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QUALITY REPORT 2016

Quarterly Gross Domestic Product

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1. Introduction – Basic information about the survey

1.1 Purpose, goal and subject of the survey

The purpose of the quarterly calculation of Gross Domestic Product by the expenditure method is to obtain the basic macro-economic aggregate in the system of National Accounts. The application of this method of calculation shows the establishment of the basic relation on which National Accounts are based, that is, that the total value of the available goods and services (supply) must be equal to the total value of consumed goods and services (use) in the observed period at the level of the total economy. Quarterly Gross Domestic Product by expenditure method is calculated as the sum of consumption of households, government consumption, investments, changes in inventories and the balance of exports and imports of goods and services.

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 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.

1.3 Statistical units

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

1.4 Coverage and scope of survey

1.4.1 Sectors

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

1.4.2 Statistical population

National Accounts combine data from multiple sources so the concept of the statistical population cannot be applied in the context of National Accounts.

1.5 Referent geographical area

Montenegro.

1.6 Concepts and definitions

Quarterly Gross Domestic Product (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.

Statistical Office currently compiles QGDP by expenditure approach.

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

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, protection of 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 producer's 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 goods (purchase/sale, exchange or gift) between resident and non-resident units.

Imports and exports of goods and services do not include:

- deliveries made by non-resident (foreign) representative offices of resident companies to non-residents and deliveries made by resident representative offices of non-resident companies to residents,
- flows of primary income abroad or from abroad (such as compensation of employees, interest or income from direct investment) and
- sales and purchases 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 2010 (NACE Rev. 2.), COFOG, COICOP, CPA, CN, HS.

1.8 Frequency of data collection

Quarterly data are collected on a quarterly basis, 50 days after the end of the quarter.

1.9 Frequency of data dissemination

Quarterly.

1.10 Methodology

SNA 2008, ESA 2010, Handbook on price and volume measures in National Accounts and Handbook on Quarterly National Accounts.

1.11 Base period

Corresponding quarter of previous year.

1.12 Unit of measure

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

1.13 Source of data

The source data are short-term and therefore not final and are subject to change over time, bearing in mind that the preliminary data is calculated on a quarterly basis, while the regular revision is conducted once a year after the publication of the final annual data. Sources of data for the calculation of quarterly GDP are administrative data (Tax Administration, Central Bank, Ministry of Finance, Customs Administration), statistical data, as well as data obtained by applying methodological instructions.

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.
- 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 1 September to 20 October, 2017. The results of the survey are available on the Statistical Office website, link: <http://www.monstat.org/userfiles/file/KVALITET/Izvjestaj%20o%20zadovoljstvu%20korisnika%20eng.pdf>.

3. Accuracy and reliability

3.1 Accuracy – Overall remark

The compilation of National Accounts is a complex task that involves many different data sources and therefore it is not possible to provide simple measures of accuracy estimate. 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.

Indicators of sampling error

Not relevant.

3.3 Non-sampling error

Not relevant.

3.3.1 Coverage error

Not relevant.

Indicators of coverage error

Not relevant.

3.3.2 Error of measurement

Not relevant.

Nonresponse rate

Not relevant.

3.4 Seasonal adjustment

Not available.

3.5 Data revision

3.5.1 Data revision policy

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

In accordance with current practice, the Statistical Office carries out a regular revision of quarterly GDP. Namely, quarterly GDP data are considered preliminary to the publication of annual GDP. After calculating the annual GDP, in December of the current year, a regular revision of the quarterly GDP for the previous year is conducted in order to harmonize with the annual GDP data. As a consequence, the data for the first two quarters of the current year are being revised, because of the change in base (final quarterly data for the previous year), there is minor change of data for the first two quarters of the current year.

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, 83 days after the end of the reference period (t+83).

Time lag of the first results

Preliminary annual GDP data are available 83 days after the reference period.

Time lag of the final results

Final quarterly GDP data for the previous year are available in December of the current year.

4.2 Punctuality

Not available.

5. Availability and clarity

5.1 Release

Press release of the Quarterly Gross Domestic Product of Montenegro:

<http://www.monstat.org/eng/page.php?id=1212&pageid=17>

5.2 Publication

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

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

5.3 Availability of microdata

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 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 keeps a separate records on users and purpose of using the statistical data given to these users

6. Comparability

6.1 Comparability - geographical

Data comparability is provided considering the application of the ESA 2010 methodology. In accordance with the international classification: the Nomenclature of Territorial Units for Statistics (NUTS) and the Transmission Program of National Accounts Data (ESA 2010 Transmission Program of Data), the Statistical Office submits to Eurostat data on quarterly GDP and for the entire territory of Montenegro on all three level of NUTS classification, i.e. the territory of Montenegro is considered as one statistical region.

6.2 Comparability - over time

Data are available and comparable with other countries data from first quarter of 2010 onwards, in current prices, and from first quarter of 2011 onwards, in constant prices.