

International conference on International Outreach and Coordination in National Accounts for Sustainable Growth and Development

Session 3 – Approaches, programme design

Title: Key point for the presentation of the Tacis project results in regard to the System of National Accounts in the Kyrgyz Republic

Institution: Statistical Office of the Kyrgyz Republic

The Statistical Office of the Kyrgyz Republic has implemented five projects in the framework of Tacis which contained two projects on Non-observed economy and individual projects on Quarterly National Accounts, Financial account within SNA, Environment account along with Environment statistics. In addition to that World Bank and IMF provided assistance in National Accounting, on Shadow economy and quarterly GDP calculations, respectively.

Non-observed economy (NOE)

In this country, the issue of the non-observed economy started to be dealt with in 1995, where the problem of under-calculations of the GDP emerged. Statistics of 1992 through 1994 were revised and figures on transport, trade and catering were re-calculated by using the data on households, which added 3,2% to the GDP for 1993, and 6% for 1994. The estimated share of NOE in the GDP for 2006 amounts to 19,4% in production terms and 20,9 in income usage terms.

In 1997, the Natstatcom of the Kyrgyz Republic developed and adopted "Methodological Guidelines for calculating the volume of the 'shadow' economy". Further estimates were produced according to these methodologies.

In 1998, the Natstatcom of the Kyrgyz Republic began a World Bank funded research about the measurements of the shadow economy. This research resulted in the joint publication "Kyrgyzstan: Report on Shadow Economy". Thank to the conducted research shadow economy (hidden and informal) was estimated both by GDP production method and by income formation and consumption method, referring to the years 1995 through 1997.

NOE estimates have been improved through the project on Non-observed Economy within the Tacis Statistics-5 Programme implemented from 2001 to 2003. The main project objectives were the following:

- Develop recommendations to ensure better coverage and quality of estimations on non-observed economic activities in all parts of the National Accounts.
- Train in NOE concepts corresponding with the international standards and Eurostat's guidelines; give an overview of the experience made by the Italian statistical office.

This project was implemented through ISTAT and contained the following actions:

- Setting tasks, developing software and output tables both by economic activities and by types of enterprises (break-down by number of employees, according to the Eurostat's and ISTAT's proposals);
- According to the experts' advice, introducing into the statistical questionnaires the employment indicators (number of employees and number of man-hours worked) to enable comparison with volume indicators;
- Studying and practicing methods of NOE estimation used in Italian statistics;
- Calculating NOE indicators for trade, by using the Italian method. This enabled NOE estimations through both the "traditional" method and the labour force survey data from November 2002;

The acquired skills were used to estimate NOE for 2005 for which the results were presented at the SPECA seminar in Bishkek in April 2007.

In the framework of the Statistics-7 programme in 2004 through 2005, further studies on the NOE measurements were conducted.

The main project tasks were:

- Identifying methods for detection and analysis of both hidden and informal economy (disparity and sensitivity analysis), conducting respective calculations;
- Conducting small-scale special surveys;
- Preparing detailed methods for calculation of the NOE part in the GDP (production base method, distribution based method, income based method).

ICON group was the consultant in this work (expert Derek Blades). For the project implementation the expert suggested a to a certain extent different vision of the problems and proposed the following actions:

- Studying and applying Eurostat's module approach in order to estimate the kinds of NOE;
- Survey of farms;
- Training seminars and a conference.

Results achieved:

- Eurostat's tables and Eurostat's approach were studied, NOE was estimated for the 2003 reference year, on the base of the Eurostat module approach. At present, statistics referred to 2004 through 2006 have been compiled.
- A sample survey of farms was conducted in order to determine agricultural production for own consumption. The survey results are used for SNA calculations and balances by the main agricultural products;
- The correction method for data from business that overreport their intermediate consumption and/or underreport income. This correction method is applied to businesses in certain economic activities.

Quarterly National Accounts (QNA)

Tacis Statistics-7 project (2004-2005)

Experimental calculations of quarterly GDP have been being made since the reference year 1993. The first exercises were supported through technical assistance by the MIF statistical office. Additionally to that 2 statisticians have received training at the IMF seminars on the QNA compilation methods. Along with this, short-term statistics was collected cumulatively. Starting from 2004, generally all finance statistics has being compiled at a quarterly basis and covers indicators such as earnings, expenditures.

The main objectives of the project were:

- Analyse the available statistics in order to obtain QNA estimates and
- Determine data sources for QNA compilation; as well as
- Conduct training in methodology and definitions and
- Assist in testing methods, approaches and tools.

ICON was chosen as the consultant, while Gosse Hommes acted as the expert.

The actions which were carried out allowed to study the international methodology of the QNA calculations, to determine sources of data used for QNA calculations; basing on the available data experimental GDP calculations by production were performed. Quarterly and annual GDP calculations by production were coordinated while the annual juxtaposition method was introduced.

Currently Natstatcom undertakes certain actions in this direction: GDP calculations by production method were made with reference to 2000 through 2007, in 2000 average prices. The Board of

Natstatcom has adopted preliminary methods for production based calculation of quarterly GDP. Nowadays also quarterly income based GDP calculations in 2000 average prices have been started. Nevertheless, certain, both methodological and practical, issues remain unsolved, the seasonal adjustment method has not been implemented. We hope to resolve these matters thank to Tacis Statistics-11 technical assistance programme.

Financial Account in the SNA

Tacis Statistics-8 Programme (2005-2006)

British Council was the consultant while Philipp Turnbull acted as the EU expert. Since this subject is new for Kyrgyz statistics, the EU expert defined short-term and long-term objectives. The short-term objectives within this project covered:

- Determining sources of data used for compilation of financial accounts;
- Studying concepts, methods and definitions;
- Defining software;
- Studying and implementing alternative cross-checks methods, comparing methods and data sources.

The short-term objectives have been implemented. Further activities have been designed. The expert has developed step-by-step guidelines for calculation of financial account indicators.

At the same time the received know-how on the compilation of financial account is not all-embracing and the NSC staff need further technical assistance and special formal training in this area.

Environment statistics and environment accounts

Tacis Statistics-9 Programme (2006-2007)

Environment statistics and accounts represent an entirely new area in Kyrgyz National Accounting. The following main project tasks were defined:

- Studying methodology of environment statistics and environmental accounts;
- Evaluating current needs for the development of environment statistics and environmental accounts;
- Assessing the current environmental statistics for the purpose of the environmental accounts;
- Preparing and conducting a pilot survey of population, based on the studied methods; analysis of survey results;
- Development of an experimental waste account.

The set tasks were subject to modifications during the project implementation. Experience of a number of European countries in environment protection statistics and environmental account compilation was studied. Preliminary layout of tables for calculating solid waste flows was made (resources and uses tables); a special businesses survey was carried out in order to study formation and use of solid waste, such as polymers, glass, paper, ashes, base (ferrous) metal scrap. Moreover, urban landfills were surveyed in terms of waste sorting and treatment.

At the same time, due to the lack of detail about waste flows, a solid waste account could not be compiled.

Work in this area is going on. Questionnaires on formation and use of waste were provided by the Czech statistical office and will be adjusted to the situation in Kyrgyzstan.