbook categories
    - 2 estimate all elements
  - 13 countries use the Eurostat Non-Exhaustiveness Types
    - 5 estimate all N1 to N7 types
  - 8 countries use both breakdowns

- Several NOE components estimated together using common method or data source e.g LIM

- Only 6 countries compile estimate for illegal production (Armenia, Georgia, Kazakhstan, Mongolia, Serbia and Ukraine) + experimental calculations in Kyrgyzstan

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How are the annual estimates compiled and by which organization?

- In all 15 countries main compiler of the NOE estimates is the NSO
  - 3 countries indicated CB adjusts export and import (Belarus, Moldova, Ukraine)

- Direct estimates only in Albania, Bosnia and Herzegovina, Kazakhstan, Mongolia and Uzbekistan

- Indirect approach only in Turkey

- Mix of direct and indirect approaches in the rest
  - choice depends on product or activity

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How do you include NOE estimates in GDP?

- 12 countries adjust all 3 approached for measuring GDP
  - Production components: in all 15 countries
  - Income components: 12 countries (except Albania, Bosnia and Herzegovina and Uzbekistan)
  - Expenditure approach: 13 countries (except Bosnia and Herzegovina, and Uzbekistan)

- 7 countries (Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Kyrgyzstan, Tajikistan and Turkey) do not include some NOE components in GDP estimates
  - In most cases (part of) illegal activities

- 7 countries (Albania, Armenia, Bosnia and Herzegovina, Mongolia, Serbia, Tajikistan, Ukraine) compile the NOE estimates in volume terms

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What data sources do you use and their frequency?

- Annual data sources are used by 13 countries
  - Georgia uses sub-annual data, completed by special multiannual NOE surveys
  - Bosnia and Herzegovina relies on multiannual data sources
  - LFS, HBS, living conditions survey, SBS, administrative sources (tax data, permits, ministries) and ad hoc surveys
- Sub-annual data sources are used by 5 countries
  - Quarterly LFS, quarterly business statistics and administrative sources (permits, tax data)
- Multiannual by 8 countries
  - Special NOE surveys; UN World Drug Report; Health Ministries; Population census, LFS
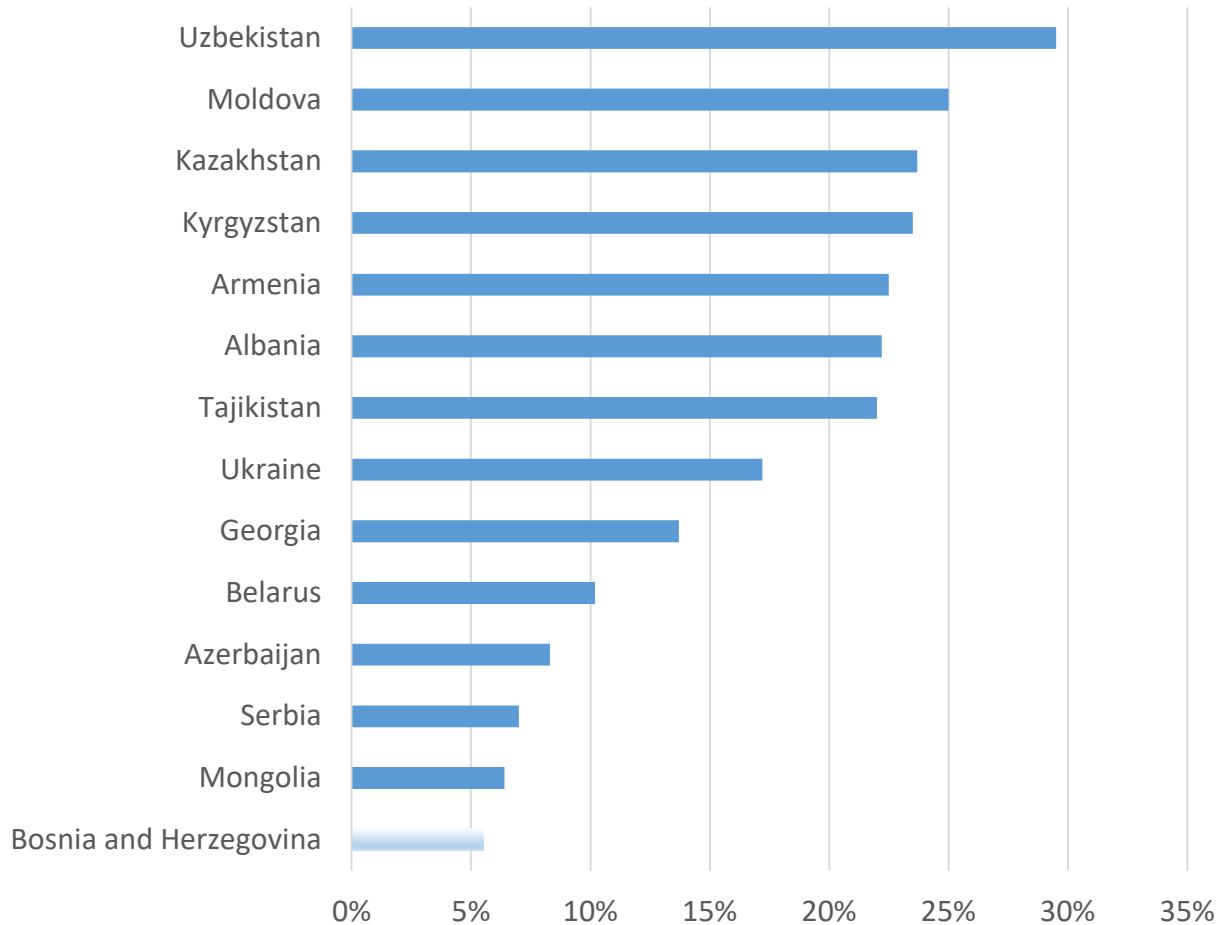
Do you publish NOE estimates in any form?

- 9 countries publish the NOE estimates
  - Mostly annually, often on aggregated level
  - Georgia publishes quarterly estimates annually
  - Moldova publishes quarterly NOE adjustments in BoP
  - Mongolia publishes every 5 years
- Armenia provides the NOE estimates on request for analytical purposes
- Tajikistan and Uzbekistan plan to publish NOE estimates in the future
- 6 countries produce quarterly NOE estimates
  - Coefficients based on annual estimates of previous year

What is the approximate size of the NOE as a percentage of GDP?

Most important components:

- Underground and hidden production (or N1, N6)
- Informal sector production (or N3)

Which element is most challenging to measure?

- Underground and misreporting (incl VAT fraud, fiscal audits, etc.): 6 countries

- Illegal activities: 4 countries

- Informal sector production: 2 countries

- Separate estimastes for N1, N3, N4 and N5

- NOE in services – especially in construction, transportation, accommodation and food service