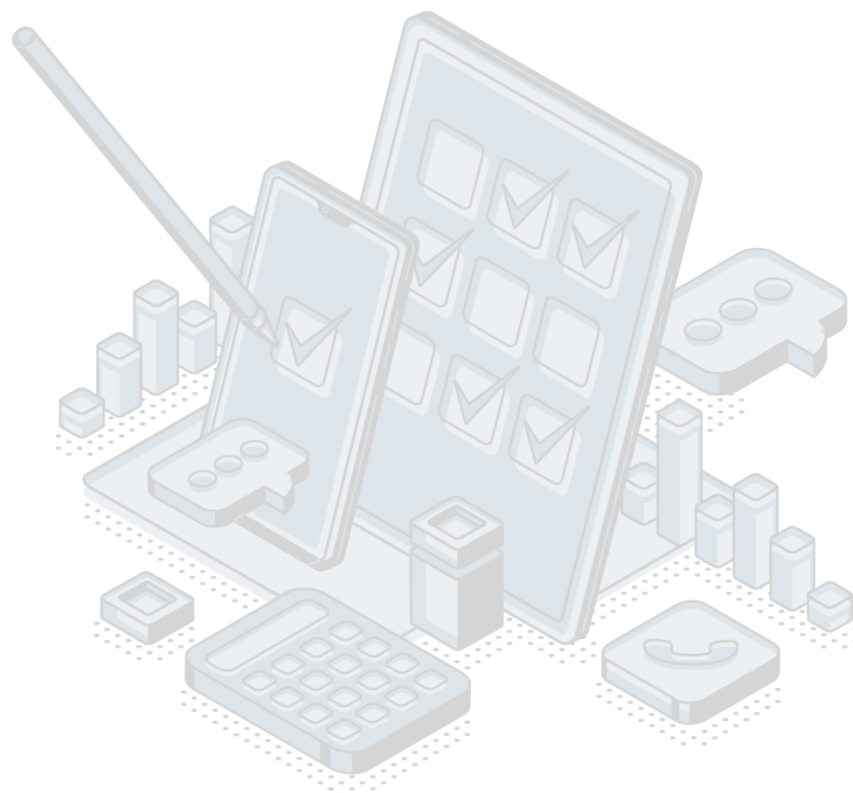


QUALITY REPORT

ANNUAL GROSS DOMESTIC PRODUCT 2023



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1. Introduction – Basic information on survey

1.1 Purpose, goal, and subject of survey

The aim of the compilation of Gross Domestic Product (GDP) is to obtain the main and most important macroeconomic aggregate in the system of National Accounts. Annual GDP presents market value of all goods and services produced in the country during one year. GDP is compiled by production, expenditure and income approaches.

Gross Domestic Product by production method is the result of the production activities of all resident institutional units, and it is calculated as the sum of their added values and taxes on products less subsidies on products. The advantage of applying this method of calculation is that it provides an overview of the contribution of individual activities to the overall economic growth of the country.

Gross Domestic Product by expenditure method is calculated as the sum of consumption of households, government consumption, gross fixed capital formation, changes in inventories and the balance of exports and imports of goods and services.

Gross domestic product by the income method equals the sum of compensation of employees, net taxes on production and gross operating surplus and mixed income.

1.2 Legal basis

The Law on Official Statistics and Official Statistical System (Official Gazette of Montenegro No 18/12 and 47/19) 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 a priority to the use of administrative data and right of access to individual data that are a 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.

National accounts are compiled in accordance with the European System of Accounts (ESA 2010), which is published in the Official Journal of the European Commission as Annex A to Regulation (EU) No 549/2013. The ESA 2010 Data Transmission Programme is covered by Annex B.

ESA 2010 takes the form of regulation and contains:

- ✚ methodology (Annex A) on common standards, definitions, classifications and accounting rules to be used to compile accounts and tables on comparable basis
- ✚ a data transmission programme (Annex B) setting the deadlines by which Member States submit accounts and tables to Eurostat
- ✚ several separate acts, often related to classifications such as: NACE Rev. 2, CPA 2.1, COFOG, COICOP, NUTS 2013

More legal acts relevant to national accounts statistics can be found on the Eurostat website in the "National accounts" section, link: [Legislation](#)

When preparing and defining the Annual Plan, the Statistical Office adheres to the statistical requirements defined in the Statistical Compendium of the European Commission (link: [Compendium](#)).

1.3 Statistical units

All economic units, legal and natural persons and households within the defined production limits in the System of national accounts - SNA 2008 and European system of accounts - ESA 2010 methodologies.

According to the international methodology ESA 2010, national accounts use two types of units and two appropriate ways of observing the economy: (a) the institutional unit; (b) local unit by type of activity (local

KAU). The first type is used to describe income, expenses and financial flows, as well as for balance sheets. The second type of units is used to describe production processes as well as input-output analysis.

An institutional unit is an economic entity characterized by the autonomy of decision-making in the activities of its main function. A resident unit shall be deemed to constitute an institutional unit in the economic territory in which it has its centre of predominant economic interest if it has decision-making autonomy and either has a complete set of accounts or is able to compile a complete set of accounts.

Local KAU groups all parts of the institutional unit in its capacity as producers located in one location or in closely located locations, and which contribute to the performance of activities at the level of activity (four digits) NACE Rev. 2. An institutional unit consists of one or more local KAUs; local KAU belongs to one and only one institutional unit.

1.4 Coverage and scope of survey

1.4.1 Sectors

All sectors defined by Classification of activity 2010 (which is in line with NACE Rev. 2) are covered except sector U: Activities of extraterritorial organisations and bodies and households.

National accounts describe the overall economy of a country. All units that have their center of predominant economic interest in the economic territory of that country are covered.

In addition, national accounts describe economics and according to several other types of aggregation and deaggregation. The two most important levels of desaggregation are according to institutional sectors and by the activities of NACE Rev. 2. For each of the detail items, the exhaustive calculation of national account data is required.

When it comes to the division by institutional sectors, ESA 2010 distinguishes five mutually exclusive domestic institutional sectors: (a) non-financial sector, (b) financial sector, (c) general government sector, (d) household sector; (e) non-profit institutions serving households. The five sectors together make up the overall domestic economy. Each sector is also divided into subsectors.

As for the division by activities, ESA 2010 applies the NACE Rev. 2 classification of activities. Activities can be divided into several levels of detail, for example 3, 10, 21, 38, 64 or 88 activities. Currently, data on national accounts are produced at NACE level A21 as well as at A10 level.

1.4.2 Statistical population

Statistical population of a country's national accounts consists of all resident statistical units (institutional units or local KAUs). A unit is a resident unit of a country when it has a center of predominant economic interest in the economic territory of that country, i.e. when it engages for a longer period (one year or more) in economic activities in that territory. Compilation of national accounts data includes all statistical units, thus ensuring exhaustiveness in the calculation.

1.5 Reference geographical area

The reference area for national accounts is the overall economy of Montenegro. The total economy of a country can be divided into regions. The NUTS classification provides a single, uniform division of the economic territory of EU member states. According to the NUTS classification, Montenegro is one region at all 3 NUTS levels.

1.6 Concepts and definitions

Gross domestic product (GDP) measures the total income and total expenditure of the economy. It represents the market value of all final goods and services produced within a country in a given time interval. This interval is usually one year or a quarter (three months).

GDP at market prices is the final result of the production activity of resident production units and it is calculated in 3 ways:

- ✚ by production approach,
- ✚ by expenditure approach, and
- ✚ by income approach.

GDP by production approach:

GDP = the sum of gross value added + taxes less subsidies on products.

Gross value added is the net result of output valued at basic prices minus intermediate consumption valued at purchasers prices. Output represents the total value of goods produced and services provided during the accounting period. Intermediate consumption includes the value of goods and services used as inputs in the production process, excluding fixed assets whose consumption is recorded as consumption of fixed capital. Taxes less subsidies on products are taxes (paid) less subsidies (received) per unit of product or service provided.

GDP by expenditure approach:

GDP = final consumption of households + government final consumption (individual and collective) + gross fixed capital formation + changes in inventories + exports - imports

Final consumption expenditure of households are expenses (including imputed expenditures) of resident households on individual consumption goods and services (e.g. expenditure on 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 expenditure) of the government sector to the individual and collective consumer services. They are divided into two groups:

- ✚ The value of goods and services produced by the government and which, by convention, the government consumes - collective consumption (for example: services of the courts, defence, security, protection of environment, etc.), and
- ✚ Government expenditures for the purchases of consumer goods and services produced by market producers that are supplied to households, without any transformation, as social transfers in kind - individual consumption (for example medicament taking on receipt according regular health insurance).

Gross investments in fixed assets are measured by the total amount of the producer's acquisition less disposal of new or used fixed assets during the accounting period. Net investments in fixed assets are gross investments in fixed assets less consumption of fixed assets (depreciation).

Changes in inventories are 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: materials, work in progress, finished goods, and merchandise goods.

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 performs 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 (eg. 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 rest of the world sector. When the external balance of goods and services in foreign accounts is positive, it means a deficit (deficit) of the national economy in trade of goods and services with foreign countries and vice versa if it is negative, it means a lack for overseas and excess to the national economy.

GDP by income approach:

GDP = compensation of employees + net taxes + gross operating surplus and mixed income

Compensation of employees includes all income in cash or in kind which employees received in return for their work done, as well as all payments to the compulsory social security schemes of employees. Net taxes are taxes on production and products less subsidies on products. Gross operating surplus and mixed income is the residual category, equals value added minus compensation of employees and taxes on production.

1.7 Classifications

For the purposes of national accounts according to ESA 2010, the following classifications are used:

- ✚ KD2010 classification of activities that complies with NACE Rev. 2 for economic activities,
- ✚ CPA 2.1 for products by economic activity,
- ✚ COFOG for the functions of the government,
- ✚ COICOP for individual consumption by purpose
- ✚ NUTS 2013 for regional accounts.

In addition, for the purposes of compilation of GDP aggregates, some additional classifications related to import and export data are used, such as CN - combined nomenclature, HS – harmonized system, as well as the classification of fixed assets defined by ESA 2010

An overview of classifications is available at:

- ✚ ESA 2010 Chapter 23 Classifications: [Methodology ESA2010](#)
- ✚ Eurostat RAMON database classification: [Ramon base](#)
- ✚ Monstat website: [Classifications](#)

1.8 Frequency of data collection

Data is collected once a year.

1.9 Dynamics of data dissemination

Annual data on national accounts are published at least once a year: when data for the new year is added. However, depending on country's practice and revision policy, annual data may also be published more frequently, e.g. publication of preliminary data at the beginning of a calendar year and revised later in the calendar year.

Annual data on national accounts for Montenegro are published once a year, t+9 months.

The data are transmitted to Eurostat in accordance with the defined deadline of the ESA 2010 transmission programme. In addition to the requirement for transmission of final annual data (t+9 months), it is required to send preliminary annual data as the sum of quarterly preliminary data for that year (t+2 months).

1.10 Methodology

Following methodologies are used in compilation of national accounts data:

- ✚ System of national accounts SNA 2008, link: [Methodology SNA2008](#)
- ✚ European system of accounts ESA 2010, link: [Methodology ESA2010](#)

- ✚ Handbook on price and volume measures in national accounts 2001, link: [Handbook on P&V](#)
- ✚ European system of accounts ESA 2010 – transmission programme of data, link: [Transmission programme ESA2010](#)
- ✚ Manual on the changes between ESA 95 and ESA 2010, link: [Changes between ESA95 and ESA2010](#)
- ✚ Eurostat Manual of Supply, Use and Input-Output Tables, link: [Handbook on SUT](#)

1.11 Base period

The concept of 'base period' is not applicable in national accounts. Instead, the concepts of previous year's prices and chain-linked volumes are applied, in accordance with the Commission Decision 98/715/EC.

1.12 Unit of measure

In addition to the data expressed in current prices, the data of national accounts are also expressed in the prices of the previous year and in the chain-linked volume measures, in thousands of EUR. In addition, it is possible to calculate growth rates and indices, and various other units of measure can be applied (e.g. percentages of share, per capita data, data expressed in purchasing power standards).

1.13 Data source

The main data source for the compilation of annual GDP are financial statements of companies, banks, insurance companies, government sector, local governments, social security funds, entrepreneurs, data on lump sums obtained on the basis of the tax return and data from the balance of payments. All the above mentioned sources represent an administrative data source. Data obtained from statistical surveys are also used.

1.14 Method of data collection

Data collection is very country-specific and also varies according to the nature of the data source, e.g. administrative databases, tax records, administrative registers, surveys, financial statements, etc.

National accounts collect data from multiple sources. Data collection techniques are different, depending on available sources of information, timeliness of data release and other factors.

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 for 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. The results of the survey are available on the Statistical Office website, link: [User satisfaction report](#)

3. Accuracy and reliability

3.1 Accuracy – overall

Compilation of national accounts is a complex task involving many different data sources. Accuracy and reliability is ensured by applying methodological instructions in accordance with the methodology of national accounts.

3.2 Sampling error

Not relevant.

3.3 Non-sampling error

Not relevant.

3.4 Seasonal adjustment

Not relevant.

3.5 Data revision

3.5.1 Data revision policy

The Statistical Office has adopted the revision policy and it is available on the website: [Revision policy](#)

3.5.2 Data revision practice

National Accounts data 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 revision of the data in the entire system of National Accounts. While revisions should be seen as a process for progressively improving the quality of national accounts, e.g. better sources and/or methods are becoming available, the availability of revised information is a key element for understanding national accounts data and revision occurring between releases.

3.5.3 Data revision - average size

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. The deadline for publishing data is until the end of September of the current year for the previous year.

Time lag of preliminary results

Preliminary annual GDP data are available 73 days after the referent period. Preliminary data are compiled as a sum of quarterly GDP data.

Time lag of final data

Final data are available 9 months after the referent period.

4.2 Punctuality

Good statistical practice requires that the dates on which national accounts data become available are pre-announced and that the pre-announced publication dates are met.

National accounts data should be punctually delivered to Eurostat at the timeliness defined in the ESA 2010 transmission programme (or before).

Quarterly data are published in accordance with the Annual Plan of Statistical Surveys and Statistical Release Calendar 74 days after end of the reference quarter.

Annual data are published in accordance with the Annual Plan of Statistical Survey and Statistical Release Calendar in the end of september of current year for previous year, respectively deadline for data transmission by Data transmission programme (t+9 months).

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 and 47/19) 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 to Statistical Release Calendar

The Statistical Release Calendar is available at the following link: [Statistical Release Calendar](#)

5.3 Releases

Releases on annual gross domestic product for Montenegro, link: [Releases](#)

5.4 Publications

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 additional 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 publications published by Statistical Office are available at the following link: [Publications](#)

5.5 Online database

Annual GDP data in excel format are available in the Data section at the link: [Data in Excel format](#)

5.6 Access to microdata

The Law on Official Statistics and Official Statistical System (Official Gazette of Montenegro No 18/12 and 47/19) regulates rules under which external users can obtain an access to individual data for 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 records on users and purpose of using the statistical data given to these users.

5.7 Metadata occupancy

Not available.

6. Comparability

6.1 Spatial comparability

By applying Regulation (EC) No 549/2013 which prescribes the application of ESA 2010 methodology geographical comparability of data between Montenegro and other countries is enabled. Geographical comparison around the world is possible because most non-European countries apply the SNA 2008 guidelines and SNA 2008 is in line with ESA 2010.

In accordance with the Nomenclature of Territorial Units for Statistics (NUTS) and the Data Transmission Programme (ESA 2010), the Statistical office submits data on quarterly and annual GDP to Eurostat at all three levels of NUTS classification. The territory of Montenegro is considered to be a single statistical region.

6.2 Time comparability

From 2000 to 2005, the data are available in accordance with the ESA 95 methodology by the NACE Rev.1.1 classification. From 2006 onwards data are available in accordance with the ESA 2010 methodology and by NACE Rev.2 classification.

As the data for all reference periods are compiled in accordance with the requirements of ESA 2010, the data on national accounts can be fully time-comparable. Also, in the case of fundamental changes in methods, improvement of data sources or the emergence of new data sources, classifications, revisions of time series are carried out in order to form a new complete time-comparable data series.

Using a common framework, the European System of Accounts ESA 2010, data for Montenegro can be compared over time, for the annual time series 2006-2023.

Time comparability indicator

Not available.