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QUALITY REPORT 2020

Quarterly Gross Domestic Product

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1. Introduction – Basic information about the survey

1.1 Purpose, goal and subject of the survey

Quarterly National Accounts are compiled from a series of macroeconomic indicators, which provide a comprehensive picture of the economic situation and serve as a basis for economic analysis, forecasting and decision-making. The main aggregate of national accounts is Gross Domestic Product. The methodology which is used is consistent with the System of National Accounts (SNA 2008) and the European System of National Accounts (ESA 2010). The estimation of GDP includes all activities within the production boundary defined methodologies SNA 2008 and ESA 2010 and covers the entire territory of Montenegro.

The purpose of the compilation of quarterly gross domestic product (QGDP) is to monitor short-term dynamics in economic activities, i.e. presentation of general picture of current economic changes within quarterly dynamics. In this manner, a more regular picture of the situation in the economy is provided; detailed information, both financial and non-financial of economic activity. Compilation of QGDP is done by expenditure approach.

Quarterly GDP by expenditure approach is estimated as sum of consumption of households, government consumption, investments, changes in inventories and net export and import of goods and services. The results of the estimation are valued at current and constant prices. Estimated data are expressed in thousands of euros.

1.2 Legal basis

The Law on Official Statistics and Official Statistical System (*Official Gazette of Montenegro No 18/12*) defines provisions for collection, processing, and dissemination of data. The Law provides to the Statistical Office clear and wide legal powers to collect and access the data necessary for the implementation of Programme and Annual Plan. The Law gives priority to the use of administrative data and right of access to individual data that are result of survey of other official statistical producers. As an annex to legal provisions, Statistical Office has signed several memoranda on cooperation with administrative data providers.

1.3 Statistical units

All economic units, legal units, natural persons and households within the production boundaries defined by methodologies SNA 2008 and ESA 2010.

1.4 Coverage and scope of survey

1.4.1 Sectors

The estimation of QGDP includes all activities within the production boundaries defined by methodologies SNA 2008 and ESA 2010 and covers the entire territory of Montenegro.

1.4.2 Statistical population

National accounts combine data from more data sources so that the concept of statistical population cannot be applied in the context of national accounts

1.5 Referent geographical area

Montenegro.

1.6 Concepts and definitions

QGDP represents the market value of all final goods and services produced within a country in a quarter (three months). QGDP at market prices is the final result of the production activity of resident units and can be calculated in 3 ways:

- Production approach,
- Expenditure approach and
- Income approach.

MONSTAT currently compiles QGDP by expenditure approach.

According to the expenditure approach:

$$\text{GDP} = \text{final consumption of households} + \text{government final consumption (individual and collective)} + \text{gross fixed capital formation} + \text{changes in inventories} + \text{exports} - \text{imports}.$$

Final consumption expenditure of households are expenses (including imputed expenditures) of resident households on individual consumption of goods and services (e.g. expenditure for food, clothing and footwear, housing, etc.). These expenditures do not include expenditures of households for the purchase of fixed assets (e.g. dwellings or valuables).

Government final consumption expenditure are expenses (including imputed expenditures) of the government sector to the individual and collective consumer goods and services. They are divided into two groups:

- the value of goods and services produced by the country and which, by convention, the country consumes - collective consumption (for example: services of the courts, defense, security, environment, etc.) and
- government expenditures for the purchase of consumer goods and services produced by market producers and to which the state, without any transformation, supplies households through social transfers in kind - individual consumption (for example prescription pharmaceuticals on the basis of compulsory health insurance for the patient).

Gross capital formation consists of gross fixed capital formation, changes in inventories and net valuables. Gross fixed capital formation is measured by the total value of the producers acquisition less disposals of new or used fixed assets during the accounting period.

Changes in inventories represent the difference between the level of stocks at the beginning and the end of the year, valued at the average market prices. Inventories can be: of materials, work in progress, finished goods, and merchandise.

Imports and exports of goods and services consist of transactions of products (purchase/sale, exchange or gift) between resident and non-resident units.

Imports and exports of goods and services do not include:

- Deliveries of non-resident (foreign) representative offices of resident companies perform to non-residents and deliveries of resident representative offices of non-resident enterprises to residents,
- flows of primary income to abroad or from abroad (such as compensation of employees, interest or income from direct investment) and
- sale and purchase of non-produced assets (e.g. land or patents).

External balance of goods and services is the balancing item (balance) of goods and services foreign account. It represents the value of exports of goods and services minus imports of goods and services of the foreign sector. When the external balance of goods and services in foreign accounts is positive, it means a deficit of the national economy in goods and services trade with foreign countries and vice versa, if it is negative, it means a deficit of overseas and a surplus for the national economy.

1.7 Classifications

KD 1999 (Nace Rev.1.), KD 2010 (NACE Rev. 2.), COFOG, COICOP, CPA, CN, HS.

1.8 Frequency of data collection

Quarterly data are collected after the end of the reference period for estimation of preliminary QGDP and 9 months after the end of the reference year during the annual GDP compilation.

1.9 Frequency of data dissemination

Quarterly.

1.10 Methodology

International recommended methodology for the calculation of National Accounts is the System of National Accounts 2008 (SNA 2008), which provides a detailed theoretical framework, while for the EU countries the methodology is prescribed by the European System of National Accounts (ESA 2010) which is fully consistent with the SNA 2008 and adapted to the European environment and practices. The legal obligation of each EU Member State is to respect the ESA 2010 in their statistical practices.

Link: <http://ec.europa.eu/eurostat/web/products-manuals-and-guidelines/-/KS-02-13-269>

1.11 Base period

Corresponding quarter of the previous year.

1.12 Unit of measure

The data are published in thousands of euros and in %.

1.13 Source of data

National accounts compilation builds up on statistics that are primarily collected for other purposes (primary statistics). It relies on a variety of data sources, including administrative data: accounting financial statements, tax data, budgetary reports, population censuses, statistical surveys of businesses and households, statements of supervising institutions and branch organizations, annual and quarterly reports, trade statistics on goods and services, balance of payments information. There is no single survey source for national accounts. Data sources are usually short-term and as such may change during time. Having in mind that QGDP are calculated and published as preliminary results, and revised only once within publishing of final annual estimates.

2. Relevance – Data users

2.1 User needs

International users:

- Eurostat,
- World Bank,
- UN organizations,
- International Monetary Fund

National users:

- Ministries and other public administration bodies,
- Local government, and other local government bodies,
- Central bank of Montenegro,
- Non-governmental organizations,
- Students,
- Researchers,
- Media.

2.2 User satisfaction

The Statistical Office has adopted the Quality Management Strategy, the Guidebook to the Implementation of the Quality Management Strategy, as well as the Plan for the Implementation of the Quality Policy. In order to measure the degree to which fulfills obligations towards users and within the new quality policy, the Statistical Office conducted User satisfaction survey. Data collection was carried out through a web survey, in the period from March 6 to April 27, 2020. The results of the survey are available on the Statistical Office website, link:

[https://www.monstat.org/uploads/files/2.%20Izvestaj%20o%20zadovoljstvu%20korisnika%20ENG%20\(Autosaved\).pdf](https://www.monstat.org/uploads/files/2.%20Izvestaj%20o%20zadovoljstvu%20korisnika%20ENG%20(Autosaved).pdf)

3. Accuracy and reliability

3.1 Accuracy – Overall

The compilation of National Accounts is a complex task that involves many different data sources. Accuracy and reliability are ensured by the application of methodological instructions in accordance with the methodology of National Accounts.

3.2 Sampling error

Not relevant.

3.3 Non-sampling error

Not relevant.

3.3.1 Coverage error

Not relevant.

3.3.2 Error of measurement

Not relevant.

3.4 Seasonal adjustment

The objectives of seasonal adjustment are to identify and remove seasonal fluctuations and calendar effects which can mask short and long-term movements in a time series and impede a clear understanding of underlying phenomena. Seasonal adjustment is therefore a fundamental process in the interpretation of time series to inform policy making (ESS guidelines on seasonal adjustment, 2015 Edition, Annex, point 1). The seasonal adjustment was performed using JDemetra software, using the X-13ARIMA-SEATS algorithm. In the general specification, the calendar adjustment and the number of working days were performed. A direct approach to seasonal adjustment has been applied, which means that all time series (including aggregates) are seasonally adjusted individually. After seasonal adjustment, results are obtained for each series and aggregate individually, where the sum of the components is different from the aggregate.

3.5 Data revision

3.5.1 Data revision policy

National accounts data are subject to continuous revisions as new input data become available. They are called routine revisions and entail regular revisions of country data and of the European aggregates, which are derived from the former. More rarely, exceptional revisions (called benchmark revisions) will result from major changes in data sources, classifications or methodology. For example, when changing from ESA95 to ESA 2010, a benchmark revision occurred at country level and at euro area/EU data level. Preliminary data are revised at the time of the availability of annual data. Statistical Office has adopted the revision policy and it is available on the website:

<http://www.monstat.org/eng/page.php?id=1411&pageid=1411>

3.5.2 Data revision practice

Data from the National Accounts are subject to revisions in case of changes in international methodologies or if new data sources become available. National Accounts represent a wide range of data on different areas that are integrated into the National Accounts system so that a change in one area will have an impact elsewhere, and therefore the revision of one part of National Accounts can lead to a revision of the data of the entire system of National Accounts. While revisions should be seen as a process to progressively improve the quality of national accounts as e.g. better sources and/or methods become available, the availability of metadata on revisions is a key element for understanding national accounts data and revisions between subsequent releases. After the publication of annual gross domestic product, quarterly GDP data are benchmarked to the annual data with aim to gain internal consistency.

3.5.3 Data revision - average size (A6)

Not available.

4. Timeliness and punctuality

4.1 Timeliness

Data are published in accordance with the Annual Plan of Statistical Surveys and Statistical Release Calendar, 75 days after the end of the referent quarter (t+75).

Time lag of the first results

Preliminary quarterly GDP data are available 11 weeks after the referent quarter.

Time lag of the final results

Final quarterly GDP data are available 9 months after the end of the referent period.

4.2 Punctuality

National account data is revised in case the source data is revised, new data sources become available, or changes are made to the methodological recommendations.

5. Availability and clarity

5.1 Statistical Release Calendar

The Law on Official Statistics and Official Statistical System (Official Gazette of Montenegro No 18/12) stipulates that official statistical producers prepare, update, and publish Statistical Release Calendar. It is published on the website of Statistical Office not later than 20 December, for the next year, for all official statistical producers that includes date of releasing statistical data. Any change in date of releasing in the Calendar is published in advance in accordance with the Procedure on Unplanned Revisions.

5.2 Access the data Release Calendar

Available on link: <http://www.monstat.org/eng/page.php?id=12&pageid=12>

5.3 Releases

QGDG releases are available on the website, link:

<http://monstat.org/cg/page.php?id=1248&pageid=20>

5.4 Publication

Statistical Office publishes the following regular publications:

1. Statistical Yearbook,
2. Montenegro in figures,
3. Monthly statistical review.

In addition to the above regular ones, Statistical Office publishes also additionally publications. Some of the most important additional publications are as it follows:

1. Women and Men in Montenegro,
2. The most often used statistical data.

All publication published by Statistical Office are available at the following link:

<http://monstat.org/eng/publikacije.php>

5.5 On-line database

In order to enable easy access to national accounts data, all validated national accounts data are available to users by publishing in an online database and other formats.

Link: <http://monstat.org/eng/pxweb.php>

Other formats exists in excel on the website.

Link: <https://www.monstat.org/eng/page.php?id=20&pageid=20>

5.6 Access to micro data

The Law on Official Statistics and Official Statistical System (Official Gazette of Montenegro No 18/12) regulates rules under which external users can obtain an access to individual data for the needs of research. Article 58 defines types of scientific and research organizations that can obtain such data. Providing individual data without identifier is possible only upon a written request of scientific and research institutions, with purpose of performing scientific and research activities as well as international statistical organizations and statistical producers from other countries. Research entity signs the agreement with Statistical Office, and it signs the statement on respecting the confidentiality principle. Official statistical producers keep a separate record on users and purpose of using the statistical data given to these users.

6. Comparability

6.1 Comparability - geographical

The comparability is insured by the application of common definitions of ESA 2010 which enables the geographical comparability of data between Montenegro and other countries. In line with the Nomenclature of Territorial Units for Statistics (NUTS), the territory of Montenegro is considered as one statistical region..

6.2 Time comparability

As the data for all reference periods are compiled according to the requirements of the ESA 2010, national accounts data are fully comparable over time. Also, in the case of fundamental changes to methods or classifications, revisions of long time series are performed, usually going far back into the past. By using a common framework, the European System of Accounts ESA 2010, data for Montenegro can be comparable over time, for quarterly time series from 2006 onwards. Data are available and comparable with other countries data from first quarter of 2006 onwards, in current prices, and from the first quarter of 2007 onwards, in constant prices.