

**Republic of Kazakhstan: Report on Observance of Standards and Codes—Data Module; Response by the Authorities; and Detailed Assessment Using Data Quality Assessment Framework**

This Report on the Observance of Standards and Codes on Data Module for the **Republic of Kazakhstan** was prepared by a staff team of the International Monetary Fund as background documentation for the periodic consultation with the member country. It is based on the information available at the time it was completed on **March 4, 2003**. The views expressed in this document are those of the staff team and do not necessarily reflect the views of the government of the **Republic of Kazakhstan** or the Executive Board of the IMF.

The response by the Authorities on this report, and the Detailed Assessment Using the Data Quality Assessment Framework (DQAF) are also included.

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REPUBLIC OF KAZAKHSTAN

**Report on the Observance of Standards and Codes (ROSC)—Data Module**

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March 4, 2003

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## ACRONYMS

<i>1993 SNA</i>	<i>System of National Accounts 1993</i>
BOP	Balance of Payments
<i>BPM5</i>	<i>Balance of Payments Manual</i> , fifth edition
COICOP	Classification of Individual Consumption by Purposes
CPI	Consumer Price Index
DQAF	Data Quality Assessment Framework
DSBB	Dissemination Standards Bulletin Board
GDDS	General Data Dissemination System
GDP	Gross Domestic Product
GFS	Government Finance Statistics
<i>GFSM 1986</i>	<i>A Manual of Government Finance Statistics 1986</i>
<i>GFSM 2001</i>	<i>Government Financial Statistics Manual 2001</i>
HIES	Household Income and Expenditure Survey
IIP	International Investment Position
IMF	International Monetary Fund
<i>MFSM</i>	<i>Monetary and Financial Statistics Manual</i>
MOF	Ministry of Finance
NACE	Standard Classification of Economic Activities within the European Communities
NBK	National Bank of Kazakhstan
NFRK	National Fund of the Republic of Kazakhstan
PPI	Producer Price Index
ROSC	Report on the Observance of Standards and Codes
SARK	Statistics Agency for the Republic of Kazakhstan
STA	Statistics Department
SDDS	Special Data Dissemination Standard
VAT	Value Added Tax

## EXECUTIVE SUMMARY

This Report on the Observance of Standards and Codes (ROSC) data module provides a review of Kazakhstan's data dissemination practices against the IMF's General Data Dissemination System (GDDS). At the request of the authorities, their current data dissemination practices were also reviewed against the IMF's Special Data Dissemination Standard (SDDS) requirements, focusing on the coverage, periodicity, and timeliness prescriptions of the data dimension. The review is complemented by an assessment of the quality of the national accounts, consumer price index, producer price index, and government finance, monetary, and balance of payments statistics using the IMF's Data Quality Assessment Framework (DQAF). The main agencies that compile the statistics assessed in this report are the Statistics Agency for the Republic of Kazakhstan (SARK), the Ministry of Finance (MOF), and the National Bank of Kazakhstan (NBK). The assessment was carried out by a mission from the IMF's Statistics Department that visited Almaty and Astana during April 16–May 3, 2002.

The mission reached the following main conclusions:

**The quality of Kazakhstan's macroeconomic statistics has improved significantly in the last few years.** The authorities have established a good track record of implementing recommendations of past technical assistance missions in the area of statistics and have demonstrated commitment to pursue plans and programs to further improve their statistics. However, the recent public disclosure of the existence of a large off-budget fund, the operations of which may not be fully recorded, indicates an area for improvement for Kazakhstan toward achieving full transparency.

**GDDS participation and SDDS subscription:** Kazakhstan's data dissemination practices more than fully meet the GDDS recommendations, and meet most of the SDDS requirements. Areas that need to be addressed to enable subscription to the SDDS are (i) the compilation and dissemination of data on international reserves and foreign currency liquidity using the IMF's template (reserve template); (ii) more timely dissemination of data on credit to public and private sectors, and data on the net external positions of the NBK and the banking system; (iii) more timely dissemination of data on foreign and domestic financing of the central government; and (iv) dissemination of an advance release calendar by the NBK. By vigorously pursuing an action plan to address these gaps, Kazakhstan will be in a position to subscribe to the SDDS within one year.

**Prerequisites of Quality:** All three of Kazakhstan's main statistics producing agencies have an adequate legal and institutional framework that supports data quality and demonstrate an awareness of quality as a cornerstone of statistical work. There is scope however for taking fuller advantage of available coordinating bodies to resolve outstanding statistical issues that cut across sectoral areas. Resources are largely commensurate with the needs of Kazakhstan's statistical programs, although more training is needed for national accounts and government finance statistics (GFS) compilers. Measures are in place to foster efficient use of resources.

**Integrity:** All three agencies demonstrate professionalism and all staff are governed by, and have a high level of awareness of, the code of ethics for civil servants. Transparency of statistical practices could be enhanced by disseminating advance notice of major changes in methodology, source data, and statistical techniques.

**Methodological Soundness:** Concepts, definitions, scope, classification, sectorization, and the basis for recording for all sectors are largely in accordance with internationally accepted statistical standards. Regarding outstanding issues, the extension of the scope of fiscal data to cover the consolidated general government that includes all extrabudgetary funding is recommended. The treatment of the National Fund of the Republic of Kazakhstan in the fiscal and monetary statistics is under review by the authorities. Similarly, the treatment of local branches of foreign construction and drilling enterprises as nonresidents, which has implications for the GDP and the balance of payments statistics (BOP), is being addressed.

**Accuracy and Reliability:** Source data provide a largely adequate basis to compile statistics in all datasets assessed by the mission. The main exceptions are that the definition of residence currently follows a legal rather than an economic criterion; techniques to assess and validate source data used in compiling national accounts and BOP statistics could be enhanced; and the coverage of imports and exports is incomplete due in part to the understatement of registered trade operations and smuggling. The discrepancies in data across sectors indicate a need for further validation of the data.

**Serviceability:** Official statistics in all sectors cover relevant information. Outreach programs, training, and other activities currently being undertaken by the SARK, MOF, and NBK to raise the general public's awareness and understanding of statistics could be used actively to solicit feedback from data users. The agencies could better coordinate investigation of data discrepancies that exist across national accounts, fiscal, monetary, and BOP statistics. Advance notice of major changes in methodology could be provided to data users, and the revisions policy for monetary statistics and GFS could be reviewed.

**Accessibility:** Official statistics in all sectors are presented in a largely clear and understandable manner. GDDS metadata (information about the data) posted on the IMF's Dissemination Standards Bulletin Board are also posted on the SARK's website. Plans in all three agencies to enhance their web-based dissemination of statistics would improve the accessibility and timeliness of the data. Only limited descriptions of concepts, definitions, classifications, data sources and statistical techniques are published. An advance release calendar is not disseminated by the NBK. Government ministries have prior access to the statistics produced by the NBK, but such access is disclosed in the GDDS metadata.

## I. INTRODUCTION

1. The data dissemination module of this Report on the Observance of Standards and Codes (ROSC) provides a summary of Kazakhstan's practices on the coverage, periodicity, and timeliness of the data categories. It is complemented by an assessment of the quality of national accounts, consumer and producer price indexes, and government finance, monetary, and balance of payments statistics using the Data Quality Assessment Framework (DQAF) developed by the IMF's Statistics Department (STA). This report is based on information provided prior to and during a staff mission from April 16–May 3, 2002,<sup>1</sup> as well as publicly available information.

2. Section II includes an assessment of Kazakhstan's data dissemination practices against the General Data Dissemination System (GDDS). At the request of the authorities, their current data dissemination practices were also reviewed against the Special Data Dissemination Standard (SDDS) requirements, focusing on the coverage, periodicity, and timeliness prescriptions of the data dimension. The key issues that need to be dealt with prior to Kazakhstan's subscription to the SDDS are identified. Section III presents a summary assessment of the quality of the principal macroeconomic datasets according to the dataset-specific assessment frameworks. Finally, Section IV sets out recommendations to achieve further improvements in Kazakhstan's macroeconomic statistics.

## II. DATA DISSEMINATION PRACTICES AND GENERAL DATA DISSEMINATION SYSTEM

3. Kazakhstan's data dissemination practices are assessed against the GDDS.<sup>2</sup> Kazakhstan was one of the pilot countries to participate in the GDDS. The GDDS metadata were first posted on the IMF's Dissemination Standards Bulletin Board (DSBB)<sup>3</sup> on May 22, 2000. The authorities provided updates in August 2001 reflecting changes in the compilation and dissemination practices as well as in plans for improvement in macroeconomic statistics.

4. Macroeconomic statistics reviewed in this report are compiled and disseminated by three agencies, as follows: (i) the Statistics Agency for the Republic of Kazakhstan (SARK) is responsible for national accounts and price statistics; (ii) the Ministry of Finance (MOF) is responsible for government finance statistics (GFS); and (iii) the National Bank of Kazakhstan (NBK) is responsible for monetary and balance of payments (BOP) statistics. Access to macroeconomic statistics is provided through official publications and at the following Internet websites:

- SARK: <http://www.stat.kz>

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<sup>1</sup> The mission team was headed by Armida San Jose and included Dev Kar, John Karlik, Maria Mantcheva, Graham Slack, Wipada Soonthornsima, and Melrose Saunders (administrative assistant), all from STA. Charles Enoch joined the team during the latter part of the mission.

<sup>2</sup> Sociodemographic statistics were not covered in the assessment.

<sup>3</sup> Accessible at <http://www.dsbb.imf.org>.

- MOF: <http://www.mf.minfin.kz>
- NBK: <http://www.nationalbank.kz>

5. Regarding the **data dimension (coverage, periodicity, and timeliness)**, Kazakhstan exceeds the GDDS recommendations for the core comprehensive frameworks and recommended indicators (Table 1). Kazakhstan also meets all the data extensions encouraged by the GDDS.

6. The **quality, integrity, and access dimensions of the GDDS** are addressed through the DQAF in section IV.

7. **Plans for improvement** are an integral part of the GDDS. Updates to the GDDS plans for improvement which are currently posted on the DSBB are shown in Table 2.

### III. DATA DISSEMINATION PRACTICES AND SPECIAL DATA DISSEMINATION STANDARD

8. The IMF's SDDS is a "best practice" disclosure standard that focuses on encouraging the authorities to provide information to users, including information that will enable users to assess the data.<sup>4</sup>

9. A review of Kazakhstan's data dissemination practices against the SDDS requirements for the data dimension, and the advance release calendar of the access dimension, shows that Kazakhstan meets most of the requirements. Exceptions are the following, which point to the areas that need to be addressed to enable subscription to the SDDS:

- Compilation and dissemination of the IMF's reserve template
- Timeliness of the analytical accounts of the central bank and the banking system with breakdown of data on claims on public and private sectors, as well as data on the external position (current lag of six weeks does not meet SDDS requirement of two weeks for the accounts of the central bank and four weeks for the accounts of the banking system)
- Coverage of general government operations (should include all extrabudgetary funds)
- Timeliness of data on foreign and domestic financing of the central government (current lag of seven weeks does not meet SDDS requirement of one month)
- Dissemination of an advance release calendar by the NBK

10. By vigorously pursuing an action plan to address the above mentioned gaps, Kazakhstan will be in a position to subscribe to the SDDS within one year.

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<sup>4</sup> A detailed description of the SDDS can be found on the Internet at <http://dsbb.imf.org>.

**Table 1. Kazakhstan: Overview of Current Practices Regarding Coverage, Periodicity, and Timeliness of Data Compared to the General Data Dissemination System**

GDDS Data Category	Coverage (meets GDDS)	Periodicity		Timeliness	
		GDDS	Kazakhstan	GDDS	Kazakhstan
<b>COMPREHENSIVE FRAMEWORK</b>					
Real sector: National Accounts	Yes	A	Q, A	10-14 mths	Q data est: 1 mth; Q rev. 1Q A data est: 1mth; A rev. 9 mths
Fiscal sector: Central govt. operations	Yes	A	M, Q, A	6-9 mths	6-7 wks
<i>General govt. operations</i>	<i>Yes</i>	<i>A</i>	<i>M, Q, A</i>	<i>6-9 mths</i>	<i>6-7 wks</i>
Central govt. debt	Yes	A	Q, A	6-9 mths	6-7 wks
Financial sector: Broad money survey	Yes	M	M	2-3 mths	6 wks
External sector: Balance of payments	Yes	A	Q, A	6-9 mths	Q data: 3 mths; A data: 3 mths
<b>DATA CATEGORIES AND INDICATORS</b>					
<b>Real Sector</b>					
GDP (nominal and real)	Yes	Q, A	Q, A	6-9 mths	Q data est: 1 mth; Q rev. 1Q
<i>Gross national income, capital formation, saving</i>	<i>Yes</i>	<i>A</i>	<i>A</i>	<i>6-9 mths</i>	<i>A data est: 1mth; A rev. 9 mths</i>
Manufacturing of industrial production index/indexes	Yes	M	M	6 wks	9-10 days
Primary commodity, agricultural, or other indexes, as relevant	Not relevant	As relevant	Not relevant	3 mths	Not relevant
Consumer price index	Yes	M	M	1-2 mths	2-3 days
<i>Producer price index</i>	<i>Yes</i>	<i>M</i>	<i>M</i>	<i>1-2 mths</i>	<i>3-4 days</i>
Employment	Yes	A	M, Q	6-9 mths	10 wks
Unemployment	Yes	A	M, Q	6-9 mths	10 wks
Wages/earnings (all sectors)	Yes	A	M, Q	6-9 mths	10 wks
<b>Fiscal Sector</b>					
Central govt. budgetary aggregates: revenue, expenditure, balance, and financing with breakdowns (debt holder, instrument, currency)	Yes	Q	M	1 qtr	6-7 wks
<i>Interest payments</i>	<i>Yes</i>	<i>Q</i>	<i>M</i>	<i>1 qtr</i>	<i>6-7 wks</i>
Central govt. debt: domestic and foreign debt, as relevant, with appropriate breakdowns (debt holder, instrument, currency)	Yes	Q, A	Q	1-2 qtrs	6-7 wks
<i>Government guaranteed debt</i>	<i>Yes</i>	<i>A</i>	<i>Q</i>	<i>1-2 qtrs</i>	<i>6-7 wks</i>
<b>Financial Sector</b>					
Broad money and credit aggregates	Yes	M	M	1-3 mths	2-3 wks
Central bank aggregates	Yes	M	M	1-2 mths	2-3 wks
Short- and long-term govt. security rates, policy variable rate	Yes	M	D	In high-frequency publication	Daily or after auction
<i>Money or interbank market rates and a range of deposit and lending rates</i>	<i>Yes</i>	<i>M</i>	<i>M, D</i>	<i>In high-frequency publication</i>	<i>Daily</i>
<i>Share price index, as relevant</i>	<i>Yes</i>	<i>M</i>	<i>D</i>	<i>In high-frequency publication</i>	<i>Same day</i>
<b>External Sector</b>					
Balance of payments aggregates	Yes	A	Q, A	6 mths	Q data: 3 mths; A data: 3 mths
Public and publicly guaranteed external debt outstanding, with maturity breakdown	Yes	Q	Q	1-2 qtrs	6-7 wks
Public and publicly guaranteed debt service schedule	Yes	Twice yearly	Q	3-6 mths	6-7 wks
<i>Private external debt not publicly guaranteed</i>	<i>Yes</i>	<i>A</i>	<i>Q</i>	<i>6-9 mths</i>	<i>3 mths</i>
Gross official reserves denominated in U.S. dollars	Yes	M	Twice per month	1-4 wks	1-2 days after reference period
Total exports and total imports	Yes	M	M	8 wks-3 mths	29-30 days
<i>Major commodity breakdowns</i>	<i>Yes</i>	<i>M</i>	<i>M</i>	<i>8 wks-3 mths</i>	<i>29-30 days</i>
Exchange rates: spot rates	Yes	D	D, W	In high-frequency publication	Daily rate: same day

*Italics indicate encouraged categories*

#### IV. SUMMARY ASSESSMENT OF DATA QUALITY

11. Since mid-2001, the IMF complements the GDDS and SDDS elements of the ROSC data module with an assessment of data quality based on the IMF's DQAF. The DQAF comprises a generic framework, and a set of dataset-specific frameworks.<sup>5</sup> The frameworks cover a set of prerequisites and five dimensions of data quality—integrity, methodological soundness, accuracy and reliability, serviceability, and accessibility.<sup>6</sup>

12. An assessment of six macroeconomic datasets (national accounts, consumer price index, producer price index, and government finance, monetary, and the balance of payments statistics) was conducted, using the frames of reference provided by the dataset-specific DQAFs. The information resulting from the application of this framework to Kazakhstan's statistical system is presented below, following the structure of the DQAF. Conclusions are also presented in the form of standardized summary tables in which the assessment of data practices is made on a qualitative basis, using a four-part scale (Table 2).

**13. Kazakhstan's macroeconomic statistics and statistical base are adequate for effective surveillance. Nevertheless, IMF staff identified shortcomings in some statistical practices that have the potential for detracting from the accurate and timely analysis of economic and financial developments and the formulation of appropriate policies. The recent public disclosure of the existence of a large off-budget fund, the operations of which may not be fully recorded, indicates an urgent area for improving transparency.**

##### **Prerequisites of quality**

*This category in the DQAF identifies conditions within the agency in charge of producing statistics that have an impact on data quality. The elements within the category refer to the legal and institutional environment, resources, and quality awareness.*

14. The main statistics producing agencies in Kazakhstan—the SARK, the MOF, and the NBK—have an adequate legal and institutional framework that supports data quality. There are normative legal acts regulating the distribution of statistical functions among government authorities. SARK has responsibility for the compilation and dissemination of national accounts and price statistics; the MOF for government finance statistics; and the NBK for balance of payments and monetary statistics. There is a high-level Inter-Agency Council for Improving Government Statistics, chaired by the Vice Prime Minister, for resolving methodological, organizational, and coordination issues. Other formal and informal mechanisms for inter- and intra- institutional cooperation also exist. However, there is scope for taking fuller advantage of these coordinating bodies to resolve outstanding statistical issues that cut across sectoral areas. Confidentiality of respondents' data is

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<sup>5</sup> The Generic Framework is set out in Appendix I of the accompanying Detailed Assessments volume to this report.

<sup>6</sup> Information on data quality can be found at the IMF website on the "Data Quality Reference Site" (<http://dsbb.imf.org/dqrsindex.htm>).

protected by law and safeguarded by data compilers in the performance of statistical activities. Statistical reporting is ensured in the three agencies through legal mandate and measures to encourage response.

15. Staff, financial, and computing resources are adequate to carry out the agencies' current statistical plans and programs. There are no problems in recruiting and retaining qualified staff who are directly responsible for statistical work in all agencies. Various measures are in place for fostering efficiency in the use of resources, including the mid-term review of resources and work programs in the context of budgetary planning. Training for staff is provided on an ongoing basis, although more training is needed for national accounts and GFS compilers.

16. In the past years, all three agencies have made significant progress in implementing work programs that are supportive of data compilation in accordance with international statistical standards. Quality awareness is indicated by statistical priorities, work programs, and aspects of data quality discussed within the Inter-Agency Council for Improving Government Statistics, as well as by the methodological councils within the SARK and MOF and statistical working groups at the NBK. All three agencies make efforts to foster greater statistical awareness among data users.

### **Integrity**

*Integrity identifies features that support firm adherence to objectivity in the collection, compilation, and dissemination of statistics so as to maintain users' confidence. Elements refer to the professionalism and ethical standards that should guide policies and practices, which should be reinforced by their transparency.*

17. Various laws covering the statistical activities of the SARK, MOF, and NBK provide measures to ensure professionalism. The adoption of international standards and choice of sources and statistical techniques are based solely on statistical considerations. Confidentiality for respondents is guaranteed by Article 13 of the Law on State Statistics (No. 98-1, approved on May 7, 1997 with amendments and additions thereafter) and safeguarded by the various agencies involved in the process of data compilation. The Law on Civil Service (Second Edition, approved on July 23, 1999) and the Civil Service Ethics Rules provide clear ground rules for ethical standards and conduct of civil servants, who are required to undergo an accreditation process every three years. The accreditation process evaluates the civil servant's professional knowledge and assesses conflict of interest and other ethical issues. Specifically, Article 10 of the Law on Civil Service prohibits civil servants from using any information or material obtained as a result of their position for personal benefit. Under the law, civil servants also cannot hold a paid or unpaid position in a business or commercial enterprise where the nature of their duties could come into conflict with their official responsibilities. The Anti-Corruption Law specifies the penalties associated with violations of the Law on Civil Service. As a result of the enabling legal environment, the Chairman of the SARK was recently able to defend the professional integrity and competence underlying GDP estimates before a budget commission that examined allegations made by some government agencies about the reliability of those estimates. In other instances of

erroneous interpretation and misuse of statistics, all three agencies have provided clarifications through press releases, briefings, and press conferences.

18. As to transparency, the laws and codes governing the collection, compilation, and dissemination of statistics as applicable to each of the three agencies are posted on their websites, although limited information is available on an off-budget fund of the government that was recently revealed by the Prime Minister. Users are notified of major changes in methodology, source data, and statistical techniques when they occur; however, no advance notice of such changes is provided to users. Outside officials do not have access to the data of the SARK and MOF before their release. Prior government access to the data released by the NBK is identified in Kazakhstan's GDDS metadata.

### **Methodological soundness**

*Methodological soundness refers to the application of international standards, guidelines, and agreed practices. Application of such standards, which are specific to the dataset, is indicative of the soundness of the data and fosters international comparability. Elements refer to the basic building blocks of concepts and definitions, scope, classification and sectorization, and basis for recording.*

19. The SARK compiles annual and quarterly **national accounts** statistics based on the concepts and definitions recommended by the *1993 SNA*. The minimum requirements for the scope of national accounts tables and accounts, established by the Intersecretariat Working Group on National Accounts, are met. In addition, quarterly GDP estimates by production and expenditure approach at current and constant prices are compiled. The delimitation of the constituent units of the economy, and the production and assets boundary, are generally in accordance with the *1993 SNA*. However, there is a deviation in the definition of residence—local branches of foreign construction and drilling companies are currently considered nonresidents in the BOP statistics, which are used as inputs to national accounts compilation. The classifications used generally conform to international standards; the basis for recording is in accordance with the *1993 SNA* with the exception of general government transactions that are recorded on a cash basis.

20. The concepts and definitions as well as the basis for recording of the Consumer Price Index (**CPI**) are in conformity with international guidelines. The scope of the CPI derives from the sample of households surveyed through the Household Income and Expenditures Survey (HIES), which has been steadily increasing every year and covers all types of households at the Republic level. Although housing rent is included, there is a need for CPI weights to include imputations of rentals for owner-occupied dwellings, particularly in view of the likely growth in this market. Household expenditures follow the COICOP classification. Both geographic and income level coverage is comprehensive. The level of detail for commodities and services is sufficient for analysis of price movements—the market basket includes 435 headings of representative goods and services.

21. The concepts, definitions, and classifications used to compile the Producer Price Index (**PPI**) are in broad conformity with the guidelines contained in the *1993 SNA* and the *PPI Manual*. The scope of the PPI covers all types of economic activities, accounting for

more than 80 percent of all products. The producer price concept is used as the basis for recording. The PPI is based on the general classification of types of economic activities (OKED), which is similar to NACE, and the classification of producers by type of economic activity used by the European Union. Data compilation procedures, including those for missing prices and for quality adjustments, follow sound statistical techniques.

22. The concepts and definitions used by the MOF to compile budgetary **GFS** are consistent with *A Manual of Government Finance Statistics 1986 (GFSM 1986)*. The MOF has taken initial steps to migrate to the *GFSM 2001*; for instance, receipts from privatization have been reclassified as a financing item beginning with fiscal year 2002. The implementation of a treasury modernization project is expected to facilitate the MOF's transition to the new framework. However, the scope of fiscal data as disseminated to the public is strictly based on the legal budgetary concept that is narrower in scope than that recommended by the *GFSM 1986*. The scope excludes the operations of the National Fund of the Republic of Kazakhstan (NFRK) and external grants and corresponding expenditure funded by grants. In addition, the operations of a recently disclosed off-budget fund may not be officially recorded. Classification and sectorization largely follow the *GFSM 1986*, except that the NBK's holdings of government securities are misclassified as part of financing by the nonbank sector, and repayments of government lending are misclassified as nontax revenue. Debt by type of holder is classified on the basis of initial placement of the debt instrument and is not updated to reflect subsequent changes in the holder when the instrument is sold in the secondary market. Data are valued based on market prices. As regards the basis for recording, flows and stocks are recorded on a cash basis, except for expenditures of some investment projects incurred during the "complementary period,"<sup>7</sup> which are included in the final data for the previous year.

23. The analytical framework used for compiling **monetary statistics** reflects concepts and definitions that are in general conformity with guidelines outlined in the *Monetary and Financial Statistics Manual (MFSM)*. The scope of the monetary statistics is also in general accordance with *MFSM* guidelines. There are depository corporations issuing broad money liabilities in Kazakhstan that are excluded from the monetary statistics, but these are at present insignificant for the compilation of monetary aggregates. Following recent enhancements to the classification of instruments and the sectorization of institutional units, the monetary statistics largely conform to *MFSM* guidelines. The main exception is that the deposit liabilities of the NBK to the NFRK are not identified as part of the general government sector. The basis for recording flows and stocks is largely consistent with the *MFSM*. The general valuation principle for financial assets and liabilities is based on current market prices. However, commercial banks' holdings of securities for investment are not valued at current market prices, and official rather than market exchange rates are used by commercial banks to convert foreign currency denominated accounts into tenge equivalents. In line with *MFSM* guidelines, financial transactions are recorded on a full accrual basis. Transactions are recorded on a gross basis, except for transactions in financial derivatives and those that have a legal right of set-off.

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<sup>7</sup> A complementary period exists in Kazakhstan from January 1 until March 15 of the following year.

24. The concepts and definitions used in compiling **BOP** statistics conform to the fifth edition of the IMF's *Balance of Payments Manual (BPM5)*. While in principle the scope of the data covers all resident-nonresident transactions, commercial banks by statute define nonresident accounts according to a legal rather than an economic criterion, which affects bank reporting. Further, local branches of foreign construction and drilling enterprises are considered nonresidents. The classification and sectorization of transactions are in accordance with *BPM5*. The basis for recording transactions is on an accrual basis. Transactions are valued at market prices; adjustments associated with transfer prices are made based on results of large taxpayer monitoring provided by the Ministry of State Revenue. Grossing and netting procedures are consistent with *BPM5*.

### **Accuracy and reliability**

*Accuracy and reliability identifies features that contribute to the goal that data portray reality. Elements refer to identified features of the source data, statistical techniques, and supporting assessments and validation.*

25. The SARK has a comprehensive annual and quarterly survey program for collecting source data for **national accounts**, using the statistics register of enterprises as a framework. As an economic census has not been conducted in Kazakhstan, the coverage of the register is not considered exhaustive. The survey data and the administrative source data are sufficiently detailed to derive all key national accounts aggregates. The compilation techniques for the current price GDP estimates are generally sound. The estimates of output and intermediate consumption are compiled at a sufficiently detailed level. The GDP estimates by expenditure components are derived independently. However, the double deflation method is used only for the volume measures of the value added of industrial activities. Informal and hidden activities are estimated and included in the coverage of the national accounts data. Assessment and validation of source data, intermediate data, and statistical outputs need improvement. Discrepancies in data across sectors indicate a need for further validation of data. Revision studies are carried out on a regular basis.

26. The compilation of the **CPI** is generally based on sound source data and statistical techniques. The HIES sample size covers 12,000 households and the price collection program is comprehensive. Source data are not only consistent with the definitions, scope, and classification of CPI estimates, but also with the time of recording, reference periods, and valuation of CPI estimates. Weights are revised every year and the CPI series is based on a chain-linked Laspeyres index. The oblasts<sup>8</sup> report electronically prices for a comprehensive list of items and follow a well-defined schedule to ensure timely submissions. As to assessment and validation, appropriate measures are taken to validate the source data, including checks to ensure consistency with other related data sources such as the PPI. Revision studies are carried out when the index is re-weighted.

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<sup>8</sup> An administrative division corresponding to an autonomous province.

27. The statistics register of enterprises forms the basis for sample surveys for the **PPI**. Source data are consistent with the definitions, scope, and classifications of the PPI, and also with the time of recording, reference periods, and valuation of PPI estimates. The SARK implements a system of price collection that ensures the information is transmitted to headquarters in a timely manner. Statistical techniques in calculating the index are sound. Industry surveys are carried out every year and the PPI series is chain-linked using the Laspeyres formula. International guidelines are followed to impute prices for products that are temporarily unavailable and discontinued items are replaced with products having similar characteristics. Both sampling and non-sampling errors are analyzed on a regular basis and high-value transactions are confirmed with respondents. As regards assessment and validation, PPI changes are compared with changes in other relevant indicators and unusual changes are investigated. Internal SARK revision studies also investigate the sources of errors, omissions, and unusual fluctuations in the PPI input data.

28. **GFS** are compiled from largely complete and timely source data from the Treasury Committee of the MOF. The unified chart of accounts for central and provincial government operations enhances the accuracy of GFS compilation. The close coordination between the Treasury Committee and the State Borrowing Department of the MOF, which is responsible for monitoring external credit financing, facilitates debt reporting. Assessment and validation of the source data in terms of their accuracy and appropriateness are undertaken by the MOF's Methodology Board. However, material differences between GFS and other sectoral statistics especially monetary statistics need further investigation. Revision studies are not routinely undertaken.

29. The source data for the compilation of **monetary statistics** are derived from the NBK and commercial banks' charts of accounts, which have been augmented to provide details enabling the classification of financial instruments and economic sectors largely in accordance with the *MFSM*. The main exceptions are the use of a legal rather than an economic criterion for identifying nonresident institutional units, and the recording of syndicated lending which can distort the measurement of credit and net foreign assets. Statistical techniques employed conform to sound statistical procedures. Electronic reporting, data processing procedures, and documentation of data compilation practices enable the production of accurate and timely monetary statistics. Automated and manual assessments and validations of source data and intermediate data, as well as statistical outputs, support reliable monetary statistics. The consistency of individual banks' balance sheets is reviewed, and temporal consistency and cross-checks with other data sources are undertaken each reporting cycle. Moreover, any proposals by the NBK's accounting methodology department for changes to the accounting rules that underlie the NBK's and commercial banks' charts of accounts are coordinated with the statistics division. Revision studies are undertaken by examining banks' explanations of reclassifications in the source data to highlight reporting issues that may warrant clarification.

30. The source data for the **BOP** are (i) foreign trade data collected by the Customs Committee and transmitted via the SARK, (ii) services, income, and investment information received from reporters listed in the NBK BOP Division's statistical register, (iii) banking data, and (iv) registration of foreign exchange transactions. Prices used to determine import valuation in customs documents are monitored by an international consulting firm engaged

for this purpose. The coverage of exports and imports is incomplete due in part to the understatement of registered trade operations and smuggling. Import coverage is adjusted for shuttle trade. This adjustment, as well as the c.i.f. to f.o.b. adjustment, are based on recent surveys and sound statistical techniques. Assessment and validation procedures include the reconciliation of flow with stock data within report forms, built-in computerized checks of data input, reconciliation with bank supervision data, comparison with an electronically generated standard classification of banking transactions, and use of trade data from major trading partners. Data revisions are introduced semi-annually. Revision studies, encompassing analysis of revisions as well as of errors and omissions, prompted the NBK to initiate in 2001 the formation of an interagency commission to improve BOP statistics, the recommendations of which have been implemented.

### **Serviceability**

*Serviceability focuses on practical aspects of how well a dataset meet users' needs. Elements refer to the extent to which data are relevant, produced, and disseminated in a timely fashion with appropriate periodicity, are consistent internally and with other datasets, and follow a predictable revisions policy.*

31. The SARK undertakes an internal assessment to determine whether the **national accounts** data adequately respond to government needs. The relevance of national accounts data are discussed within the framework of the Inter-Agency Council for Improving Government Statistics. Periodicity and timeliness of the GDP estimates meet the SDDS requirements. Consistent time series for annual and quarterly estimates are only available, respectively from 1998 and from 1994. There are discrepancies between national accounts data and BOP statistics. The revision cycle of the national accounts estimates is published; preliminary and revised data are clearly identified; revisions are measured and explained.

32. To enhance the relevance of both the **CPI** and the **PPI**, the SARK solicits users to provide feedback either through its website, when the catalog of forthcoming publications is circulated, or during an annual open door meeting. The SARK's revision cycle with regard to these indexes is predetermined; users are aware of the revision schedule. There are clear policies to include new source data as soon as practicable. The CPI and PPI indexes are internally consistent. The timeliness and periodicity of both price indexes meet the SDDS requirements.

33. Budgetary fiscal data are compiled within the same timeframe as budget preparation and monitoring. However, the lack of data to compile the full scope of government operations hamper the relevance of **GFS**. The regular monthly press conferences can serve to provide opportunity to obtain feedback from users, but no explicit user survey is conducted by the MOF to monitor the practical utility of GFS in meeting users' needs. The timeliness and periodicity of GFS meet the SDDS requirements, except for the timeliness of data for central government operations. As to consistency with other data sets, there are discrepancies between GFS, monetary, and BOP statistics. Revisions follow a regular and well established schedule, but such a schedule is not pre-announced to users. Preliminary and final data are clearly identified, and major changes in methodology are explained.

34. The relevance and practical utility of **monetary statistics** in meeting users' needs were recently enhanced by the NBK through the publication of data on banks' transactions with central government and with nonfinancial public enterprises. Further enhancements would include disaggregation of the components of M1 and M2 in the monetary survey. Data timeliness and periodicity are consistent with the recommendations of the GDDS, but the timeliness of the analytical accounts of the central bank and the banking system with breakdown of data on claims on public and private sectors, as well as data on the external position do not meet the SDDS requirements. Statistics are reasonably consistent within the dataset, but consistency of time series data is affected by limited dissemination of information on breaks in data series arising from asset write-offs, changes in the reporting population, and reclassification of accounts in the source data. Inconsistencies exist between monetary statistics for commercial banks, and the International Investment Position (IIP) and BOP statistics. Inconsistencies also exist between monetary statistics and government borrowing/financing from the banking system. The revisions policy and practice for monetary statistics are not made public and are not synchronized with those for the IIP and BOP statistics. Moreover, preliminary end-December monetary statistics are not identified as such in the NBK's publications.

35. The NBK compiles and disseminates quarterly **BOP** statistics within 90 days after the end of each quarter, meeting the timeliness and periodicity of the SDDS. The data are disseminated on the NBK website and through the press, in the *Statistical Bulletin* (analytical presentation) and in *NBK News* (standard presentation). Revisions are semi-annual, and up to two years of historical data are subject to revision. The *Annual Report* and the quarterly *Economic Review* regularly include BOP analysis and commentary on issues. As regards consistency, differences exist between (i) the IIP and monetary statistics for the commercial banks, (ii) net external financing to the government in the BOP and in GFS, and (iii) the BOP current and capital accounts and net lending in the national accounts. Regarding revisions policy and practice, revisions are explained at the time of publication, and the reasons for the need to revise are regularly investigated. Hence, data sources and compilation procedures are occasionally modified, and consistent time series are available as from the first quarter of 2000. The relevance of BOP statistics is addressed in discussions of the Inter-Agency Council for Improving Government Statistics, in meetings with other central banks, and in seminars including regional reporters, compilers, and the financial press. However, no regular monitoring of users' needs is undertaken.

### **Accessibility**

*Accessibility deals with the availability of information to users. Elements refers to the extent to which data and metadata are clear and easily available and to which assistance to the user is adequate to help them find and use the data.*

36. **National accounts** estimates, growth rates, and shares are published in a clear manner, with charts and tables together with a short analytical commentary. The national accounts data are released simultaneously to users following an advance release calendar. The GDDS metadata page on national accounts is posted on the SARK webpage. There are no detailed descriptions of concepts, definitions, classifications, data sources, or statistical

techniques used for the compilation of the national accounts estimates. Assistance to users is provided through a contact person and a catalog of publications.

37. Regarding data accessibility, the **CPI** and the **PPI** are disseminated simultaneously to users based on a pre-announced schedule. A wide range of publications of the SARK include data on the CPI and the PPI in various levels of detail. Recent and historical data on the CPI and the PPI can be also accessed electronically. Although metadata in the form of short methodological notes on the price indexes are placed on the first page of every publication and on the IMF's DSBB, there is a need to disseminate the complete methodology for compiling these indexes. Assistance to users is provided through contact persons for the CPI and PPI, who are clearly identified in the SARK's statistical publications.

38. As regards data accessibility, **GFS** for budgetary government operations are presented in a way that allows major aggregates and balancing items to be identified and related to detailed underlying data. Dissemination media and formats are adequate for the current dissemination practices. However, details of the NFRK operations are limited to quarterly portfolio asset allocation data. The government plans to provide more detailed annual data to the public. The MOF has recently posted an advance release calendar for GFS; GFS are released to the public simultaneously; and nonpublished (but nonconfidential) sub-aggregates are made available to users upon request. Metadata, including a brief description of compilation methodology, are published in all issues of the MOF *Statistical Bulletin* and on the SARK's website. Metadata are also disseminated through the IMF's DSBB. Assistance to users is provided through the identification of a contact person at the MOF in all issues of the MOF *Statistical Bulletin*.

39. Data accessibility to the **monetary statistics** is mainly through paper publications, such as the NBK's *Statistical Bulletin* and press releases. Key monetary and credit aggregates are available from the NBK website. Plans to improve the website will enable simultaneous private sector and government access to the monetary statistics. The NBK does not disseminate an advance release calendar, but adherence to an internal production schedule provides predictable release dates for the *Statistical Bulletin*. Kazakhstan's GDDS web page and the *Statistical Bulletin* provide metadata describing the broad scope and concepts used in compiling the monetary accounts. More detailed metadata on the definition and scope of line items in the monetary accounts could be developed and made available to the public. Key deviations from international standards are highlighted in the GDDS metadata. Assistance to users is facilitated by the identification in Kazakhstan's GDDS metadata of a contact person for queries on monetary statistics. NBK publications do not identify such a contact person.

40. Accessibility of **BOP** statistics is achieved through the dissemination of the data electronically, through press releases, and through paper publications such as the *Statistical Bulletin*, *NBK News (Vestnik)*, *Economic Review*, and *Annual Report*. The official release schedule is not pre-announced to users, although an internal schedule is closely adhered to so that regular users are aware of release dates. Metadata are available via the SARK website and the IMF's DSBB; sources and additional methodological detail are published in the *NBK News*. Assistance to users is provided through the contact person listed on the website. In addition, publications list the NBK External Relations Department as the contact point for the

public, which refers inquiries to the appropriate specialist. However, a full list of publications is not on the NBK website.

## V. STAFF RECOMMENDATIONS

The authorities have made significant progress in improving the quality of their macroeconomic statistics. They continue to implement plans and programs to further enhance Kazakhstan's adherence to international statistical standards. Based on the results of the data quality assessment, discussions with the SARK, MOF, and NBK, and responses from data users, the following measures are proposed:

### General Recommendations

#### *High priority*

- Pursue vigorously an action plan to enable subscription to the SDDS, particularly the dissemination of the IMF's reserve template
- Utilize fully the existing formal and informal interagency coordinating mechanisms to resolve statistical issues that cut across sectoral areas, particularly the reconciliation of macroeconomic data
- Harmonize the definition of resident institutional units between national accounts, monetary, and BOP statistics in accordance with *1993 SNA* and *BPM5*
- Publish reconciliation of data sets (e.g., BOP and IIP data with monetary, GFS, and national accounts)
- Further develop, upgrade, and use the institutions' websites to facilitate more timely and complete dissemination of statistics and metadata
- Establish an independent group of public and private sector representatives, meeting on a regular schedule, to provide advice to the SARK, MOF, and NBK on all aspects of data quality
- Establish a regular schedule of consultation with users, perhaps by coordinating between the three agencies to each host one meeting with users per year (e.g., two in Almaty and one in Astana).

#### *Other*

- Provide advance notice to users of major changes in methodology and data sources

### National Accounts

#### *High priority*

- Investigate the discrepancy with the BOP data, and implement procedures to reconcile the data sets on an ongoing basis
- Make historical data series consistent for changes in the methodology
- Strengthen the statistical techniques used in the compilation of national accounts volume estimates
- Make use of the supply and use tables to reconcile the GDP estimates by production and expenditure approach

## **Consumer Price Index**

### ***Other***

- Include imputed rents of owner-occupied housing in the CPI

## **Government Finance Statistics**

### ***High priority***

- Disseminate data on consolidated general government that include all extrabudgetary funds and grants
- Disseminate financing data on central (Republican) government operations with detailed components (e.g., foreign and domestic financing, domestic bank and non-bank financing) within one month of the reference period, as required by the SDDS
- Improve the classification of financing items in accordance with the *GFSM 1986*, especially with respect to the classification of securities by type of holder
- Investigate data inconsistencies between GFS and BOP and monetary statistics in coordination with NBK's BOP and statistics divisions, and implement procedures to reconcile data on an ongoing basis

### ***Other***

- Publish data revisions policy
- Continue implementation of migration plans to *GFSM 2001*

## **Monetary Statistics**

### ***High priority***

- Harmonize revisions practice with BOP/IIP and provide information on breaks in data series to the public
- Investigate data inconsistencies with IIP and GFS in coordination with NBK BOP division and the MOF, and implement procedures to reconcile data on an ongoing basis
- Release data simultaneously to users according to a preannounced schedule

### ***Other***

- Coordinate with the SARK to obtain relevant information from the business register to enable the sectoral classification of resident institutional units by banks
- Disaggregate data shown in the monetary survey
- Require commercial banks to translate foreign currency denominated accounts into tenge equivalents using market exchange rates

## **Balance of Payments and External Sector Statistics**

### ***High priority***

- Begin reporting international reserves data based on the IMF's reserves template
- Investigate the discrepancy with the national accounts statistics (e.g., the current account balance plus the capital account balance differs from the total net lending/borrowing in the national accounts), and implement procedures to reconcile the data sets on an ongoing basis
- Release data simultaneously to users according to a preannounced schedule

Table 2. Kazakhstan Data Quality Assessment Framework: Summary Presentation of Results

Element	National Accounts	Consumer Price Index	Producer Price Index	Government Finance Statistics	Monetary Statistics	Balance of Payments Statistics	Comments: Para. No. *	Plans for Improvement**
<b>0. Prerequisites of quality</b>								
0.1 Legal and institutional environment	O	O	O	O	O	O		
0.2 Resources	LO	O	O	LO	O	O	15	
0.3 Quality awareness	O	O	O	O	O	O		
<b>1. Integrity</b>								
1.1 Professionalism	O	O	O	O	O	O		
1.2 Transparency	LO	LO	LO	LO	LO	LO	18	
1.3 Ethical standards	O	O	O	O	O	O		
<b>2. Methodological soundness</b>								
2.1 Concepts and definitions	O	O	O	O	O	O		
2.2 Scope	LO	LO	O	LNO	O	LO	NA - 19 CPI - 20 GFS - 22 MS - 23 BOP - 24	NA - The residence criterion in accordance with the 1993 SNA will be used beginning with the data for 2002 (short-term). GFS - The government is in the process of disseminating more information, including flow of funds on the NFRK, initially on an annual basis. It will also improve the classification and sectorization of financing data (short-term). PPI - The SARK plans to begin compiling PPI based on net industrial product (starting 2005).
2.3 Classification/sectorization	O	O	O	LO	LO	O		
2.4 Basis for recording	LO	O	O	O	LO	O		
<b>3. Accuracy and Reliability</b>								
3.1 Source data	LO	O	O	O	LO	LO		
3.2 Statistical techniques	LO	O	O	O	O	O		
3.3 Assessment and validation of source data	LO	O	O	O	O	O		
3.4 Assessment and validation of intermediate data and statistical outputs	LO	O	O	LO	O	O	NA - 25 GFS - 28 MS - 29 BOP - 30	BOP - A survey is currently underway to revise the basis for the c.i.f. to f.o.b. adjustment of imports (short-term).
3.5 Revision studies	O	O	O	LO	O	O		

Table 2. Kazakhstan Data Quality Assessment Framework: Summary Presentation of Results

Element	National Accounts	Consumer Price Index	Producer Price Index	Government Finance Statistics	Monetary Statistics	Balance of Payments Statistics	Comments: Para. No. *	Plans for Improvement**
<b>4. Serviceability</b>								
4.1 Relevance	LO	O	O	LO	LO	LO	NA - 31	
4.2 Timeliness and periodicity	SDDS	SDDS	SDDS	O	O	SDDS <sup>9</sup>	GFS - 33	
4.3 Consistency	LNO	O	O	LNO	LNO	LNO	MS - 34	
4.4 Revision policy and practice	O	O	O	LO	LNO	O	BOP - 35	
<b>5. Accessibility</b>								
5.1 Data accessibility	O	O	O	O	LO	LO	NA - 36	
5.2 Metadata accessibility	LO	LO	LO	O	LO	O	CPI - 37	
5.3 Assistance to users	O	O	O	O	LO	LO	PP I - 37	
							MS - 39	
							BOP - 40	

<sup>9</sup> Aside from reserve template.

\* Paragraph numbers refer to Section IV, Summary Assessment of Data Quality, of this document.

\*\* Authorities' plans as of May 3, 2002.

Key to symbols: O Practice Observed  
 LO Practice Largely Observed  
 LNO Practice Largely Not Observed  
 NO Practice Not Observed  
 SDDS Complies with SDDS



INTERNATIONAL MONETARY FUND

REPUBLIC OF KAZAKHSTAN

**Report on the Observance of Standards and Codes (ROSC)—Data Module**

**Response by the Authorities**

March 4, 2003

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## **OVERVIEW AND RESPONSE TO GENERAL RECOMMENDATIONS**

The authorities (the Statistics Agency of the Republic of Kazakhstan (SARK), the National Bank of Kazakhstan (NBK), and the Ministry of Finance (MOF)) welcome the IMF's ROSC (data module) report on Kazakhstan. We generally agree with the content of the report. A main theme arising from the report is the importance of close coordination among the major statistical agencies in Kazakhstan as well as regular consultation with data users to improve the quality of Kazakhstan's macroeconomic statistics. We welcome the report's assessment that Kazakhstan more than fully meets the GDDS recommendations and is actually close to meeting the SDDS requirements.

After the visit of the ROSC (data module) mission in April/May 2002, measures have already been initiated to implement the recommendations in the report. These measures are discussed in detail in our comments below. More importantly, a letter has been sent informing the IMF's Statistics Department of Kazakhstan's decision to initiate the work toward subscribing to the SDDS. In this regard, a national coordinator has been appointed to facilitate the coordination of work required for subscription. The SARK, NBK, and MOF have already advanced the work on drafting the SDDS metadata and the preparatory work for the dissemination of the reserve template, leading eventually to Kazakhstan meeting all the requirements for SDDS subscription by July 2003.

We believe that the publication of this ROSC report and the subscription to the SDDS will reaffirm our commitment and resolve toward greater transparency in data and policy formulation.

## **RESPONSE TO SECTORAL RECOMMENDATIONS**

### **A. National Accounts**

The ROSC mission notes that, in the national accounts, the *1993 SNA* residence criterion is not applied to local branches of foreign firms. The mission recommends the harmonization of resident institutional units between national accounts, monetary, and BOP statistics in accordance with *1993 SNA* and *BPM5*.

*The SARK is of the view that in the national accounts, the coverage of resident units is incomplete because in the balance of payments local branches of foreign companies are considered nonresidents.*

Investigate the discrepancy with the BOP data, and implement procedures to reconcile the data sets on an ongoing basis.

*The SARK and the NBK has started work in reconciling the national accounts and balance of payments data. The discrepancies between the two data sets, which are mainly due to the*

*different revision schedules, will be explained in the methodological notes of the SARK and the NBK publications.*

Make historical data series consistent for changes in the methodology.

*The SARK has started work on reconstructing annual historical data for changes in the classification. It is planned that the national account series would be reconstructed as from 1994, and consistent annual data series will be disseminated by the end of 2004.*

Implement measures to assess and adjust the national accounts source data and improve the completeness and accuracy of the business register.

*We are not in complete agreement with mission's assessment that the coverage of the register is not considered exhaustive. Nevertheless, the SARK has taken measures to further improve the completeness and the accuracy of the business register by improving coordination with the judicial and tax bodies.*

Strengthen the statistical techniques used in the compilation of national accounts volume estimates.

*Work is continuing on the improvement of the deflation techniques used in the compilation of calculations in constant prices on the basis of the production approach and the expenditure approaches.*

Make use of the supply and use tables to reconcile the GDP estimates by production and expenditure approach.

*The SARK is in the process of finalizing the supply and use tables for 2000. The supply and use framework will be used to reconcile the GDP estimates compiled by the production and the expenditure approach.*

## **B. Consumer Price Index (CPI)**

Include imputed rents of owner-occupied housing in the CPI.

*The SARK recognizes that as the weight of housing cost is low in Kazakhstan due to cooperative housing facilities provided by the government, an attempt needs to be made to impute the cost of owner-occupied housing in the CPI in order to reflect the true cost of such ownership. The SARK will attempt to impute such costs in the CPI consistent with the recommendations of past Fund technical assistance missions in that the weight for owner-occupied housing will be derived from housing funds data (adjusted for possible under-reporting) or from national accounts estimates. The SARK expects that the CPI will include a weight for imputed housing by the end of 2003.*

### C. Government Finance Statistics

In accordance with Decree of the President of the Republic of Kazakhstan No. 931 dated August 28, 2002 entitled “On Measures Aimed at Further Improvement of the Public Administration System of the Republic of Kazakhstan,” the public administration system has undergone certain changes.

Thus, the reorganization of the Ministry of Finance of the Republic of Kazakhstan involved its division into the Republic’s Ministry of Finance and the State Purchases Agency of the Republic of Kazakhstan, with transfer of budget planning functions and powers to the Ministry of the Economy and Budget Planning of the Republic of Kazakhstan as well as incorporation of functions of the reorganized Ministry of State Revenue of the Republic of Kazakhstan in the competency of the Ministry of Finance.

Functions involving the compilation and dissemination of data for government finance statistics remained with the Ministry of Finance. The State Budget Execution Organization Department is charged with maintaining statistics on data for state budget execution, and the State Debt and Credits Department is charged with maintaining statistics on data for government debt and state-guaranteed debt of the Republic of Kazakhstan.

The Ministry of Finance of the Republic of Kazakhstan provides the Ministry of the Economy and Budget Planning of the Republic of Kazakhstan with data on state budget execution so that it can perform the functions with which it is charged.

In association with the aforementioned changes, information on state purchases of goods, work, and services by government institutions that are administrators of programs using resources of the republican and local budgets will not be published in the *Statistical Bulletin* of the Ministry of Finance of the Republic of Kazakhstan. According to a letter from the State Purchases Agency of the Republic of Kazakhstan, it will be publishing that information independently.

With regard to the recommendations of the ROSC mission:

Disseminate data on consolidated general government that include all extrabudgetary funds and grants.

*In order to expand the institutional scope of fiscal statistics, the National Bank of the Republic of Kazakhstan together with the Ministry of Finance of the Republic of Kazakhstan is creating a working group that will define a methodology for maintaining accounting records on NFRK operations with the aim of ensuring timely reflection of operations effected by the National Bank of the Republic of Kazakhstan for the NFRK at the Ministry of Finance of the Republic of Kazakhstan.*

Disseminate financing data on central (Republican) government operations with foreign and domestic components within one month of the reference period.

*Currently monthly data on state budget execution is posted at the end of the month following the reference month on the website of the Ministry of Finance on the Internet, and is also published in the Statistical Bulletin of the Ministry of Finance. Reflection of republican budget execution incorporates data on internal and external financing.*

Improve the classification of financing items in accordance with the *GFSM 1986*, especially with respect to the classification of securities by type of holder.

*In accordance with the Law of the Republic of Kazakhstan “On State and State-Guaranteed Borrowing and Debt,” external state debt is a component of state debt for external state loans and other debt obligations of the government, local executive authorities, and the National Bank of the Republic of Kazakhstan owed to nonresident creditors of the Republic of Kazakhstan, while internal state debt is a component of state debt for internal state loans and other debt obligations of the government of the Republic of Kazakhstan, local executive authorities, and the National Bank of the Republic of Kazakhstan owed to resident creditors of the Republic of Kazakhstan (Article 1 of the Law).*

*State loans are divided into internal and external depending on the loan capital market on which the borrowing takes place (Article 7 of the Law); in other words, debt obligations are classified depending on the type of loan capital market.*

*The latest issues of the Statistical Bulletin of the Ministry of Finance of the Republic of Kazakhstan contain additional remarks explaining the grounds for recording data on financing and debt obligations of the government of the Republic of Kazakhstan. The very next issue of the Statistical Bulletin of the Ministry of Finance of the Republic of Kazakhstan will contain a notice that information on the status of state debt of the Republic of Kazakhstan is published in the Statistical Bulletin of the National Bank of the Republic of Kazakhstan. In this context, it should be mentioned that the debt of the local executive bodies of the Republic of Kazakhstan will be published after the settlement of all debt obligations of the local executive bodies with the Ministry of Finance of the Republic of Kazakhstan.*

Investigate data inconsistencies between GFS and BOP and monetary statistics in coordination with NBK’s BOP and statistics divisions, and implement procedures to reconcile data on an ongoing basis.

*Staff of the NBK and the Ministry of Finance are investigating data inconsistencies between GFS and BOP and monetary statistics with the aim of improving accounting and methodology.*

Publish data revisions policy.

*In accordance with Law of the Republic of Kazakhstan entitled “On the Budget System,” revision of data on republican budget execution occurs after the completion of the accounting period, during which final transactions are effected for approved budget*

*expenditures on investment projects not provided with financing in the fiscal year just ended, and on official transfers credited to budgets, which is reported in a timely manner in the Statistical Bulletin of the Ministry of Finance.*

#### **D. Monetary Statistics**

Harmonize revisions practice with BOP/IIP and provide information on breaks in data series to the public.

*The NBK recognizes the need for closer coordination in this area between monetary and balance of payments statistics, and the need to carefully document breaks in data series for the users of these statistics. The NBK plans to conduct a review of current practices as part of a wider review into discrepancies among Kazakhstan's macroeconomic statistics (see below).*

Investigate data inconsistencies with IIP and GFS in coordination with NBK BOP division and the MOF, and implement procedures to reconcile data on an ongoing basis. Coordinate with the SARK on work on the classification of international units of residents in banking statistics.

*A coordinated effort with the other statistical agencies will be undertaken to identify the nature of existing data discrepancies and to examine possible procedures for reconciling data on an ongoing basis. The NBK will examine the possibility of distinguishing branch offices of nonresident companies for classification of institutional units in full correspondence with national accounts and balance of payments statistics.*

Release data simultaneously to users according to a preannounce schedule.

*Improvements planned for the NBK website will enable simultaneous private sector and government access to the monetary statistics.*

Disaggregate data shown in the monetary survey. Require commercial banks to translate foreign currency denominated accounts into tenge equivalents using market exchange rates.

*Information on the currency denomination of transferable and other deposits recorded in the monetary survey has been included in the NBK's Statistical Bulletin to enable reconciliation with M1 and M2 money measures, and deposits of regional and local governments are now included in the definition of money. The NBK will investigate further the possibility of including additional disaggregated data on the NBK website. Both the NBK and commercial banks now value their foreign currency denominated assets and liabilities on a daily basis using the average weighted market exchange rate.*

Timeliness of the analytical accounts of the central bank and the banking system with breakdown of data on public and private sectors, as well as data on the external position.

*Improvements in the NBK's website will facilitate release of these data in accordance with the requirements of the SDDS.*

More detailed metadata on the definition and scope of line items in the monetary accounts could be developed and made available to the public.

*Following design improvements, the NBK website will provide hyperlinks to the GDDS metadata published by the Statistics Agency of the Republic of Kazakhstan, and additional metadata will be developed for monetary statistics indicators. At the level of national publications of monetary statistics, NBK liabilities to the NFRK will be provided as a separate general article without breakdown by instruments. Data on the structure of NFRK assets will be disseminated to the public by the Ministry of Finance.*

### **E. Balance of Payments**

Begin reporting international reserves data based on the IMF's reserves template.

*The NBK is compiling the data required for completing the reserves template, and has started reporting on a trial basis to STA in January 2003. It plans to disseminate this information publicly by March 2003.*

Investigate discrepancies between the BOP or IIP and national accounts, government finance statistics, and monetary accounts, respectively, and publish reconciliation tables.

*Achieving reconciliation between the BOP and other accounts, and disseminating explanatory tables requires the cooperation of all the agencies involved in producing the macroeconomic accounts. The NBK has initiated discussions with the SARK and MOF to this end. Discrepancies between the BOP and monetary accounts are due, in part, to differences in frequency of publication, revision procedures, and definitions of residency. The NBK plans to regularly publish comments on causes of discrepancies between BOP and IIP data and other macroeconomic accounts and comparative tables for indicators with such discrepancies.*

Release data simultaneously to users according to a preannounced schedule.

*The NBK has announced a publication schedule for all data releases, and provision is being made for initial simultaneous electronic release to interested government officials, the media, and general public.*

Harmonize the definition of resident institutional units between national accounts, monetary and BOP statistics in accordance with 1993 SNA and BPM5.

*The NBK and SARK are coordinating a list of institutional units that present difficulties in the determination of residency. With the goal of assessing possible discrepancies between SNA and BOP data, there will be an exchange of consolidated information on those units and*

*the results of the assessment will be included in the comments on discrepancies planned for publication.*

Further develop, upgrade, and use the institutions' websites to facilitate more timely and complete dissemination of statistics and metadata.

*The NBK website is being upgraded for simultaneous electronic release of all datasets to all interested parties, to include a full list of hard copy publications with subscription instructions, metadata, and contact persons for user inquiries.*

Establish a regular schedule of consultation with users.

*The NBK will participate in a data users forum, open to the media and general public, at least annually.*

Provide advance notice to users of major changes in methodology and data sources.

*In NBK News, and on NBK's website, major changes in methodology and data sources will be publicized in advance. Moreover, as a regular practice, when such changes are contemplated, they are discussed with representative respondents and major users.*

INTERNATIONAL MONETARY FUND

REPUBLIC OF KAZAKHSTAN

**Detailed Assessments Using the Data Quality Assessment Framework (DQAF)**

Prepared by the Statistics Department

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This document contains a detailed assessment by dataset of the elements and indicators that underlie the data quality dimensions discussed in Kazakhstan's Report on the Observance of Standards and Codes (ROSC)—Data Module. It also includes as appendices the DQAF generic framework and the results of the survey of data users.

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## ACRONYMS

<i>1993 SNA</i>	<i>System of National Accounts 1993</i>
AFO	Association of Financial Officers
BOP	Balance of Payments
<i>BPM5</i>	<i>Balance of Payments Manual</i> , fifth edition
CIS	Commonwealth of Independent States
COICOP	Classification of Individual Consumption by Purpose
COFOG	Classification of the Functions of the Government
CPA	Classification of Products by Activities
CPI	Consumer Price Index
DQAF	Data Quality Assessment Framework
DSBB	Dissemination Standards Bulletin Board
GDDS	General Data Dissemination System
GDP	Gross Domestic Product
GFS	Government Finance Statistics
<i>GFSM 1986</i>	<i>A Manual of Government Finance Statistics, 1986</i>
<i>GFSM 2001</i>	<i>Government Financial Statistics Manual, 2001</i>
HIES	Household Income and Expenditure Survey
IIP	International Investment Position
IMF	International Monetary Fund
<i>MFSM</i>	<i>Monetary and Financial Statistics Manual</i>
MOF	Ministry of Finance
NACE	Standard Classification of Economic Activities within the European Communities
NBK	National Bank of Kazakhstan
NCEA	National Classification of Economic Activities
NFRK	National Fund of the Republic of Kazakhstan
NPEA	Nomenclature of Products by Economic Activities
NPISH	Nonprofit Institutions Serving Households
OECD	Organization for Economic Cooperation and Development
PPI	Producer Price Index
ROSC	Report on the Observance of Standards and Codes
SARK	Statistics Agency for the Republic of Kazakhstan
SDDS	Special Data Dissemination Standard
SDD	State Debt Department
STA	Statistics Department
VAT	Value Added Tax
UN	United Nations
USAID	United States Agency for International Development

## **DETAILED ASSESSMENT USING THE DATA QUALITY ASSESSMENT FRAMEWORK (DQAF)**

The following detailed information on indicators of statistical practices in the areas of the national accounts, price, government finance, monetary, and balance of payments statistics was gathered from publicly available documents and information provided by the Kazakhstan officials. This information, which is organized along the lines of the generic DQAF (Appendix II), was used to prepare the summary assessment of data quality elements, based on a four-part scale of observance, shown in Kazakhstan's Report on the Observance on the Standards and Codes (ROSC)—Data Module.

### **I. NATIONAL ACCOUNTS STATISTICS**

#### **0. Prerequisites of quality**

##### ***0.1 Legal and institutional environment***

###### ***0.1.1 The responsibility for collecting, processing, and disseminating statistics is clearly specified***

The Statistics Agency of the Republic of Kazakhstan (SARK) is an independent government institution operating under decision no. 325 of the Government of the Republic of Kazakhstan of March 30, 1999. The Law on State Statistics no. 98-1 from May 7, 1997 supplemented by amendment no. 280-II in January 2002 regulates the collection, compilation, and dissemination of official statistics in the Republic of Kazakhstan and authorizes the SARK to be the institution in charge of the state statistics policy.

The government of Kazakhstan approves each year a plan for statistics activities and the SARK compiles and disseminates statistics according to the plan. The compilation and dissemination of national accounts is stated in the plan.

###### ***0.1.2 Data sharing and coordination among data producing agencies are adequate***

Articles 3, 8, and 10 of the Law on State Statistics stipulate that all government agencies are required to cooperate with the SARK while carrying out their statistical activities—in data collection and dissemination, in implementation of statistical standards, and in sharing of data sources. There is an Inter-Agency Council for Improving Government Statistics, approved by the government and chaired by the First Vice Prime Minister, and whose members consist of the heads of different economic agencies and departments. Apart from issues of statistical methodology, the council deals with matters of inter-agency coordination and collaboration. There are written agreements between the SARK, the Ministry of Finance (MOF), and the National Bank of Kazakhstan (NBK) covering the sharing of macroeconomic data. The SARK management and staff are satisfied with the level of cooperation they receive from these agencies. There appears to be no evidence of major duplication of statistical efforts among the various agencies, with the exception of the processing of the foreign trade statistics.

*0.1.3 Respondents' data are to be kept confidential and used for statistical purposes only*

Articles 11–13 of the Law on State Statistics deal with the confidentiality of the individual respondents' data and the procedures for preventing disclosure of individual data. Article 11 states that the SARK is not allowed to disclose individual statistical information, and that the SARK staff have a personal legal obligation to keep individual data confidential. Article 12 applies the same legal procedure to all other statistics producing agencies. In the SARK, office procedures have been established and circulated to staff to reinforce the regulation. In addition, the requirement to maintain the confidentiality of individual information is emphasized in job descriptions for the SARK staff. Respondents are made aware of that legal provision. They are informed that the data collected through official statistical surveys may be used only for statistical purposes.

*0.1.4 Statistical reporting is ensured through legal mandate and/or measures to encourage response*

Article 3 of the Law on State Statistics regulates the provision of information from legal entities and households to all data producing agencies. According to Article 10, the SARK is authorized to request the information it deems necessary from all public and private institutions, as well as from individuals. All respondents must furnish the requested information accurately, and in the format and time period determined by the Plan for statistics. The Law does not prescribe how noncompliance is treated. However, the Code of the Republic of Kazakhstan on Administrative Legal Violations provides for penalties for noncompliance with reporting requirements, including misreporting. In practice, serious efforts are made to create goodwill among data providers. The SARK regional staff meets the respondents regularly to receive feedback on the reporting burden. Most surveys contain a short introduction on their objectives.

**0.2 Resources**

*0.2.1 Staff, financial, and computing resources are commensurate with statistical programs*

The National Accounts Department has a total staff of 21. The Department consists of four divisions in charge of the following work area:

- GDP by Production and Expenditure Approach—compilation of annual and quarterly GDP estimates;
- Integrated Economic Accounts—the full sequence of accounts and accounts by institutional sectors;
- Input-Output tables; and
- Financial Statistics Data—design and processing of data from the annual report of enterprises (balance sheet and profit-loss statement).

The number of staff employed by the National Accounts Department is adequate for their present tasks, but implementation of further improvement will require augmenting this number. Staff training in national accounts methodology is not adequate. Only two members of the present staff have been trained in the IMF sponsored regional national accounts courses. The SARK has not nominated staff for training in national accounts courses at IMF headquarters because of the lack of staff proficient in English. Training in national accounts and on-the-job training have been provided by the Organization for Economic Cooperation and Development (OECD) in the early nineties. The salaries and other benefits of employment are sufficient to retain experienced staff.

Computer resources are adequate; each expert in the National Accounts Department has a personal computer. The computers are connected by a network. Hardware and software facilities are adequately up to date.

The SARK management considers the financial resources for compiling the annual and quarterly national accounts aggregates adequate, but recognizes that more resources are needed for developing the basic economic statistics for national accounts. Due to the limited budget of the SARK, the agricultural establishment census has been postponed to 2005.

#### *0.2.2 Measures to ensure efficient use of resources are implemented*

The SARK management gives high priority to the compilation of national accounts statistics in the Plan for statistics activities. Management is aware of the need for more staff for developing the basic economic statistics, especially for the service statistics sector. There is some room for improving the organization of the compilation of basic economic statistics.

The SARK undertakes an annual review of its resources in the context of budgetary planning for the following year and in accordance with the statistical priorities identified by the government.

### **0.3 Quality awareness**

#### *0.3.1 Processes are in place to focus on quality*

Since participating in the General Data Dissemination System (GDDS), the SARK has undertaken major efforts to improve the quality of its statistics. The statistical priorities, work programs, and the various aspects of data quality are discussed within the Inter-Agency Council for Improving Government Statistics. Special quality assurance teams for monitoring quality and conducting process improvement studies do not exist. The SARK Department for Analysis and Publications is working toward creating statistical awareness among the public.

*0.3.2 Processes are in place to monitor the quality of the collection, processing, and dissemination of statistics*

There is no special body distinct from the SARK that provides guidance on the quality of statistics. The SARK headquarter staff review the problems in collecting and processing economic data during seminars conducted for regional staff. User feed back is sought to monitor the quality of the disseminated data via questionnaires, which are available in the hardcopy publications. The SARK also organizes each year an “Open Day” aimed at receiving feedback from users on data quality. Further, the SARK distributes to users a catalog listing its various publications and requests feedback on any of the items listed.

*0.3.3 Processes are in place to deal with quality considerations, including tradeoffs within quality, and to guide planning for existing and emerging needs*

Regular meetings are held with policy makers and other users in order to improve the quality of disseminated data. The SARK has developed a long-term program (1999–2005) for its statistical activities in close consultation with users—government, business, media, and researchers. The program was adopted as a Decree of the Government in November 1998. Program measures are financed from the republican budget and technical assistance resources from international organizations for implementation of certain projects for statistics improvements, as well as other financing sources. Implementation of the program will require obtaining resources in an amount equivalent to about US\$40–50 million.

**1. Integrity**

**1.1. Professionalism**

*1.1.1 Statistics are compiled on an impartial basis*

The Law on State Statistics defines the role of the SARK as an independent data producing agency from the point of view of implementation of statistical concepts, methods, and techniques. The Law does not explicitly mention interference from other institutions, but the institutional environment under which the SARK operates appears adequate to guarantee independence and impartiality in the compilation of statistics. Professional competency plays a key role in the staff promotion policy of the SARK. The SARK national accounts staff are often invited to conduct training in national accounts concepts and definitions for the staff of other government institutions.

*1.1.2 Choices of sources and statistical techniques are informed solely by statistical considerations*

The choice of statistical techniques is guided solely by considerations of a statistical nature. However, the SARK is not free to collect any statistics until the Plan for statistics activities has been approved by the government. The Plan is made public through the webpage of the SARK.

*1.1.3 The appropriate statistical entity is entitled to comment on erroneous interpretation and misuse of statistics*

The national accounts staff comment on the erroneous interpretation or the misuse of official statistics. The SARK has successfully defended the accuracy of GDP and price statistics at the highest level in response to allegations to the contrary made by another government agency. The release of the annual and quarterly national accounts data is usually supplemented by explanatory material and briefings for the press.

**1.2 Transparency**

*1.2.1 The terms and conditions under which statistics are collected, processed, and disseminated are available to the public*

The webpage of the SARK disseminates the Fundamental Principles of Official Statistics and the Law on State Statistics. It also gives information about how the SARK products can be found on the website. The SARK provides information on all statistical products, and identifies a contact person (with their postal address, telephone number, and e-mail), both in the hardcopy publications and through the webpage. All survey forms make reference to the Law on State Statistics and to data confidentiality.

*1.2.2 Internal governmental access to statistics prior to their release is publicly identified*

National accounts data are released simultaneously to all users. No officials outside the SARK have access to the data prior to their release. No ministerial commentary is attached to the release of the data.

*1.2.3 Products of statistical agencies/units are clearly identified as such*

Products of the SARK, including the national accounts data, are clearly identified by its name and logo.

*1.2.4 Advance notice is given of major changes in methodology, source data, and statistical techniques*

Advance public notice is not given for major changes in methodology, source data, and statistical techniques.

**1.3 Ethical standards**

*1.3.1 Guidelines for staff behavior are in place and are well known to the staff*

Apart from the provisions of the Law on State Statistics prohibiting disclosure of confidential information, staff conduct is guided by the government decree on Rules of Ethics for Civil Servants, which the SARK staff are aware. Article 10 of the Law prohibits civil servants to

hold any paid or unpaid positions in business that might create conflict of interest situations. Every statistician is provided with a relevant job description specifying his/her major tasks, functions, and duties, as well as norms of conduct.

## **2. Methodological Soundness**

### **2.1 Concepts and definitions**

*2.1.1 The overall structure in terms of concepts and definitions follows internationally accepted standards, guidelines, or good practices*

The SARK compiles annual and quarterly national accounts statistics based on the concepts and definitions recommended by the *1993 SNA*.

### **2.2 Scope**

*2.2.1 The scope is broadly consistent with internationally accepted standards, guidelines, or good practices*

The minimum requirements for the scope of national accounts tables and accounts, established by the Intersecretariat Working Group on National Accounts, are met. In addition, quarterly GDP estimates by production and expenditure approach at current and constant prices are compiled. The SARK compiles and disseminates the following national accounts and aggregates:

- Value added and GDP (annual and quarterly) at current and constant (previous year) prices by activity;
- Annual and quarterly expenditures of GDP at current and constant (previous year) prices;
- Annual value added components at current prices by activity;
- Annual sequence of accounts for the institutional sectors and the total economy;
- Supply and use tables for 1997; and
- Annual rest of the world accounts (until net lending).

The delimitation of the constituent units of the economy is based on a legal definition and deviates from the *1993 SNA* for some local branches of foreign enterprises. Territorial enclaves in the rest of the world and free zones are included as part of the economy. The production boundary is in accordance with the *1993 SNA*. In particular, own-account production of goods for own-final consumption, output of goods for own-account fixed capital formation, research and development on own account, mineral exploration, production of computer software, and the production of entertainment, literary and artistic originals are included in the measurement of output. Illegal activities are not in the scope of output measurement.

The assets boundary is broadly in accordance with the *1993 SNA*. The defense related assets that could be used for civilian purpose are included among tangible assets. Agricultural work-in-progress is included in the boundary of tangible assets. Valuables and historical monuments are not included in the assets. The intangible assets are included in the assets boundary.

### **2.3 Classification/sectorization**

#### *2.3.1 Classification/sectorization systems used are broadly consistent with international standards, guidelines, or good practices*

Institutional units, transactions, and other flows follow broadly the *1993 SNA*.

Activities are classified according to the National Classification of Economic Activities (NCEA), which is equivalent to the Standard Classification of Economic Activities of the European Communities (NACE) Rev. 2, extended by one additional digit for national purposes. Products are classified by an equivalent to the Classification of Products by Activities (CPA) extended by three additional digits for national purposes. The Classification of Individual Consumption by Purpose (COICOP) is used to classify household consumption and the Classification of the Functions of the Government (COFOG) is used for government functions.

### **2.4 Basis for recording**

#### *2.4.1 Market prices are used to value flows and stocks*

The valuation rules used for recording flows and stocks are generally in accordance with the *1993 SNA*. They are as follows:

- Market output is valued at basic prices;
- Output for own-use is valued at equivalent market prices;
- Transport margins are included in the valuation of intermediate consumption;
- Sales and excise taxes are included in the valuation of intermediate consumption;
- Value added taxes are included in the valuation of intermediate consumption, excluding the deductible part of the value added taxes;
- The deductible part of the value added taxes is excluded from the valuation of final uses; and
- Total imports and exports are valued on an *f.o.b.* basis; the estimate on insurance and freight by commodities for imports being based on expert estimate ratio.

#### *2.4.2 Recording is done on an accrual basis*

In principle, all transactions are recorded on an accrual basis in accordance with the recommendations of the 1993 SNA. The general government sector data, however, are recorded on a cash basis.

#### *2.4.3 Grossing/netting procedures are broadly consistent with internationally accepted standards, guidelines, or good practices*

Generally, transactions between establishments within the same enterprise are recorded on a gross basis.

### **3. Accuracy and Reliability**

#### **3.1 Source data**

##### *3.1.1 Source data are collected from comprehensive data collection programs that take into account country-specific conditions*

The SARK uses the Statistics Register of Enterprises as a framework for its basic economic statistics surveys. The register was established on the basis of administrative data from the Ministry of Justice and the Ministry of State Revenues. It is maintained by the SARK Department for Coordination and Statistical Tools. The register covers all registered legal entities and individuals and contains data on the main characteristics of the units (legal status, type of unit, economic activity, ownership, economic sector, economic data, including number of employees). As an economic census has not been conducted in Kazakhstan, the coverage of the register is not considered exhaustive.

Annually and quarterly, two basic sets of data for the national accounts are collected:

- For gross output—the annual and quarterly surveys of output; and
- For intermediate consumption—the annual and quarterly surveys of intermediate consumption.

The annual and quarterly surveys for output (by economic activity) are the major data sources for compiling gross output estimates for the nonfinancial, household, and non-profit institutions serving households (NPISH) sectors according to the production and income approaches. The survey program is dependent on the activity described. The SARK business statistics divisions apply different approaches in sample design and estimation procedures depending on the economic activity (at one digit level of the NCEA). In industry, the enterprises are grouped by size (large, medium, and small), the first two groups being surveyed by complete enumeration, while the third one by sampling techniques. The sample of the small units is drawn from the register using a simple random sampling technique, the annual sample based on the status of the units in the register as of the current year, while the quarterly sample is based on the status of the units as of the previous year. In agriculture, the

units are grouped in two sets—legal units and households. The legal units are surveyed by complete enumeration according to their activity (crops, livestock breeding, and agricultural services). The households are surveyed by a sample drawn from four other registers maintained by the agricultural statistics division. The survey approach for all other activities is quite similar—the legal units and households are surveyed by different forms and techniques. The sampling criteria for each economic activity depends on the size of the units. The coverage of the total economic activities by the annual and quarterly surveys (in terms of value added) is considered to be very good for the units of the nonfinancial sector (over 90 percent) and less satisfactory for the households and the NPISH (about 50 percent). The survey coverage of service activities is considered to be poor. No imputation methods are used to handle non-response; simple grossing up from survey data is done to compile the total population data. Information on sampling and non-sampling errors is not assessed and published. Data collected are sufficiently detailed to derive gross output for all economic activities.

The National Accounts Department is responsible for collecting the annual and quarterly surveys of intermediate consumption. All enterprises from the register are stratified in three groups: large, medium, and small. The first two groups are surveyed by complete enumeration, while the small enterprises (up to 50 employees) are surveyed through sampling. The coverage of total economic activities (in terms of value added) for the large and medium enterprises is more than 90 percent, while the coverage of the small enterprises is about 50 percent. On a four digit level of the NCEA, the coverage of the first two groups of enterprises is very good, while for the small enterprises it is not satisfactory. The small enterprises are sampled using a simple random sample. Imputation for non-response is not done. Simple grossing up is made using factors by activities. The data collected are sufficiently detailed to derive intermediate consumption and gross fixed capital formation.

The household income and expenditure survey (HIES) is a continuous survey with rotation. Different sampling approaches have been used during recent years. The present approach (since 2001) is to select a sample of households from the household register (based on the 1999 population census) using stratified random sampling technique. The population sample was stratified in the following six strata: (i) urban areas with more than 30,000 households, (ii) urban areas with 10,000–30,000 households, (iii) urban areas with less than 10,000 households, (iv) Almaty, (v) Astana, and (vi) rural areas. The sample consists of 12,000 households rotated each year. The sample is considered to be representative on both country and regional levels, and also to represent all socio-economic groups. Proper imputation techniques are used to handle non-responses. Data are collected quarterly. The expenditure items are based on the COICOP (about 130 groups of goods and services). Data collected are sufficiently detailed and cover purchases of consumption goods and services, purchases of durable goods, production (including for own-consumption), and own-account fixed capital formation. Purchases of valuables are not covered by the survey. In addition, data on transfers and employment (including in the informal sector) are collected for national accounts compilation.

Comprehensive government finance statistics are available on a monthly and annual basis for (i) central government, (ii) regional government, (iii) local government, (iv) the state social security fund, and (v) non-profit institutions financed by the government. The data are collected by the MOF. The MOF provides data on all defense related expenditures and on capital stock for the general government. Detailed data are available to measure output, intermediate consumption, fixed capital formation, and final consumption expenditure of government. Data for the financial enterprises sector are received from the NBK. They are considered to be sufficiently detailed for the compilation of the national accounts aggregates.

Data for the financial enterprises sector are received by the NBK. They are considered to be sufficiently detailed for the compilation of the national accounts aggregates.

For external transactions in goods, the SARK division for foreign trade statistics compiles data on import and export. The SARK staff processes on a monthly basis the customs declarations received from the Customs' Committee.

No economic census surveys have been conducted. The Census of agricultural establishments is postponed until 2005.

Ad hoc studies are conducted in order to fill data gaps. Recent examples are the survey of the service establishments, the construction establishments, and the NPISH.

### *3.1.2 Source data reasonably approximate the definitions, scope, classifications, valuation, and time of recording required*

Generally, source data are consistent with the definitions, scope, and classifications of the national accounts, and in terms of the time of recording, reference periods, and valuation principles. Several issues may give rise to problems:

- Values of changes in inventories are directly reported by the enterprises themselves and the SARK may not have an insight as to what valuation systems are being followed;
- General government transactions are recorded on a cash basis;
- For the monthly external trade data, the time of recording of the delayed declarations is the time they enter for processing in the SARK; and
- The classification of institutional units by sectors is based on legal criteria rather than on the economic behavior.

The SARK national accounts staff cooperates with the basic economic statistics divisions for the design of the annual and quarterly surveys so that the source data approximate the definitions, scope, valuation, and classifications required in the national accounts. The SARK has established a Methodological Council (comprising the heads of all departments and headed by the First Deputy Chairman) that deals with the problems of coordination between the divisions from the point of view of the survey concepts and definitions.

### *3.1.3 Source data are timely*

Most source data are available on a sufficient timely basis. Price statistics used in compiling GDP at constant prices are compiled by the SARK. These include the producer price indexes (PPI), the consumer price index (CPI), the import and export price indexes, price indexes of agricultural products and inputs—all are available on a timely basis. Foreign trade, balance of payments, monetary and financial, as well as government finance statistics are obtained on a timely basis.

## **3.2. Statistical techniques**

### *3.2.1 Data compilation employs sound statistical techniques*

#### Production approach

Estimates of output and intermediate consumption are compiled by economic activities at the four-digit level of the NCEA.

The reliance on fixed ratios derived from benchmarks is very limited. There are no estimates derived from fixed ratios that are more than five years old.

Concerning the techniques used to address specific issues of GDP compilation, the following can be noted:

- The output of the owner-occupied dwellings is valued as the estimated rentals that tenants would pay for similar accommodation. The estimates are made by applying estimated "rents" to dwelling stock data for various classes of dwellings, expressed as areas in square meters by urban and rural areas;
- The following items are included in the work-in-progress: growing crops, standing timber, stocks of fish, livestock reared for purposes of food, large construction projects, and output of large equipment;
- In the estimates of output, sales are adjusted for changes in inventories. The SARK adjusts the source data for inventories of supplies to be used as intermediate consumption for eliminating holding gains/losses;
- The perpetual inventory method is used as the conceptual basis for estimating consumption of fixed capital;
- The cash data on central government transactions are not adjusted to accrual basis; and
- Because the residence criterion in the statistics register is based on a legal definition, there might be some units that are out of the scope of the economy (see 2.2.1).

The following should be noted regarding the estimates at constant prices:

- The double indicator method is used for compilation of value added in the industrial activities only. Output and intermediate consumption are deflated at four-digit level of the NCEA. The PPI are used for deflating of output. Intermediate consumption price indexes are compiled by the SARK price statistics division (on the basis of a survey of goods-representatives for each activity) and are used for the deflating of intermediate consumption by industries;
- Single indicator method on a two-digit level of the NCEA is used for all non-industrial activities. With the exception of agriculture, production indexes are used to extrapolate value added data. The indexes are considered to be representative. For agriculture, value added is deflated by agricultural production price indexes;
- The volume measures for taxes less subsidies on products are estimated by deflating the current values using the weighted average gross value added deflator of all activities;
- Output volume of trade margins is estimated by deflating the current values using sub-groups of the CPI; and
- The volume changes are measured using annual chain indexes for the annual data and previous year base indexes for the quarterly data.

#### Expenditure approach

The GDP estimates at current prices according to the expenditure approach are derived independently. In particular, independent estimates are compiled for household final consumption expenditure (at one digit level of COICOP), government final consumption expenditure (at one digit level of COFOG), gross fixed capital formation (by activities and types of assets), and changes in inventories (by activities and type of assets).

In compiling GDP by expenditure components, there is no reliance on fixed ratios derived from benchmarks or other sources that are more than five years old.

Specific issues of GDP compilation are addressed as follows:

- Government final expenditure is exclusive of incidental sales;
- Expenses of residents abroad are included in household final consumption expenditure and in imports;
- Expenses of nonresidents in the economy are excluded from the household final consumption expenditure and included in exports; and
- Expenditures on items that are considered stores of wealth (such as jewelry and works of art) are not included in the estimates of valuables.

With respect to volume measurement, specific price indexes/deflators are used to deflate expenditure on GDP components at least at the one-digit level of the corresponding classifications. The household final consumption expenditure is deflated by sub indexes of the CPI. The household consumption implicit deflator is broadly consistent with the CPI. Government final consumption expenditure in constant prices is obtained by deflating cost

components of output for final use (broken down into employee compensation and “goods and services”). Changes in inventories are deflated by the PPI.

Concerning the quarterly compilation techniques:

- The Denton technique is followed to combine annual estimates with quarterly indicators;
- The quarterly compilation system derives quarterly series from seasonally unadjusted source data; and
- Seasonal adjustment of the quarterly national accounts estimates is done using moving averages.

### ***3.2.2 Other statistical procedures (e.g., data adjustments and transformations, and statistical analysis) employ sound statistical techniques***

The annual and quarterly national accounts do not evaluate activities prohibited by law. Small scale business and the NPISH are not exhaustively covered by the regular annual and quarterly surveys. Their activities are grossed up using average amounts derived from data of surveyed enterprises. The informal activities are estimated on a case-by-case basis using data from the employment survey, the balance of employment, administrative data, and the HIES.

### ***3.3 Assessment and validation of source data***

#### ***3.3.1 Source data—including censuses, sample surveys and administrative records—are routinely assessed, e.g., for coverage, sample error, response error, and non-sampling error; the results of the assessments are monitored and made available to guide planning***

For all surveys, information about sampling errors and non-response rates is not published. Data are adjusted for under-reporting and non-response. In the past, the headquarter staff audited the accuracy of the data collected by the regions but current resources do not allow the implementation of this procedure.

The administrative data (government finance statistics, balance of payments, monetary statistics) are not adjusted although assessed. In cases when there are discrepancies between the SARK source data and the administrative data, the national accounts staff always use unadjusted administrative data.

The source data are analyzed and checked for temporal consistency. The two main sources of national accounts data (the surveys for output and the surveys for intermediate consumption) are checked for consistency on an enterprise level when necessary. Generally, the concepts, definitions, classifications, and valuation bases used in the economic activity surveys are consistent with national accounts concepts. There are also no difficulties with reference

periods used in the economic activity surveys. The SARK analyzes the source data to identify any potential problem areas that require further investigation.

### **3.4 Assessment and validation of intermediate data and statistical outputs**

#### *3.4.1 Main intermediate data are validated against other information where applicable*

Intermediate data on major activities, mainly industry, are assessed against related indicators, such as volume and price trends.

#### *3.4.2 Statistical discrepancies in intermediate data are assessed and investigated*

Assessments of potential discrepancies of major intermediate data are undertaken, and adjustments are made to remove the discrepancies. Particularly, the following ratios are checked carefully: intermediate consumption/gross output, gross value added/gross output, and consumption of fixed capital/gross output. In addition, the value added structure by industry is also checked for temporal consistency. Proper adjustments are made to remove the discrepancies.

#### *3.4.3 Statistical discrepancies and other potential indicators of problems in statistical outputs are investigated*

The statistical discrepancy between GDP by production and GDP by expenditure approach is shown explicitly. Although supply and use tables were compiled for 1997, the discrepancy between the two approaches is not investigated. No studies are performed to ensure that the bias in the GDP estimate is negligible.

### **3.5 Revision studies**

#### *3.5.1 Studies and analyses of revisions are carried out routinely and used to inform statistical processes*

The magnitude of the revisions is always investigated. When revised figures are published, significant revisions are commented and explained in the text. The results of the investigations are taken into account for the subsequent period compilation.

## **4. Serviceability**

### **4.1. Relevance**

#### *4.1.1 The relevance and practical utility of existing statistics in meeting users' needs are monitored*

In general, the SARK assesses whether the economic statistics adequately meet government needs. Consultations are made mainly with representatives of the government agencies and

some academic institutions. Users' views are surveyed through a hardcopy questionnaire in the statistical publications. However, there is no advisory group that systematically assesses the relevance of the existing national accounts data.

The national accounts staff regularly participate in the Commonwealth of Independent States (CIS) Statistics Committee meetings and in the UN/OECD meetings on national accounts for the transition economies. Recently, the SARK presented a case study on the estimation of the non-observed economy at the OECD meeting on national accounts for the CIS countries. The SARK staff is also providing assistance to the national accounts staff of the neighboring countries—Azerbaijan, Uzbekistan, and the Kyrgyz Republic.

## **4.2 *Timeliness and periodicity***

### *4.2.1 Timeliness follows dissemination standards*

The timeliness of both annual and quarterly estimates meets the Special Data Dissemination Standard (SDDS) requirements. There is an advance release calendar on the dissemination of the national accounts estimates.

### *4.2.2 Periodicity follows dissemination standards*

The dissemination of the annual GDP meets the recommendations of GDDS. The quarterly GDP estimates meet the SDDS requirements for periodicity.

## **4.3 *Consistency***

### *4.3.1 Statistics are consistent within the dataset*

The estimates of GDP by activity and by expenditure components are internally consistent from a conceptual standpoint. The statistical discrepancies between them are shown explicitly and assigned to the expenditure estimate. During the last five years, the discrepancy in the annual data ranges between 4 and 5 percent. Consistent growth rates are obtained from GDP by production and expenditure categories. In the supply and use tables, supply of goods and services does not match total uses and is balanced through the changes in inventories. GDP estimates at current prices, those at constant prices and the implicit deflators are consistent within the “value = volume × price” framework. Quarterly and annual GDP estimates are consistent with one another from a conceptual point of view. The quarterly estimates compiled are consistent with the annual estimates.

### *4.3.2 Statistics are consistent or reconcilable over a reasonable period of time*

Annual national accounts estimates are available since 1990 and quarterly national estimates are available since 1994. There are two breaks in the annual accounts: (i) the annual accounts are expressed in rubles from 1990 to 1992, and in tenge thereafter, and (ii) the annual accounts are compiled according to the old classification of activities until 1997 and

according to the NCEA since 1998. Therefore, consistent time series for the annual estimates are available since 1998. Historical annual series were not reconstructed back for changes in the methodology. The quarterly estimates were reconstructed back for classification changes and consistent quarterly time series are available since 1994. There are detailed methodological notes to explain the breaks in the national accounts time series. The SARK always explains in the analytical text of the national accounts publications any unusual changes in the economic trends.

#### *4.3.3 Statistics are consistent or reconcilable with those obtained through other data sources and/or statistical frameworks*

There are differences between the national accounts data and the balance of payments data; the total net lending/net borrowing in the national accounts differs from the current account balance plus the capital account balance in the balance of payments.

#### **4.4 Revision policy and practice**

##### *4.4.1 Revisions follow a regular, well-established, and transparent schedule*

A complete description of release and revision schedules is published, and covers the following:

For the annual estimates:

- Flash estimate—one month after the reference period for the production approach estimate and three months for the expenditure approach estimate;
- First revised estimate—nine months after the reference period;
- Second revised estimate—thirteen months after the reference period; and
- Third revised estimate—twenty one months after the reference period.

For the quarterly estimates:

- Flash estimate—one month after the reference period (only the production approach estimate);
- First revised estimate—three months after the reference period;
- Second revised estimate—nine months after the reference period;
- Third revised estimate—thirteen months after the reference period; and
- Forth revised estimate—twenty one months after the reference period.

The present revision policy is well established. Users are familiar with the revision cycle, which has been quite stable from year to year and is published in the Plan for statistics activities. The revisions are usually of small magnitude.

#### *4.4.2 Preliminary data are clearly identified*

Preliminary and revised data are identified. Users are made aware that data are preliminary and subject to revision. The revised data are disseminated with the same level of detail as those previously published.

#### *4.4.3 Studies and analyses of revisions are made public (see also 3.5.1)*

Revisions are measured and explained in the press release when the revised data are disseminated. The explanations include analysis of preliminary versus revised data for the major aggregates.

### **5. Accessibility**

#### **5.1. Data accessibility**

##### *5.1.1 Statistics are presented in a way that facilitates proper interpretation and meaningful comparisons (layout and clarity of text, tables, and charts)*

National accounts estimates, growth rates, and shares are published in a clear manner, with charts and tables, and a short analytical commentary. Both GDP by production and by expenditure approach are published at a very disaggregated level. The SARK also publishes time series (annual data since 1990 and quarterly data since 1994) at a detailed level. The quarterly national accounts are published as seasonally adjusted time series.

##### *5.1.2 Dissemination media and formats are adequate*

Annual and quarterly national accounts estimates are disseminated regularly, through dedicated national accounts publications and the statistics yearbook, through news releases, and through electronic means, including posting on the SARK's website. Both the recent data and the time series could be accessed through the website.

##### *5.1.3 Statistics are release on a preannounced schedule*

The annual and quarterly national accounts estimates are released according to an advance release calendar published on the SARK's website.

*5.1.4 Statistics are made available to all users at the same time*

The national accounts estimates are released simultaneously to all interested users on the date and time specified in the advance release calendar. The press is not briefed in advance.

*5.1.5 Non-published (but nonconfidential) subaggregates are made available upon request*

Unpublished but non-confidential detailed data are made available to users upon request. The availability of these data is publicized through the SARK's website.

**5.2 Metadata accessibility**

*5.2.1 Documentation on concepts, scope, classifications, basis of recording, data sources, and statistical techniques is available, and differences from internationally accepted standards, guidelines, or good practices are annotated*

The GDDS metadata page on national accounts, which contains a summary description of methodology, is posted both on the IMF's Dissemination Standards Bulletin Board and on the SARK's website (in English and Russian). The last update is August 2001.

*5.2.2 Levels of detail are adapted to the needs of the intended audience*

There is not a detailed description on concepts, definitions, classifications, data sources, and statistical techniques used for the compilation of the national accounts estimates. The SARK has prepared a description of the national accounts metadata (not yet published), but the deviations from the 1993 SNA are not sufficiently described in the document. The SARK disseminates some articles on the national accounts methodology in scientific magazines.

**5.3 Assistance to users**

*5.3.1 Contact person for each subject field is publicized*

A contact person for the national accounts data is publicized in the hard-copy publications and on the SARK's website. The SARK's catalog of publications contains useful data for the users about the availability of related national accounts datasets.

*5.3.2 Catalogues of publications, documents, and other services, including information on any changes, are widely available.*

A list of publications is given in the SARK's catalog of publications and on the Internet. The cost of the publications is stated, as well as information on how they may be obtained.

Table 1. Kazakhstan—Data Quality Assessment Framework: Summary of Results for National Accounts Statistics  
(Compiling Agency: Statistics Agency of the Republic of Kazakhstan)

Element	NA	Assessment				Comments on Assessment	Plans for Improvement and Target Dates*
		O	LO	LNO	NO		
<b>0. Prerequisites of quality</b>							
0.1 Legal and institutional environment		X					
0.2 Resources			X		National accounts staff need training; additional staff are needed for developing some basic economic statistics.		
0.3 Quality Awareness		X					
<b>1. Integrity</b>							
1.1 Professionalism		X					
1.2 Transparency			X		No advance notice is given for major changes in the methodology, data sources, and statistical techniques.		
1.3 Ethical standards		X					
<b>2. Methodological soundness</b>							
2.1 Concepts and definitions		X					
2.2 Scope			X		The 1993 SNA residence criterion is not applied to local branches of foreign firms.	The NNB and the SARK coordinate a list of resident branch offices of foreign firms.	
2.3 Classification/Sectorization		X					
2.4 Basis for recording			X		General government transactions are recorded on a cash basis.		
<b>3. Accuracy and reliability</b>							
3.1 Source data			X		The register is not comprehensive; no economic censuses have been conducted.		
3.2 Statistical techniques			X		Direct deflation of value added by price indexes for agriculture is used.		
3.3 Assessment and validation of source data			X		Proper imputation techniques are not used for non-response and under-reporting in the source data.		

Key to symbols: NA = Not Applicable; O = Practice Largely Observed; LO = Practice Largely Observed; LNO = Practice Largely Not Observed; NO = Practice Not Observed; SDDS = Complies with SDDS Criteria

Table 1. Kazakhstan—Data Quality Assessment Framework: Summary of Results for National Accounts Statistics  
(Compiling Agency: Statistics Agency of the Republic of Kazakhstan)

Element	NA	Assessment				Comments on Assessment	Plans for Improvement and Target Dates*
		O	LO	LNO	NO		
3.4 Assessment and validation of intermediate data and statistical outputs			X			Supply and use tables are not used to address discrepancies in data.	
3.5 Revision studies		X					
<b>4. Serviceability</b>							
4.1 Relevance			X			No user advisory group is established.	
4.2 Timeliness and periodicity		SDDS					
4.3 Consistency				X		Annual data series are not reconstructed for changes in the methodology; national accounts and BOP data are not consistent.	
4.4 Revision policy and practice		X					
<b>5. Accessibility</b>							
5.1 Data accessibility		X					
5.2 Metadata accessibility			X			There is no detailed description on national accounts data sources, methods, and estimation techniques.	
5.3 Assistance to users		X					

\*Authorities' plans as of May 3, 2002

Key to symbols: NA = Not Applicable; O = Practice Observed; LO = Practice Largely Observed; LNO = Practice Largely Not Observed; NO = Practice Not Observed; SDDS = Complies with SDDS Criteria

## II. PRICE STATISTICS (CONSUMER PRICE INDEX)

### 0. Prerequisites of quality

#### 0.1 *Legal and institutional environment*

##### 0.1.1 *The responsibility for collecting, processing, and disseminating statistics is clearly specified*

The Statistics Agency of the Republic of Kazakhstan (SARK) is an independent government institution operating under the decision no. 325 of the Government of the Republic of Kazakhstan of March 30, 1999. The Law on State Statistics no. 98-1 from May 1997 supplemented by amendment no. 280 in January 2002 regulates the collection, compilation, and dissemination of official statistics data in Kazakhstan and authorizes the SARK to be the institution in charge of the state statistics policy.

In addition, Law no. 600, approved on October 11, 1991 is a special decree of the government which charges the SARK with the responsibility for conducting surveys, and collecting and processing prices and other information, for the analysis of price developments.

##### 0.1.2 *Data sharing and coordination among data producing agencies are adequate*

Articles 3, 8, and 10 of the Law on State Statistics stipulate that all government agencies are required to cooperate with the SARK while carrying out their statistical activities—in data collection and dissemination, in implementation of statistical standards, and in sharing of data sources. There is an Inter-Agency Council for Improving Government Statistics, chaired by the Vice Prime Minister and whose members consist of the heads of different economic agencies and departments approved by the government. Apart from issues of statistical methodology, the council deals with matters of inter-agency coordination and collaboration. There are written agreements between the SARK, the Ministry of Finance (MOF), the National Bank of Kazakhstan (NBK), and the Ministry of the Economy covering the sharing of macroeconomic data. The SARK management and staff are satisfied with the level of cooperation they receive from these agencies. There appears to be no evidence of major duplication of statistical efforts among the various agencies, with the exception of the processing of the foreign trade statistics.

##### 0.1.3 *Respondents' data are to be kept confidential and used for statistical purposes only*

Articles 11-13 of the Law on State Statistics deal with the confidentiality of the individual respondents' data and the procedures for preventing disclosure of individual data. Article 11 states that the SARK is not allowed to disclose individual statistical information, and that the SARK staff have a personal legal obligation to keep the individual data confidential. Article 12 applies the same legal procedure to all other statistics producing agencies. In the SARK, office procedures have been established and circulated to staff to reinforce the regulation. In addition, the requirement to maintain the confidentiality of individual information is emphasized in job descriptions for the SARK staff. Respondents are made

aware of that legal provision. They are informed that the data collected through official statistical surveys may be used only for statistical purposes.

*0.1.4 Statistical reporting is ensured through legal mandate and/or measures to encourage response*

Article 3 of the Law on State Statistics regulates the provision of information from legal entities and households to all data producing agencies. According to Article 10, the SARK is authorized to request the information it deems necessary from all public and private institutions, as well as from individuals. All respondents must furnish the requested information accurately, and in the format and time period determined by the Plan for statistics activities approved by the government. The Law does not prescribe how noncompliance is treated. However, the Code of the Republic of Kazakhstan on Administrative Legal Offences provides penalties for noncompliance with reporting requirements, including misreporting. In practice, serious efforts are made to create goodwill among data providers. The SARK regional staff meets the respondents regularly to receive feedback on the reporting burden. Most surveys contain a short introduction on their objectives.

**0.2 Resources**

*0.2.1 Staff, financial, and computing resources are commensurate with statistical programs*

At SARK headquarters, four professional staff are assigned responsibility for the compilation of the CPI, among other assignments. In each of the oblasts (provinces), there are seven price collectors while Almaty has twelve. A price collector is allocated to each of the 27 districts, which report price data for the CPI. Of the ten professionals in the computer center, seven are assigned responsibility for all data processing tasks related to the CPI. The level of computing resources is adequate for the compilation of the CPI. Existing resources are adequate to meet the frequency, timeliness, and quality targets of the SARK in the compilation of the CPI.

At least once a year, the SARK arranges a one-week training seminar on statistical issues related to the compilation of the CPI and the PPI. Each region is represented at these seminars by two to three persons of whom at least one belongs to the relevant computer center attached to the region. In addition, selected staff attend seminars under the auspices of the IMF, the USAID, and other organizations. The SARK has experienced no problems with staff retention as employment with the organization is highly valued by its staff.

*0.2.2 Measures to ensure efficient use of resources are implemented*

SARK management shares with its staff the institution's direction and vision for the future. Both management and staff seek to create efficiencies across different departments.

### **0.3 Quality awareness**

#### *0.3.1 Processes are in place to focus on quality*

SARK management is well aware of all dimensions of data quality and makes a special effort to reflect that concern through its publications and press releases. The SARK conducts regular meetings with official institutions and other users to solicit feedback on its published data. In addition, the Department of Price Statistics at the SARK headquarters reviews the collection of source data, data processing, and reporting procedures carried out by the SARK regional offices.

#### *0.3.2 Processes are in place to monitor the quality of the collection, processing, and dissemination of statistics*

The SARK carries out periodic reviews to identify any problems at the various stages of compilation of the CPI. In addition, the Inter-Agency Council for Improving Government Statistics provides guidance on the quality of the price series and suggests ways to improve its compilation.

The process of ongoing internal audit noted above as well as the training opportunities available to the regional SARK staff (noted under section 0.2.1) ensure that they are adequately qualified to monitor the collection, processing, and dissemination of CPI data.

#### *0.3.3 Processes are in place to deal with quality considerations, including tradeoffs within quality, and to guide planning for existing and emerging needs*

While the management of the SARK is aware of the tradeoffs among the dimensions of quality, such tradeoffs are rarely, if ever, a practical consideration in the compilation of the CPI. The regional offices of the SARK follow, very strictly, the schedule for reporting of consumer prices to the headquarters and there appears to have been no occasion when the SARK has had to consider a tradeoff between timeliness and missing data on the CPI.

## **1. Integrity**

### **1.1 Professionalism**

#### *1.1.1 Statistics are compiled on an impartial basis*

The Law on State Statistics, the Law on Civil Service, and the Civil Service Ethic Rules provide the ground rules for professional behavior and conduct of the SARK staff. Every civil servant is subject to an accreditation process once every three years, which evaluates the civil servant's professional knowledge and assesses conflict of interest and other ethical violations.

Article 10 of the Law on Civil Service prohibits a civil servant from using any information or material that he is able to obtain as a result of his position for personal benefit. The civil servant also cannot hold any paid or unpaid position in any business or commercial enterprise where the nature of his duties comes in conflict with those he is responsible for in his official

capacity. The Anti-Corruption Law specifies the penalties associated with violations of the Law on Civil Service.

*1.1.2 Choices of sources and statistical techniques are informed solely by statistical considerations*

The selection of outlets for each region is based on tested statistical sampling techniques. The sampling frame has been steadily expanded to take account of increases in the population and new products purchased by households.

*1.1.3 The appropriate statistical entity is entitled to comment on erroneous interpretation and misuse of statistics*

The SARK holds regular press briefings to prevent misinterpretation or misuse of the statistics it compiles and publishes. Recently, the SARK has successfully defended the accuracy of price statistics at the highest level in response to allegations to the contrary made by another government agency.

**1.2 Transparency**

*1.2.1 The terms and conditions under which statistics are collected, processed, and disseminated are available to the public*

The webpage of the SARK disseminates the Fundamental Principles of Official Statistics and the Law on State Statistics. It also gives information about how the SARK products can be found on the website. The SARK provides information on all statistical products, and identifies a contact person (with their postal address, telephone number, and e-mail), both in the hardcopy publications and through the webpage. All survey forms make reference to the Law on State Statistics and to data confidentiality.

*1.2.2 Internal governmental access to statistics prior to their release is publicly identified*

Users are provided with a schedule of statistical publications and/or data to be released by the SARK, clearly specifying the time of release and nature of information to be provided. Price statistics are simultaneously released to all users. No officials outside the SARK have access to the data prior to release. No ministerial commentary is attached to the release of the data.

*1.2.3 Products of statistical agencies/units are clearly identified as such*

All publications of the SARK are clearly identified. Each sector of statistics is provided with a common SARK logo and a unique sectoral color cover.

*1.2.4 Advance notice is given of major changes in methodology, source data, and statistical techniques*

Advance public notice is not given for major changes in methodology, source data, and statistical techniques.

### **1.3 Ethical standards**

#### *1.3.1 Guidelines for staff behavior are in place and are well known to the staff*

The SARK issues to all its staff involved in the compilation of the CPI, a set of instructions that clearly stipulates the expected norms of ethical conduct in the collection of information for the price index. Every statistician is provided with a relevant job description specifying his or her major tasks, functions, and duties, as well as norms of conduct. There is a government decree on Rules of Ethics for Civil Servants.

## **2. Methodological Soundness**

### **2.1 Concepts and definitions**

#### *2.1.1 The overall structure in terms of concepts and definitions follows internationally accepted standards, guidelines, or good practices*

The concepts and definitions for household consumption expenditures are consistent with the 1993 SNA. These concepts and definitions underlie the determination of the weights for the CPI. The goods and services for which regular price quotations are obtained are based on the specifications contained in the *Consumer Price Index Manual*<sup>1</sup>. The SARK has a policy of keeping deviations from these concepts and definitions under regular review.

### **2.2 Scope**

#### *2.2.1 The scope is broadly consistent with internationally accepted standards, guidelines, or good practices*

All resident households, both urban and rural, are included in the CPI. On a geographic basis, the CPI covers 14 oblasts, 27 districts, Almaty, Astana, and three other large cities. Sampling techniques are used to include a fair representation of families of all sizes and income levels within these areas. Included also are households that operate businesses, in which case their business activity is separated from own consumption. Rural households include those mainly engaged in farming. The CPI includes housing costs such as rents, maintenance costs, and utilities although the weight of housing cost is quite low in Kazakhstan due to cooperative housing facilities provided by the government. No attempt is made to impute the cost of owner occupied housing in the CPI based on housing funds data or national accounts estimates.

A regular price survey supports publication of the CPI on a monthly basis. The survey involves 435 types of headings of representative goods and services—135 food products, 218 non-food items, and 82 paid services. This level of detail in commodity specification is sufficient for a detailed analysis of CPI changes.

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<sup>1</sup> See <http://www.ilo.org/public/english/bureau/stat/guides/cpi/index.htm>

### **2.3 Classification/sectorization**

#### *2.3.1 Classification/sectorization systems used are broadly consistent with internationally accepted standards, guidelines, or good practices*

COICOP guidelines on national expenditure classification are used to classify household final consumption activities. Consumption is defined as the value of the goods or services purchased at market prices including taxes and any extra charges. Actual transaction prices are used. Consumer expenses do not include housing purchases when calculating CPI weights. Illegal market transactions are not included. Estimates are made to take account of own-account production and consumption of market goods. Thus, the SARK's classification and sectorization used in the compilation of the CPI are in broad conformity with internationally accepted systems.

### **2.4 Basis for recording**

#### *2.4.1 Market prices are used to value flows and stocks*

The valuation of stocks and flows is in accord with the *1993 SNA*. CPI weights are derived from consumption expenditures valued at market prices, which include trade and transport margins and all applicable taxes but not subsidies. The CPI does not include expenditures related to housing purchases as noted above. Recorded prices are based on arms-length and free market transactions. The price guidelines issued by the state anti-monopoly agencies do not apply to any consumer goods but only to a limited number of services such as electricity, and water. The recorded prices for these services are the prices actually paid by households as no parallel market exists for such services (the utility providers are monopolists).

#### *2.4.2 Recording is done on an accrual basis*

Prices for goods and services are recorded in the period they are purchased.

#### *2.4.3 Grossing/netting procedures are broadly consistent with internationally accepted standards, guidelines, or good practices*

The CPI includes purchases made in secondary markets and the weights applied for such purchases are based on "acquisitions less disposal." Thus, grossing and netting procedures are in accordance with the *1993 SNA*.

## **3. Accuracy and Reliability**

### **3.1 Source data**

#### *3.1.1 Source data are collected from comprehensive data collection programs that take into account country-specific conditions*

The sampling frame for the household income and expenditure survey (HIES) is based on the 1999 census. The sample size for the HIES has been steadily increasing and now includes some 12,000 households, representing 0.3 percent of the total number of households in the

country. An appropriate sampling technique is used to select the number of families representing each income level from each region of the country. Geographic coverage is also comprehensive as the survey includes representative samples of urban and rural households. Weights are revised every year based on a new HIES. This system of updates to the consumer basket assures that the CPI reflects current consumer purchasing behavior. In order to ensure a high quality, the SARK has a comprehensive price collection program—the oblasts (provinces) report prices for the selected items using modems, which assures timely processing. As noted under section 2.4.1, the limited number of administered prices, involving no parallel markets, does not detract from the accuracy and reliability of the CPI.

### *3.1.2 Source data reasonably approximate the definitions, scope, classifications, valuation, and time of recording required*

Sample design and estimation procedures represent the survey universe. For example, scientific random sampling techniques and proper imputation methods are used to handle non-response; weight adjustments are made according to international guidelines, and survey sampling and estimation procedures are reviewed and corrected regularly. The frequency of the price collection survey is adequate to support the publication frequency of the index. Scientific random sampling techniques are used to select geographic areas, items, outlets, and product varieties. The SARK uses a sufficiently detailed instruction manual with product specifications for price collectors so that they report prices for the same variety each period. Special surveys are conducted for education, health care services, and domestically produced commodities in order to derive meaningful weights for these goods and services.

### *3.1.3 Source data are timely*

The press and research papers are monitored for information on prices for integration into statistics/registers. Source data are consistent with the definitions, scope, and classifications of CPI estimates and the data are consistent with the time of recording, reference periods, and valuation of CPI estimates. Specific procedures have been developed to adjust data from various sources to conform to the requirements of CPI estimates. Source data and detailed data from other statistical systems are obtained on a reasonably timely basis.

## **3.2 Statistical techniques**

### *3.2.1 Data compilation employs sound statistical techniques*

The level of detail for commodities and services is sufficient for detailed analysis of price movements. The CPI includes 435 types of headings of representative goods and services—135 food products, 218 non-food items, and 82 paid services. Each representative commodity or service includes at least 8-10 varieties in each inhabited locality at more than 10 commercial outlets. The CPI uses weights calculated on the basis of an HIES for the previous year. Prices prevailing in December of the previous year are taken as the base prices and mean annual weights are adjusted in line with base prices. Calculation of the CPI is based on a chain-linked Laspeyres index whereby a relative index of price change is based on the weights of December of the previous year. Prices for temporary unavailable items are imputed with reference to the index movements for the commodity group, which includes

that missing item. Goods and services produced for own final consumption, if included, are valued at market prices at the time produced.

### *3.2.2 Other statistical procedures (e.g., data adjustments and transformations, and statistical analysis) employ sound statistical techniques*

An unbiased formula is used to calculate the basic level price indexes and an appropriate index formula with weights is used to aggregate elementary indexes to higher levels. The SARK uses the chained Laspeyres index for the CPI with annual revisions to weights. When new weights are introduced, the new index is linked to the old index, and a monthly overlap period is used to calculate linking factors. Prices for temporarily missing products are appropriately handled, prices are imputed for seasonal products, and products that become permanently unavailable are replaced in the sample by inserting those for close substitutes. Adjustments for quality differences are made and the frequent HIES allows the timely introduction of new products into the consumer basket.

### **3.3 Assessment and validation of source data**

#### *3.3.1 Source data—including censuses, sample surveys and administrative records—are routinely assessed, e.g., for coverage, sample error, response error, and nonsampling error; the results of the assessments are monitored and made available to guide planning*

Appropriate measures are taken to validate the source data and make them consistent with the CPI. In particular, source data are routinely analyzed to correct for underreporting/misreporting, inter-temporal consistency, and for consistency with other related data sources (such as the PPI). All high-value transactions are double-checked with respondents and surveys/censuses are audited to verify the accuracy of collected data. The SARK's experience with the annual HIES serves as a sound basis for checking and minimizing sampling and non-sampling errors and to correct for them.

### **3.4 Assessment and validation of intermediate data and statistical outputs**

#### *3.4.1 Main intermediate data are validated against other information where applicable*

The CPI is compared with comparable estimates from other major price indexes such as the PPI, export price indexes, import price indexes, and a price index for agricultural products.

#### *3.4.2 Statistical discrepancies in intermediate data are assessed and investigated*

Unusual movements in the index arising from large movements in particular sectors or from particular reporters are investigated.

### *3.4.3 Statistical discrepancies and other potential indicators of problems in statistical outputs are investigated*

Statistical discrepancies, if any, between CPI for geographical areas and the CPI for products are investigated and measures taken to remove or explain them. Any errors in imputation of missing prices are routinely assessed.

## **3.5 Revision studies**

Internal SARK studies investigate the sources of errors, omissions, and unusual fluctuations in the CPI input data prior to publication. A revision study is carried out when weights are revised annually.

## **4. Serviceability**

### **4.1 Relevance**

#### *4.1.1 The relevance and practical utility of existing statistics in meeting users' needs are monitored*

The SARK holds regular conferences on all aspects of statistics, including the CPI. In December, the SARK holds an "open-door" meeting for the benefit of all users.

### **4.2 Timeliness and periodicity**

#### *4.2.1 Timeliness follows dissemination standards*

The SARK disseminates, on the second or third day after the reporting month, the latest CPI data through a press release. The data are shown from the beginning of the year and as changes from the same period a year ago. Timeliness exceeds GDDS recommendations and meets the SDDS requirements.

#### *4.2.2 Periodicity follows dissemination standards*

The periodicity of the CPI is monthly and meets the SDDS requirements.

### **4.3 Consistency**

#### *4.3.1 Statistics are consistent with the dataset*

CPI estimates for the different classifications are internally consistent in that the all-item aggregate is invariant no matter how the index is disaggregated.

#### *4.3.2 Statistics are consistent or reconcilable over a reasonable period of time*

The SARK started compiling the CPI in 1993. Consistent data for all sections, classes, and groups are available for the past nine years, with disaggregation by oblasts.

*4.3.3 Statistics are consistent or reconcilable with those obtained through other data sources and/or statistical frameworks*

The CPI estimates are consistent with the national accounts and with other price statistics systems.

**4.4 Revision policy and practice**

*4.4.1 Revisions follow a regular, well established, and transparent schedule*

The SARK's revision cycle is predetermined and stable from one year to the next and the users are well aware of this schedule. Detailed documentation on revisions are included in the SARK's publications. There is a clear policy to include new source data (such as new products, changes in quality, etc.) as early as possible and the SARK follows an established and transparent procedure to make such improvements while maintaining the consistency of the CPI series over a reasonable period of time.

*4.4.2 Preliminary data are clearly identified*

Not applicable, as preliminary data are not published.

*4.4.3 Studies and analyses of revisions are made public*

Revisions are clearly identified and explained, where applicable. However, the SARK strives to keep revisions to a minimum by exercising strict quality control at the level of source data.

**5. Accessibility**

**5.1 Data accessibility**

*5.1.1 Statistics are presented in a way that facilitates proper interpretation and meaningful comparisons (layout and clarity of text, tables, and charts)*

The CPI is released through a monthly statistical bulletin as well as through press releases. In addition, developments in the CPI are analyzed in the SARK's quarterly reports and notes accompanied by charts and tables to facilitate further analysis by users. The data are also shown in various levels of detail and analysis of current-period developments are highlighted. In addition, the SARK issues a statistical reference book on an annual basis titled "Prices for Consumer Goods at Consumer Markets of Kazakhstan." A section, devoted to the CPI, is published in all reference books and bulletins published by the agency.

*5.1.2 Dissemination media and formats are adequate*

CPI data are first released via press releases, which is followed by their release in a more comprehensive statistical publication. Recent data as well as longer time series on the CPI can be accessed through a computer database.

### *5.1.3 Statistics are released on a pre-announced schedule*

The pre-announced schedule follows a set and stable pattern.

### *5.1.4 Statistics are made available to all users at the same time*

The SARK has a policy and actual practice of simultaneous release of statistics to all users.

### *5.1.5 Nonpublished (but nonconfidential) subaggregates are made available upon request*

Nonconfidential, unpublished specialized tabulations are provided for a charge. The availability of unpublished statistics and the terms and conditions under which they are made available, are made public.

## **5.2 Metadata accessibility**

### *5.2.1 Documentation on concepts, scope, classifications, basis of recording, data sources, and statistical techniques is available, and differences from internationally accepted standards, guidelines, or good practices are annotated*

Short methodological explanations are placed on the first page of every bulletin or other publications. The SARK has also prepared a manual on “Key Methodological Explanations on Statistics.” Metadata include information on concepts, definitions, classifications, biases in data, response rates, and other elements of interest to users. Dissemination of the metadata is facilitated through the website and also on the Fund’s GDDS website. However, the SARK’s website, its statistical publications, or the GDDS metadata do not provide any information on the weights used to arrive at the aggregate CPI.

### *5.2.2 Levels of detail are adapted to the needs of the intended audience*

The SARK prepares various brochures, bulletins, and notes to inform general users about different statistical series. A comprehensive sources and methods document is also prepared and updated regularly which explain to users how the CPI is compiled. Reference books are prepared annually titled “Prices on the Consumer Market” which analyze price developments over the past five years. In addition, the SARK’s website also carries useful information on the methodology underlying compilation of the CPI.

## **5.3 Assistance to users**

### *5.3.1 Contact person for each subject field is publicized*

The SARK provides knowledgeable user support for its statistical output. All statistical publications identify individuals who may be contacted by mail, telephone, facsimile, or by e-mail. The effectiveness and efficiency of user support is monitored periodically by the SARK.

*5.3.2 Catalogues of publications, documents, and other services, including information on any charges, are widely available*

The SARK produces a catalog of publications, documents, and other services and this catalog is widely circulated among users at which time comments from users are sought on the quality of its publications. The prices charged for its statistical services and products are clearly disclosed and assistance is provided in placing orders.

Table 2. Kazakhstan—Data Quality Assessment Framework: Summary of Results for Consumer Price Index  
(Compiling Agency: Statistics Agency of the Republic of Kazakhstan)

Element	NA	Assessment				Comments on Assessment	Plans for Improvement and Target Dates*
		O	LO	LNO	NO		
<b>0. Prerequisites of quality</b>							
0.1 Legal and institutional environment		X					
0.2 Resources		X					
0.3 Quality awareness		X					
<b>1. Integrity</b>							
1.1 Professionalism		X					
1.2 Transparency			X		No advance notice is given for major changes in the methodology, data sources, and statistical techniques.		
1.3 Ethical standards		X					
<b>2. Methodological soundness</b>							
2.1 Concepts and definitions		X					
2.2 Scope			X		Need to include imputed rent of owner occupied housing.		
2.3 Classification/Sectorization		X					
2.4 Basis for recording		X					
<b>3. Accuracy and reliability</b>							
3.1 Source data		X					
3.2 Statistical techniques		X					
3.3 Assessment and validation of source data		X					
3.4 Assessment and validation of intermediate data and statistical outputs		X					
3.5 Revision studies		X					
<b>4. Serviceability</b>							
4.1 Relevance		X					
4.2 Timeliness and periodicity		SDDS					
4.3 Consistency		X					
4.4 Revision policy and practice		X					
<b>5. Accessibility</b>							
5.1 Data accessibility		X					
5.2 Metadata accessibility			X		The information on methodology that is disseminated is incomplete with regard to publication of weights.		
5.3 Assistance to users		X					

\*Authorities' plans as of May 3, 2002

Key to symbols: NA = Not Applicable; O = Practice Observed; LO = Practice Largely Observed; LNO = Practice Largely Not Observed; NO = Practice Not Observed; SDDS = Complies with SDDS Criteria

### III. PRICE STATISTICS (PRODUCER PRICE INDEX)

#### 0. Prerequisites of quality

##### 0.1 *Legal and institutional environment*

0.1.1 *The responsibility for collecting, processing, and disseminating statistics is clearly specified*

(See section for Consumer Price Index.)

0.1.2 *Data sharing and coordination among data producing agencies are adequate*

(See section for Consumer Price Index.)

0.1.3 *Respondents' data are to be kept confidential and used for statistical purposes only*

(See section for Consumer Price Index.)

0.1.4 *Statistical reporting is ensured through legal mandate and/or measures to encourage response*

(See section for Consumer Price Index.)

##### 0.2 *Resources*

0.2.1 *Staff, financial, and computing resources are commensurate with statistical programs*

At SARK headquarters, four professional staff are assigned responsibility for the compilation of the PPI, among other assignments. Of the ten professionals in the computer center, three are assigned responsibility for all data processing tasks related to the PPI. The level of computing resources is adequate for the compilation of the PPI. In each of the oblasts (provinces), there are seven price collectors while Almaty has twelve. Existing resources are adequate to meet the frequency, timeliness, and quality targets of the SARK in the compilation of the PPI.

At least once a year, the SARK arranges a one-week training seminar on statistical issues related to the compilation of the CPI and the PPI. Each region is represented at these seminars by two to three persons of whom at least one belongs to the relevant computer center attached to the region. In addition, selected staff attend seminars under the auspices of the IMF, the USAID, and other organizations. The SARK has experienced no problems with staff retention as employment with the organization is highly valued by its staff.

0.2.2 *Measures to ensure efficient use of resources are implemented*

(See section for Consumer Price Index.)

### **0.3 Quality awareness**

#### *0.3.1 Processes are in place to focus on quality*

(See section for Consumer Price Index.)

#### *0.3.2 Processes are in place to monitor the quality of the collection, processing, and dissemination of statistics*

The SARK carries out periodic reviews to identify any problems at the various stages of compilation of the PPI. In addition, the Inter-Agency Council for Improving Government Statistics provides guidance on the quality of the price series and suggests ways to improve its compilation.

The process of ongoing internal audit noted above as well as the training opportunities available to regional SARK staff (noted under section 0.2.1) ensure that they are adequately qualified to monitor the collection, processing, and dissemination of PPI data.

#### *0.3.3 Processes are in place to deal with quality considerations, including tradeoffs within quality, and to guide planning for existing and emerging needs*

(See section for Consumer Price Index.)

## **1. Integrity**

### **1.1 Professionalism**

#### *1.1.1 Statistics are compiled on an impartial basis*

(See section for Consumer Price Index.)

#### *1.1.2 Choices of sources and statistical techniques are informed solely by statistical considerations*

The selection of producers for each region are based on long-standing and tested statistical sampling techniques. The sampling frame has been steadily expanded to take account of changes in the structure of production in the economy.

#### *1.1.3 The appropriate statistical entity is entitled to comment on erroneous interpretation and misuse of statistics*

(See section for Consumer Price Index.)

## **1.2 Transparency**

### *1.2.1 The terms and conditions under which statistics are collected, processed, and disseminated are available to the public*

(See section for Consumer Price Index.)

### *1.2.2 Internal governmental access to statistics prior to their release is publicly identified*

(See section for Consumer Price Index.)

### *1.2.3 Products of statistical agencies/units are clearly identified as such*

(See section for Consumer Price Index.)

### *1.2.4 Advance notice is given of major changes in methodology, source data, and statistical techniques*

(See section for Consumer Price Index.)

## **1.3 Ethical standards**

### *1.3.1 Guidelines for staff behavior are in place and are well known to the staff*

The SARK issues to all its staff involved in the compilation of the PPI, a set of instructions that clearly stipulate the expected norms of ethical conduct in the collection of information for the price index. Every statistician is provided with a relevant job description specifying his or her major tasks, functions, and duties, as well as norms of conduct. There is a government decree on Rules of Ethics for Civil Servants.

## **2. Methodological Soundness**

### **2.1 Concepts and definitions**

#### *2.1.1 The overall structure in terms of concepts and definitions follows internationally accepted standards, guidelines, or good practices*

The concepts, definitions, and classifications used to compile the PPI are in broad conformity with the guidelines contained in the *1993 SNA* and the *Producer Price Index Manual (PPI Manual)*<sup>2</sup>. The value of the industrial production of Kazakhstan enterprises is used to formulate basket weights using prices in the base year. The base year is the year preceding the reporting year. The weighting system follows the *1993 SNA* and the concepts and definitions, consistent with those contained in the *PPI Manual*, are followed to specify the goods and services for which prices are collected on a regular basis.

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<sup>2</sup> See <http://www.imf.org/external/np/sta/tegpipi/index.htm>

## **2.2 Scope**

### *2.2.1 The scope is broadly consistent with internationally accepted standards, guidelines, or good practices*

The PPI covers industrial activities and selected energy services—including mining, manufacturing, generation and distribution of electric power, gas, and water totaling some 230 commodity groups and 450 sub-groups covering more than 80 percent of products. The survey coverage of activities within each main industrial group is also more than 80 percent. On a geographical basis, the PPI covers 14 oblasts, 3 large cities, plus Almaty and Astana.

The producer price indexes for agricultural products and for construction are built separately based on the same methodology used to build the main PPI. Moreover, separate producer price indexes are also compiled for transportation and communication services rendered to public and private entities. The main PPI incorporates services of the production type but excludes transportation and communication. Starting in 2005, the SARK plans to compile a PPI for the forestry sector.

Price surveys collect basic prices on a monthly basis (totaling some 3000 price quotations) by activities, by products, and by stage of processing. The coverage of products is more than 80 percent while the coverage in terms of activities within each main industrial group is also more than 80 percent.

## **2.3 Classification/sectorization**

### *2.3.1 Classification/sectorization systems used are broadly consistent with internationally accepted standards, guidelines, or good practices*

The PPI is based on the general classification of types of economic activities (NCEA), which is similar to NACE, and the classification of products by types of economic activities used by the European Union.

## **2.4 Basis for recording**

### *2.4.1 Market prices are used to value flows and stocks*

The PPI output indexes use producer prices whereas purchaser's prices are used for input indexes.

### *2.4.2 Recording is done on an accrual basis*

All output of services, finished goods, and work-in-progress is recorded in the period in which they are produced.

*2.4.3 Grossing/netting procedures are broadly consistent with internationally accepted standards, guidelines, or good practices*

Net product weights are used to aggregate the indexes of industrial product to higher levels so that the aggregate index is internally consistent and double-counting is avoided. Starting in 2005, the SARK plans to begin compiling a PPI based on net industrial product.

**3. Accuracy and Reliability**

**3.1 Source data**

*3.1.1 Source data are collected from comprehensive data collection programs that take into account country-specific conditions*

A comprehensive enterprise register provides the basis for sample surveys. This register is regularly updated for the newly registered and nonactive units and reflects the structure of the Kazakhstan economy. The enterprise survey is carried out annually and the data collected are used to derive output weights, intermediate input weights, and product weights.

*3.1.2 Source data reasonably approximate the definitions, scope, classifications, valuation, and time of recording required*

Source data are consistent with the definitions, scope, and classification of the PPI and are also consistent with the time of recording, reference periods, and valuation of PPI estimates.

*3.1.3 Source data are timely*

The SARK implements a system of price collection from various regions that ensures that the information is transmitted to headquarters in a timely manner to meet PPI release schedules.

**3.2 Statistical techniques**

*3.2.1 Data compilation employs sound statistical techniques*

The industrial detail is at the five-digit ISIC (International Standard Industrial Classification) level. Regarding commodity detail, the PPI is at the six-digit level of Classification of Products of the European Union. As noted above, industrial output is used to establish weights.

Item level indexes are calculated using the ratio of average prices. Short-term price change from the previous period is used. A Laspeyres index is used to aggregate the elementary level indexes. The base period is December of the previous year and weights are adjusted to align with the price reference period. Weights are adjusted every year and the new index is chain-linked to the old one using an internationally accepted splicing technique.

Prices for missing products are estimated by imputing the price based on the change in the prices of similar products (main method) or by carrying forward the last reported price (used occasionally). Missing prices for seasonal products are imputed while replacement products

are selected for those that become permanently unavailable. Quality adjustments are made when quality becomes an issue, and such adjustments are based on internationally accepted methods. New products are introduced into the sample as they become available.

*3.2.2 Other statistical procedures (e.g., data adjustments and transformations, and statistical analysis) employ sound statistical techniques*

At the republic level, the SARK carries out an analysis of errors, omissions, and deviations of the data from certain norms. Based on this analysis, a letter together with instructions is dispatched to relevant regional offices to pursue the matter and take corrective action.

Data sources are periodically adjusted, in accordance with international guidelines, to improve the coverage, classification, and valuation for the compilation of the PPI.

**3.3 *Assessment and validation of source data***

*3.3.1 Source data—including censuses, sample surveys and administrative records—are routinely assessed, e.g., for coverage, sample error, response error, and nonsampling error; the results of the assessments are monitored and made available to guide planning*

The SARK collects information on both sampling and non-sampling errors for all surveys, which are regularly reviewed. Sample selection is adjusted when sampling errors become large. Certain high-value transactions are confirmed with the producers—when the price quoted changes abruptly, the respondent is requested to explain the reasons for such a change. The surveys and censuses are audited to verify the accuracy of the survey data.

**3.4 *Assessment and validation of intermediate data and statistical outputs***

*3.4.1 Main intermediate data are validated against other information where applicable*

Allowing for time lag, PPI changes are compared to changes in the sale prices of agricultural products, purchase prices of industrial resources paid by industrial enterprises, and certain components of export and import prices as appropriate.

*3.4.2 Statistical discrepancies in intermediate data are assessed and investigated*

Unusual movements of the PPI due to large movements in prices from particular sector or oblasts are investigated by the SARK and explained in press releases without compromising confidentiality.

*3.4.3 Statistical discrepancies and other potential indicators of problems in statistical outputs are investigated*

Although statistical discrepancies and unusual changes in prices or output measurement, etc., are investigated by the SARK, the PPI is not refined or adjusted after its publication. The emphasis lies in trying to adjust/correct for discrepancies or errors before publication so that confidence in the index is not eroded through frequent revisions.

### **3.5 Revision studies**

#### **3.5.1 Studies and analyses of revisions are carried out routinely and used to inform statistical processes**

(See section on consumer price index.)

## **4. Serviceability**

### **4.1 Relevance**

#### **4.1.1 The relevance and practical utility of existing statistics in meeting users' needs are monitored**

The SARK consults with various government ministries and other user groups on a regular basis and the Inter-Agency Council for Improving Government Statistics provides direction on its work program to improve the quality and range of statistics that it publishes. Users are encouraged to provide feedback, either through the website or when the catalog of forthcoming publications is circulated among them.

### **4.2 Timeliness and periodicity**

#### **4.2.1 Timeliness follows dissemination standards**

The monthly PPI estimates are disseminated on the third day following the reporting period. Timeliness exceeds the GDDS recommendations and meets the SDDS requirements.

#### **4.2.2 Periodicity follows dissemination standards**

The periodicity of PPI estimates is monthly and meets the SDDS requirements.

### **4.3 Consistency**

#### **4.3.1 Statistics are consistent with the dataset**

PPI estimates for the different classifications are internally consistent in that the all-item aggregate is invariant no matter how the index is disaggregated.

#### **4.3.2 Statistics are consistent or reconcilable over a reasonable period of time**

After adopting the NCEA classification, the data for all previous years were recalculated. Thus consistent time series on the PPI is available for at least a 10-year period. While the PPI staff are aware of the need to provide detailed methodological notes to explain the main breaks in the PPI series, no major change in PPI methodology has yet been implemented, so there are no such breaks in the series.

*4.3.3 Statistics are consistent or reconcilable with those obtained through other data sources and/or statistical frameworks*

The PPI is consistent with comparable components of the CPI, export price indexes, and the national accounts deflators.

**4.4 Revision policy and practice**

*4.4.1 Revisions follow a regular, well established, and transparent schedule*

The SARK's revision cycle is predetermined and stable from one year to the next, and the users are well aware of this schedule. Detailed documentation on revisions is included in the SARK's publications. There is a clear policy to include new source data as early as possible and the SARK follows an established and transparent procedure to make such improvements.

*4.4.2 Preliminary data are clearly identified*

Not applicable, as the SARK normally does not publish preliminary data.

*4.4.3 Studies and analyses of revisions are made public*

Revisions are clearly identified and explained in statistical publications, if applicable. However, the SARK strives to keep revisions to a minimum by exercising strict quality control at the level of source data.

**5. Accessibility**

**5.1 Data accessibility**

*5.1.1 Statistics are presented in a way that facilitates proper interpretation and meaningful comparisons (layout and clarity of text, tables, and charts)*

The SARK produces a wide range of publications where the PPI is included in a clear manner with accompanying charts and tables to facilitate analysis by users. The data are also shown in various levels of detail and analysis of current-period developments are highlighted. The SARK does not seasonally adjust the PPI data.

*5.1.2 Dissemination media and formats are adequate*

Recent data as well as longer time series on the PPI can be accessed through a computer database. On the third day following the reporting period, a statistical bulletin is published and on the seventh day the information is placed on the computer network for further dissemination among users. Press releases and analytical notes in response to special requests are prepared based on this information.

### *5.1.3 Statistics are released on a pre-announced schedule*

The pre-announced schedule for release of PPI data follows a set and stable pattern.

### *5.1.4 Statistics are made available to all users at the same time*

The SARK has a policy of simultaneous release of statistics to all users.

### *5.1.5 Nonpublished (but nonconfidential) subaggregates are made available upon request*

Nonconfidential, unpublished specialized tabulations are provided for a charge. The availability of unpublished statistics, and the terms and conditions under which they are made available, are made public.

## **5.2 Metadata accessibility**

### *5.2.1 Documentation on concepts, scope, classifications, basis of recording, data sources, and statistical techniques is available, and differences from internationally accepted standards, guidelines, or good practices are annotated*

Short methodological explanations are placed on the first page of every bulletin and other publications. The SARK has also prepared a manual on “Key Methodological Explanations on Statistics.” Metadata include information on concepts, definitions, classifications, biases in data, response rates, and other elements of interest to users. Dissemination of the metadata is facilitated through the website and also on the Fund’s GDDS website. However, the SARK’s website or its various statistical publications do not provide any information on the weights used to arrive at the aggregate PPI.

### *5.2.2 Levels of detail are adapted to the needs of the intended audience*

The SARK prepares various brochures, bulletins, and notes to inform general users about different statistical series. A comprehensive sources and methods document is also prepared and updated regularly, which explains to users how the PPI is compiled. Reference books are prepared annually titled “Prices in the Real Sector of the Economy” which analyze price developments over the past five years. In addition, the SARK’s website also carries useful information of the methodology underlying the compilation of the PPI.

## **5.3 Assistance to users**

### *5.3.1 Contact person for each subject field is publicized*

The SARK provides strong and knowledgeable user support for its statistical output. All statistical publications identify individuals who may be contacted by mail, telephone, facsimile, or by e-mail. The effectiveness and efficiency of user support is monitored periodically by the SARK.

*5.3.2 Catalogues of publications, documents, and other services, including information on any charges, are widely available*

The SARK produces a catalog of publications, documents, and other services and this catalog is widely circulated among users at which time comments from users are sought on the quality of its publications. The prices charged for its statistical services and products are clearly disclosed and assistance is provided in placing orders.

Table 3. Kazakhstan—Data Quality Assessment Framework: Summary of Results for **Producer Price Index**  
(*Compiling Agency: Statistics Agency of the Republic of Kazakhstan*)

Element	NA	Assessment				Comments on Assessment	Plans for Improvement and Target Dates*
		O	LO	LNO	NO		
<b>0. Prerequisites of quality</b>							
0.1 Legal and institutional environment		X					
0.2 Resources		X					
0.3 Quality awareness		X					
<b>1. Integrity</b>							
1.1 Professionalism		X	X				
1.2 Transparency					No advance notice is given for major changes in the methodology, data sources, and statistical techniques.		
1.3 Ethical standards		X					
<b>2. Methodological soundness</b>							
2.1 Concepts and definitions		X					
2.2 Scope		X					
2.3 Classification/Sectorization		X					
2.4 Basis for recording		X					The SARK plans to begin compiling PPI based on net industrial product (starting 2005)
<b>3. Accuracy and reliability</b>							
3.1 Source data		X					
3.2 Statistical techniques		X					
3.3 Assessment and validation of source data		X					
3.4 Assessment and validation of intermediate data and statistical outputs		X					
3.5 Revision studies		X					
<b>4. Serviceability</b>							
4.1 Relevance		X					
4.2 Timeliness and periodicity		SDDS					
4.3 Consistency		X					
4.4 Revision policy and practice		X					

Key to symbols: NA = Not Applicable; O = Practice Observed; LO = Practice Largely Observed; LNO = Practice Largely Not Observed; NO = Practice Not Observed; SDDS = Complies with SDDS Criteria

**Table 3. Kazakhstan—Data Quality Assessment Framework: Summary of Results for Producer Price Index**  
*(Compiling Agency: Statistics Agency of the Republic of Kazakhstan)*

Element	NA	Assessment				Comments on Assessment	Plans for Improvement and Target Dates*
		O	LO	LNO	NO		
<b>5. Accessibility</b>							
5.1 Data accessibility		X					
5.2 Metadata accessibility			X		The information on methodology that is disseminated is incomplete with regard to publication of weights.		
5.3 Assistance to users		X					

\*Authorities' plans as of May 3, 2002

## IV. GOVERNMENT FINANCE STATISTICS

### 0. Prerequisites of quality

#### 0.1 *Legal and institutional environment*

##### 0.1.1 *The responsibility for collecting, processing, and disseminating statistics is clearly specified*

The agency responsible for collecting, processing, and disseminating government finance statistics (GFS)<sup>3</sup> is the Ministry of Finance (MOF). The Reporting and Government Finance Statistics Department under the State Budget Department of the MOF has the main responsibility for the compilation and dissemination of GFS. In addition, the State Borrowing Department compiles and disseminates data on government borrowing and debt on the website and in the MOF *Statistical Bulletin*.

In the performance of its data collecting and disseminating functions, the MOF is governed by the Law of the Republic of Kazakhstan (no. 357-1 approved on April 1, 1999) on the Budget System, the Law of the Republic of Kazakhstan on State Statistics (no. 98-1 approved on May 7, 1997), and the Law of the Republic of Kazakhstan on State and State Guaranteed Borrowing and Debt (no. 464-1 approved on August 2, 1999). Copies of these laws are available at the MOF's website (<http://www.mf.minfin.kz>).

The Law on the Budget System (Article 29) and the Law on State and State Guaranteed Borrowing and Debt (Article 5) require the dissemination of statistics on budget execution and on government debt and borrowing. The MOF is to collect data and report GFS in specified format, periodicity, and timeliness to ensure effectiveness and transparency in budget execution.

The Law on State Statistics defines the powers and functions as well as relationships of state agencies, including the MOF, that perform statistics-related activities. The law defines the basic principles for the collection, processing, and dissemination of statistics for Kazakhstan in the economic, social, demographic, and ecological areas.

##### 0.1.2 *Data sharing and coordination among data producing agencies are adequate*

The Law on State Statistics, (Articles 3, 8, and 10) requires full cooperation among state agencies in compilation and dissemination of state statistics. Within the MOF, a mechanism is in place to allow the State Budget Department to have timely access to information from the Treasury Committee. A coordination mechanism is also in place for data users within the MOF, such as the Fiscal Policy and Forecast Department, to obtain information for fiscal policy monitoring and analysis.

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<sup>3</sup> The term "government finance statistics" or "GFS" refers to statistics on the finances of government that may or may not strictly follow the guideline of the IMF's *A Manual of Government Finance Statistics, 1986*.

In practice, coordination with other agencies, including the Ministry of State Revenue, Ministry of Economy and Trade, National Bank of Kazakhstan (NBK), and the Statistics Agency of the Republican of Kazakhstan (SARK), is sufficient for effective sharing of information. The MOF obtains data needed from other agencies through execution of agreements for exchange of data in a specified list and reporting formats. Such agreements are provided for under the Law on State Statistics and government legal regulatory and work instructions. For example, the Agreement on information exchange between the NBK and the MOF (no. 171, approved on May 24, 2000) specifies the list and format of information to be exchanged between the two agencies. Close collaboration at the working level between GFS compiling agencies is in place to resolve statistical issues.

At the highest level, statistical activities are coordinated through the Inter-Agency Council for Improving Government Statistics, which is headed by the Vice Prime Minister with senior staff of various agencies as members.

### *0.1.3 Respondents' data are to be kept confidential and used for statistical purposes only*

While most statistics compiled and disseminated by the MOF are from public records, to the extent that the confidentiality issue is applicable, the Law on State Secrets and the Law on State Statistics govern the operations of the MOF. The Law on State Statistics (Article 13) guarantees the confidentiality of primary statistical information on individuals and legal entities. Primary statistical information may only be disseminated with the consent of the individual or legal entity that submitted the information.

### *0.1.4 Statistical reporting is ensured through legal mandate and/or measures to encourage response*

Timely data reporting is required under the Law on the Budget System. Article 29 requires program administrators both at the Republican and Provincial governments to report to the MOF on the execution of the budget under a specified format, periodicity (monthly, quarterly, and annually), and timeliness.

The Law on State Statistics (Articles 3 and 10) grants rights to authorized agencies, including the MOF, to obtain statistical reports based on the schedule defined by the *Statistical Plan*. Furthermore, the Law grants powers to the authorized agencies to obtain from individuals accurate information on their economic and sociodemographic status, as well as on their business activities. The Law also addresses the issue of the reporting burden by stipulating that the authorized state agencies should confine data to be collected to the lists of approved forms for statewide and departmental statistical reports. The lists of approved statistical forms are to be developed under close cooperation among statistics collecting agencies.

## **0.2 Resources**

### *0.2.1 Staff, financial, and computing resources are commensurate with statistical programs*

The Reporting and Government Finance Statistics Department appears to have sufficient staff and computing resources commensurate with the current statistical programs.

Nevertheless, more staff training on the GFS system is critical given the large number of new and young staff at the MOF and the expected transition to the *Government Finance Statistics Manual 2001 (GFSM 2001)*. The Reporting and Government Finance Statistics Department under the State Budget Department, which publishes the MOF *Statistical Bulletin*, has 14 staff; each staff member has a personal computer. The Division does not have problems in recruiting and retaining qualified staff. Staff resources might not be sufficient to produce comprehensive GFS system based on the *GFSM 2001*. However, experience has shown that the MOF management has been responsive to the resource requirements for statistical activities.

The management of the MOF recognizes the importance of staff development and provides training opportunities to its staff. Staff receive training from both domestic training institutes, such as Academy of State Service, and from international organizations, such as the IMF and the Asian Development Bank.

#### *0.2.2 Measures to ensure efficient use of resources are implemented*

Separate cost information on the compilation of GFS is not available. The allocation of resources to various activities of the MOF is part of the overall management and budgetary control processes. There is no apparent evidence of inefficient use of resources. The priority given by the MOF to the development and implementation of the Unified Treasury Operations System is an indication of the agency's commitment to adopting measures that promote efficient use of resources. The Unified Treasury Operations System has resulted in efficient and streamlined processes for data recording, collection, and processing.

### **0.3 Quality awareness**

#### *0.3.1 Processes are in place to focus on quality*

During the past several years, the MOF has made significant progress in implementing a work program that is supportive of the compilation of data in accordance with international standards, as specified in *A Manual on Government Finance Statistics 1986 (GFSM 1986)*. The compilation of high quality statistics based on international standards is explicitly recognized under the Law on State Statistics. In particular, Article 3 stipulates that the state policy on statistics shall be geared to the creation, functioning, and improvement of a unified statistical information system on the basis of international methodology and standards.

The MOF has established a Methodological Council chaired by the Minister. The members of the Council include the deputy ministers and heads of various MOF departments and committees. One of the Council's main responsibilities is to review the issues of methodology, accuracy and serviceability, as well as to set the work program for improving statistics and related administrative procedures. The current program on the Modernization of the Treasury Operations, with support from the IMF and the World Bank, is viewed as having an important impact on the GFS work. However, the work program should be extended from budgetary reporting to include reporting on operations of all extrabudgetary funds to better facilitate economic analysis.

*0.3.2 Processes are in place to monitor the quality of the collection, processing, and dissemination of statistics*

The Law on State Statistics requires the statistics compiling agencies, including the MOF, to implement measures to ensure the collection, processing, and dissemination of high quality statistics. Specifically, Article 11 of the Law requires that statistical agencies adopt a statistical methodology in accordance with international statistical standards and put in place procedures to monitor compliance with procedural instructions to adhere to international standards.

The existence of a formal institutional set-up to monitor the quality of budgetary statistics and to develop work programs for further improvement (e.g., the MOF's Methodological Council and Inter-Agency Council for Improving Government Statistics) is reflective of the government's efforts to monitor the quality of data collection, processing, and dissemination. These arrangements would be able to serve to further enhance the cross-sectoral data consistency between the GFS and monetary statistics.

*0.3.3 Processes are in place to deal with quality considerations, including tradeoffs within quality, and to guide planning for existing and emerging needs*

The tradeoffs between quality and timeliness are discussed in the MOF's Methodological Council in the context of developing and approving the work program for GFS. The State Budget Department continues to improve the timeliness of the GFS while also taking into account emerging new data requests for purposes of economic policy.

**1. Integrity**

**1.1 Professionalism**

*1.1.1 Statistics are compiled on an impartial basis*

The Law on State Statistics (Article 4) stipulates that the performance of statistics-related activities shall ensure the integrity, accuracy, and adequacy of statistical indicators, as well as the comprehensiveness and objectivity of analysis.

GFS are compiled and disseminated on an impartial basis.

*1.1.2 Choices of sources and statistical techniques are informed solely by statistical considerations*

The Law on State Statistics addresses issues regarding data sources and statistical techniques, which are selected on the basis of statistical consideration and objectivity (see 1.1.1).

There is no evidence that staff involved in the compilation of GFS are subject to political influence in choosing the most appropriate sources and methods for compiling the data.

*1.1.3 The appropriate statistical entity is entitled to comment on erroneous interpretation and misuse of statistics*

The MOF comments and provides explanations on erroneous interpretation and misuse of statistics during press conferences, through the issuance of monthly press releases, and the inclusion of explanatory notes in regular publications, including the MOF *Statistical Bulletin*.

**1.2 Transparency**

*1.2.1 The terms and conditions under which statistics are collected, processed, and disseminated are available to the public*

Relevant laws governing the collection, compilation, and dissemination of GFS are available on the MOF's website. The MOF disseminates information on methodology and changes in the methodology in the MOF *Statistical Bulletin* and on its website. In addition, metadata for GFS are posted on the SARK's website and the IMF's Dissemination Standards Bulletin Board (DSBB). However, access to information regarding extrabudgetary funds to allow full economic analysis of the government sector is not comprehensive. Laws and regulations concerning a few extrabudgetary funds, such as a "secret account" of the government,<sup>4</sup> are not available to the public.

*1.2.2 Internal governmental access to statistics prior to their release is publicly identified*

Government finance statistics are released simultaneously to all users. There is no internal government access to the data prior to their release to the general public. However, officials of the MOF responsible for fiscal policy development and monitoring, such as those in the Fiscal Policy Department, may have access to source data from the Treasury Committee.

*1.2.3 Products of statistical agencies/units are clearly identified as such*

Products of the MOF are clearly identified. Furthermore, references regarding the sources of information are also made in MOF publications.

*1.2.4 Advance notice is given of major changes in methodology, source data, and statistical techniques*

Explanations on major changes in methodology used for compiling GFS are given in the MOF *Statistical Bulletin*, mostly at the time changes are made. Occasionally, advance notice regarding a change in methodology is disseminated on the MOF's website in terms of regulatory legal acts and press releases.

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<sup>4</sup> The existence of a "secret account" of the government created in 1996 was revealed recently but with very limited information regarding its origin and uses. The Prime Minister informed Parliament in early April 2002 of the creation of this account, which received US\$1 billion from the sale of government interest in the oil sector. Some funds from the secret account have been used to finance government operations.

Changes that cause a break in the time series are clearly identified, and users are given guidance on the significance of the changes. These explanations and guidance are made through footnotes or detailed notes in the publication. Notes on summary methodology are published in all issues of the MOF *Statistical Bulletin*.

### **1.3 Ethical standards**

#### *1.3.1 Guidelines for staff behavior are in place and are well known to the staff*

Staff of the MOF are well informed of the codes of ethics for civil servants, the Law of the Republic of Kazakhstan on Civil Service (no. 453-I as approved on July 23, 1999) and the Decree of the President on Civil Service Ethic Rules (no. 328 January 21, 1999). These rules enforce basic standards for the behavior of public servants in dealing with individuals and juridical persons. There is special emphasis on the ethics of managers, in recognition of the fact that public servants take their lead from their managers.

In addition, a working group to develop proposals for improving legislative standards on workplace ethics of public servants was established on February 15, 2002 (Directive No. 8 of the Prime Minister of the Republic of Kazakhstan). In accordance with the Directive, the Agency for Government Service Matters and the Ministry of Justice are to draft a decree for submission to the President.

## **2. Methodological Soundness**

The assessment of methodological soundness is in the context of the *GFSM 1986* and *GDSS*.

### **2.1 Concepts and definitions**

#### *2.1.1 The overall structure in terms of concepts and definitions follows internationally accepted standards, guidelines, or good practices*

The methodology for compiling GFS is broadly consistent with the analytical framework set out in the *GFSM 1986* in terms of concepts and definitions. The harmonization of the Republican and provincial government budgets is ensured by a unified legal framework, use of a common budget classification, harmonized statistical reporting from one budget level to another, and unified budget procedure principles.

The MOF is working toward the development of migration path from the *GFSM 1986* to the *GFSM 2001*, and some measures have been implemented. The current treasury modernization project will facilitate the implementation of the *GFSM 2001*. Currently the accounting system is under the modified cash basis, with a complementary period<sup>5</sup> until

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<sup>5</sup> A complementary period is a period that is not part of the new fiscal year, during which concluding operations are performed for approved budgetary expenditures on investment projects for which financing was not secured in the past fiscal year, and also for crediting official transfers to budgets. The complementary period for the budget of the previous year ends on March 15 of the current year.

March 15 applicable only for investment expenditure and official transfers. The government is developing a plan to move to a modified accrual accounting concept. In addition, revenue from privatization has been reclassified from capital revenue to financing item in accordance with the *GFSM 2001*. Training has begun for some staff on the *GFSM 2001*, but more is needed.

## 2.2 *Scope*

### 2.2.1 *The scope is broadly consistent with internationally accepted standards, guidelines, or good practices*

The *Annual Report on Budget Execution*<sup>6</sup> and monthly *Statistical Bulletin*, which disseminate statistics on government operations, broadly cover the scope of the general government sector,<sup>7</sup> except for the operations of some extrabudgetary funds, such as the National Fund of the Republic of Kazakhstan (NFRK), and grants and corresponding expenditure funding by grants. In addition, the operations of recently disclosed off-budget funds may not be officially recorded. According to the *GFSM 1986*, the NFRK is an extrabudgetary fund. The NFRK is fully owned and controlled by the government and has been operating as a saving and stabilization fund since May 18, 2001.<sup>8</sup> It receives tax revenue transfers from Republican and provincial governments from the raw material sector when actual revenue collection exceeds the preset budgeted revenue target. If actual revenue collection is below the approved budgeted revenue target, transfers are made from the NFRK to the budget to attain the revenue target. The NFRK also receives funds from some privatization receipts.

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<sup>6</sup>For budgetary system, general (State) government, as at April 2002, consists of the following entities: the central (Republican) government, comprising 15 ministries, 23 central agencies and authorities (covering around 2,600 spending units); 14 oblasts (provinces) plus the cities of Astana and Almaty that have oblast status; oblasts are divided into *rayons* (districts)—of which there are 158 rural rayons and 37 towns with rayon status—and there are approximately 8,400 local government spending units. The National Fund for the Republic of Kazakhstan is technically part of general government for analytical purposes, but is an extrabudgetary fund and treated separately in the budget process.

<sup>7</sup>The State and Republican budgets cover most general and central government operations, respectively. In January 1999, almost all extrabudgetary operations existing at the time have either been incorporated in the budgets (including employment fund, road fund, and pension fund) or been abolished. Remaining extrabudgetary fund is Secret Fund of the government that was established in 1996. The coverage is largely equivalent to that of the consolidated general and central government. Data on the operations of the State and the Republican budgets published in the “*MOF Bulletin*” for the periods prior to 1999 have been adjusted to include data on the operations of extrabudgetary funds. Since then, however, some new extrabudgetary funds have been created and more are being proposed. An important extrabudgetary fund, created in 2001, is the NFRK.

<sup>8</sup>Legal and operational information regarding the operations of the NFRK is available on the MOF website, including “Law on the National Fund of the Republic of Kazakhstan,” Decree of the President (No. 402 approved on August 23, 2000), “the Rules for the Establishment and Use of the National Fund of the Republic of Kazakhstan,” Decree of the President (No. 543 approved on January 29, 2001), and the amended Law on the Budget System (182-II ZRK approved on May 3, 2001) regarding the budgetary operations and the NFRK.

The MOF *Statistical Bulletin* publishes quarterly data on the portfolio asset allocation of the NFRK, but not flow of funds statements to allow consolidation of full general government operations in accordance with the *GFSM 1986*. The government is reviewing the format of data reporting with a view to increasing data dissemination to the public that should allow full consolidation, initially on an annual basis. The first annual audit report is under review, and it is expected that this report will soon be disseminated to the public.

The MOF *Statistical Bulletin* does not report foreign grant receipts and/or expenditure funding by these grants. Prior to the *Statistical Bulletin no. 38* of February 2002, grants were reported as part of government receipts of State and Republican government operations. Following the amended Law on the Budget System, no. 357-1, in November 2001, the reporting of grants has been removed from the reporting of budget execution. Grants are now excluded from the Republican and State budgets. Grants are recorded by the Ministry of Economy and Trade. The government is developing the operational procedures and reporting for the grant programs. It is expected that information on grants will be provided to the public in due course.

GFS are mostly on a cash basis. GFS data are collected from complete administrative records. No estimation or survey is used.

Budgetary data are available with details as recommended by the *GFSM 1986* for Republican (central) government operations and State (general) government operations for summary of major components and with breakdowns of (1) revenue, (2) expenditure by economic classification, (3) expenditure by functional classification, (4) financing by type of debt holder, and (5) financing by type of debt instrument.

Data on gross debt of the Republican government are available by debt holder, by instrument, and government guaranteed debt. Debt data are classified on a residence basis only at the issuance point of the debt instruments, and the residence basis is not updated to reflect changes in residence status of debt holders resulting from secondary market trading. For example, the government made Eurobond issues in the London security market, and the bonds was classified as foreign financing and foreign debt. Later through secondary market trading, some Kazakh pension funds invested in these Eurobonds.

## **2.3 Classification/sectorization**

### **2.3.1 Classification/sectorization systems used are broadly consistent with internationally accepted standards, guidelines, or good practices**

Institutional sectors are defined in accordance with the *1993 System of National Accounts*, covering State government operations. Classification and sectorization systems follow broadly the *GFSM 1986*, except for some misclassification of financing items and repayment of government lending. The exceptions are: (1) misclassification of financing items by institutions and by residence of debt holders (see 2.2.1), (2) misclassification of repayment of government lending, and (3) misclassification of balances on government external loans on special accounts of the second level banks.

Furthermore, the MOF does not report the change of securities issued by the domestic government and held by the NBK as part of financing from the NBK; currently, it only reports the NBK's direct loan financing of the budget.

The authorities have agreed as an immediate measure to provide a footnote to the data to explain the basis of recording of financing and debt data, and to inform users that more complete information on government securities is available in the *Statistical Bulletin* of the NBK. The authorities have agreed to improve the classification and sectorization of financing data as well as to provide more information. The authorities already receive some data from the Depository Security Unit of the NBK regarding debt holders by residence, and plan to improve the debt data accordingly.

Regarding repayments of government lending, these are classified under the category "Return of credits" of the budget classification of revenue. The *GFSM 1986* recommends that such repayment of government lending to be classified as negative expenditure. The MOF does report the repayment of government lending separately and on a gross basis that would allow reclassification in accordance with the *GFSM 1986*.

From fiscal year 2002, receipts from privatization have been classified as financing in accordance with the *GFSM 2001*. Prior to 2002, the privatization receipts were classified under the category "Return of credits" of the budgetary classification of revenue.

Budgetary data are provided separately for the Republican government and consolidated provincial governments. Data are also disseminated on the State government operations representing the consolidation of the Republican and provincial government budgetary operations. The MOF *Statistical Bulletin* publishes quarterly data on the composition of portfolio of the NFRK. However, no details of flows of fund are available to allow consolidation of the NFRK with the general government operations.

## **2.4 Basis for recording**

### *2.4.1 Market prices are used to value flows and stocks*

The operations of the Republican and provincial government budgets, with the exception of the receipts and payments relating to government external loans, are recorded on a cash basis. Gross debt is recorded at face value according to the government payment obligation upon debt maturity. Receipts and payments relating to external loans are reflected in Republican and provincial governments budgets in local currency using the exchange rate, established by the NBK, prevailing at the date on which the transaction was made.

Data on outstanding debt are provided in millions of U.S. dollars and national currency (millions of tenge) at the exchange rates as of the end of the reference period. Debt flows (use of loans, and repayment and servicing payments) are recorded in the currency of payment with registration of the date of payment.

#### *2.4.2 Recording is done on a cash basis*

Transactions are recorded as close as possible to time of payment, a cash basis. Data on borrowing are recorded as of the date the resources are withdrawn from the accounts of the creditor. Data on debt repayments and servicing are recorded as of the date the resources are credited to the accounts of the creditor.

#### *2.4.3 Grossing/netting procedures are broadly consistent with internationally accepted standards, guidelines, or good practices*

Statistics on budgetary operations are recorded on a gross basis for budgetary government operations and government debt. Revenue and expenditure refunds are treated as corrective transactions and are netted against the respective revenue or expenditure category, as appropriate. The financing items are on a net basis in accordance with the *GFSM 1986*, with supplementary details on gross receipts and amortization payments.

### **3. Accuracy and Reliability**

#### **3.1 Source data**

##### *3.1.1 Source data are collected from comprehensive data collection programs that take into account country-specific conditions*

Under the scope of budgetary operations, statistics are compiled from sufficiently complete source data that allow aggregation of Republican (central) and State (general) government operations, as well as a separate consolidation of operations of provincial governments. Source data are from the accounts of the Treasury Committee for Republican Budget Operations. In accordance with the rules, the Treasury Committee records expenditures with regard to external financing. Data on provincial governments operations are reported by financial departments of provinces directly to the State Budget Department. Timely and comprehensive data are available, often through electronic access, on a monthly basis. Debt data of the Republican government are compiled on a quarterly basis by the computerized external debt management information system.

##### *3.1.2 Source data reasonably approximate the definitions, scope, classifications, valuation, and time of recording required*

Source data for GFS are from the administrative records of the Treasury Committee and allow compilation of GFS in accordance with the *GFSM 1986*, except for the NFRK (see 2.2.1). The unified chart of accounts of the Treasury that covers operations of the Republican and provincial governments follows closely the specification under the *GFSM 1986*. The timing of recording and valuation of source data are consistent with *GFSM 1986* concepts. Compilers are aware of the differences between their source data and the broader concept in the *GFSM 1986*.

### *3.1.3 Source data are timely*

The Budget Department has timely access to the data of the Treasury Committee and the financial departments of provincial governments. Data are obtained electronically and in agreed format.

## **3.2 Statistical techniques**

### *3.2.1 Data compilation employs sound statistical techniques*

Statistics on budgetary operations are compiled from complete administrative records for State (general) government operations, Republican (central) government operations, and public debt. Estimation and surveys are not used.

### *3.2.2 Other statistical procedures (e.g., data adjustments and transformations, and statistical analysis) employ sound statistical techniques*

Generally accepted statistical techniques are employed to adjust government finance statistics, when necessary.

## **3.3 Assessment and validation of source data**

### *3.3.1 Source data—including censuses, sample surveys and administrative records—are routinely assessed, e.g., for coverage, sample error, response error, and nonsampling error; the results of the assessments are monitored and made available to guide planning*

For the current scope (see 2.2) of budgetary operations, source data from administrative records are sufficiently complete and no sample surveys are used. The balance between accuracy and timeliness is appropriate. Statistics on the government finances are disseminated on regular basis, with preliminary data subsequently replaced by revised data. The status of the data (preliminary or revised) is clearly indicated. Monthly data are not normally revised. Revisions of GFS occur in connection with expenditure during the complementary period, and the annual data are revised accordingly after the completion of the complementary period. Annual GFS are normally revised in April, and these revised data are published by May 15. When excluding the expenditure during the complementary period, a note to this effect is provided in the MOF *Statistical Bulletin*. Sufficiently accurate GFS are available for policy analysis and monitoring.

The Methodology Board assesses the accuracy and appropriateness of source data.

## **3.4 Assessment and validation of intermediate data and statistical outputs**

### *3.4.1 Main intermediate data are validated against other information where applicable*

No validations of intermediate GFS are carried out.

### *3.4.2 Statistical discrepancies in intermediate data are assessed and investigated*

Data are from administrative records that are subject to routine internal cross-checks for accuracy.

### *3.4.3 Statistical discrepancies and other potential indicators of problems in statistical outputs are investigated*

Statistical discrepancies between the deficit/surplus and financing, and between financing and changes in gross debt are investigated. However, improvement is needed on cross-sectoral data consistency to facilitate policy analyses in a harmonized macroeconomic framework. In particular, material differences between MOF's deficit financing data published in the MOF *Statistical Bulletin* and corresponding monetary statistics published in the NBK's *Statistical Bulletin* require an in-depth investigation. The authorities plan to investigate the data consistency issue shortly.

## **3.5 Revision studies**

### *3.5.1 Studies and analyses of revisions are carried out routinely and used to inform statistical processes*

No revision studies and analysis of revision are used. The reports on budget execution are subject to external audit by the Accounting/Comptroller Committee, but not at the level of detail as in the international norm. Hence, GFS are not normally replaced by audited data to allow revision studies. In addition, there is no analysis of the effect of the complementary period of budgetary execution.

## **4. Serviceability**

### **4.1 Relevance**

#### *4.1.1 The relevance and practical utility of existing statistics in meeting users' needs are monitored*

GFS are compiled within the same timeframe as budget preparation and monitoring. Data are available on a timely basis to facilitate macroeconomic policy development and monitoring. In practice, internal officials responsible for fiscal policy may have direct access to source data and may develop their own fiscal data. However, the lack of data on the full scope of government operations hampers analyses on the overall fiscal issues.

No explicit user survey is conducted by the MOF, but routine monthly press conferences could provide the opportunity for feedback. Contact information in the MOF *Statistical Bulletin* also facilitates user feedback and queries. Indirectly, the MOF also has access to user feedback on GFS from the routine survey conducted by the SARK that includes a questionnaire on GFS.

## **4.2 Timeliness and periodicity**

### *4.2.1 Timeliness follows dissemination standards*

**and**

### *4.2.2 Periodicity follows dissemination standards*

Dissemination of government finance statistics exceed the periodicity and timeliness requirements recommended by the GDDS for central government operations, general government operations, and central government debt. Furthermore, the timeliness of general government operations and central government debt meets the timeliness requirement of the SDDS.

- General (State) government operations data have monthly periodicity and are published 6 weeks after the reference period. Aggregate data of revenue, expenditure, and deficit/surplus data are disseminated on the MOF website within one month after the reference period, but without breakdowns of financing by domestic and foreign financing.
- Central (Republican) government operations data have monthly periodicity and are published 6 weeks after the reference period. Similar to the data of general government, an aggregate form of data but with no breakdown of domestic and foreign financing are disseminated on the MOF website within the timeliness of one month.
- Central government debt data have quarterly periodicity and are disseminated within one month after the reference period (on the MOF's website).

## **4.3 Consistency**

### *4.3.1 Statistics are consistent with the dataset*

With the complementary period for development expenditure, some expenditure data are on a modified cash basis (i.e., they include some items on a due for payment and accrual basis), whereas financing data are strictly on a cash basis. Appropriate notes describing the practice accompany the data.

Government domestic and foreign borrowing and amortization data are derived from the Debt Management and Financial Accounting System and the MOF System used by the MOF and NBK to manage debt. All debt contracts made by public sector agencies are recorded, and all transactions (borrowing, amortization, and interest payments) associated with those contracts are tracked.<sup>9</sup> However, for investment projects, there are discrepancies in the

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<sup>9</sup> The Rules of Financial Procedures for Budget Execution and Compilation of Reporting Forms (Periodical and Annual) for State Institutions Maintained From the State Budget, as approved by Resolution of the Government of the Republic of Kazakhstan No. 832 dated July 25, 2002 (hereinafter referred to as the Rules) establish that the Ministry of Finance of the Republic of Kazakhstan shall maintain accounting for state debt, including

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volume of funds associated with time lags between withdrawal of external loans reported by the accounting system of the Treasury Committee and the actual expenditure disbursement by the ministries responsible for the projects through the projects accounts with commercial banks. The Treasury Committee relies on the report on foreign-financed expenditures from the State Borrowing Department.

#### *4.3.2 Statistics are consistent or reconcilable over a reasonable period of time*

Procedures are in place to ensure that the monthly and quarterly benchmark data link consistently to annual data. Time series are consistent over time. Earlier series are adjusted to account for discontinuities arising from methodological developments and changes in the statistical system. Breaks in time series are clearly identified, and the reasons are fully explained. Appropriate notes accompany the data table and, if changes are significant, explanations are provided. The MOF *Statistical Bulletin* provides a summary methodology that explains any methodology changes.

#### *4.3.3 Statistics are consistent or reconcilable with those obtained through other data sources and/or statistical frameworks*

GFS are not consistent with the monetary and external sector statistics indicating a need for further validation of the data. Financing data for Republican and State government operations published in the MOF *Statistical Bulletin* do not include the changes in stocks of government securities holdings of NBK for the purpose of open market operations. Such changes provide implicit financing for government operations and should be reflected in the statistics (see detailed discussion in the *GFSM 1986*, chapter IV, section C). The MOF *Statistical Bulletin* reports only direct credit from the NBK in the form of loan to support the budget operations. In addition, financing and debt data classified by debt holder are not completely classified with regard to residence status, in contrast to the external data classification (BOP and external debt). (See 2.3.1).

### **4.4 Revision policy and practice**

#### *4.4.1 Revisions follow a regular, well established, and transparent schedule*

Monthly statistics are normally not revised, but annual data are revised after the completion of the complementary period. Revised data are published in April. While the revision policy and practice is well known within the MOF, it is not announced to the public.

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government external loans and operations involving investment projects implemented using resources from state external loans. In accordance with the Rules, the Treasury Committee maintains strict accounting on the basis of statements for accounts opened with second-tier banks of the Republic of Kazakhstan and for accounts opened with banks abroad.

#### 4.4.2 *Preliminary data are clearly identified*

The statistics published in the MOF *Statistical Bulletin* and on the website indicate clearly the status of the data (revised, preliminary or final). The revised data are disseminated in the same way, and at the same level of detail, as the original data. The coherence between preliminary and final data is sufficient to allow preliminary data to be used with confidence for policy determination and analysis.

#### 4.4.3 *Studies and analyses of revisions are made public*

The preliminary data are usually close to final data, and can be relied upon for analytical purposes. No analysis of preliminary versus revised data is available.

### 5. **Accessibility**

#### 5.1 *Data accessibility*

##### 5.1.1 *Statistics are presented in a way that facilitates proper interpretation and meaningful comparisons (layout and clarity of text, tables, and charts)*

Statistics for budgetary government operations are presented in a way that allows major aggregates and balancing items to be identified and related to detailed underlying data. The information presented is suitable for use in the budget development and monitoring process, and other government economic and fiscal policy development. Statistics are provided very closely to the details and coverage set out in the *GFSM 1986* tables and time series can be derived from archived issues of the *Bulletin* available on the MOF website.

##### 5.1.2 *Dissemination media and formats are adequate*

The Law on the Budget System, Article 4, requires “openness” of budget management by publication of approved budgets and reports on their execution. In addition, Article 29 specifies periodicity and timeliness of data on budget execution for Republican and provincial governments. The MOF disseminates GFS through its website and publishes the monthly MOF *Statistical Bulletin*. The MOF *Statistical Bulletin* contains detailed information on State (general) government operations, Republican (central) government operations, the execution of local government budgets, and State debt and borrowings. The MOF also disseminates on its website statistics on summary annual and quarterly budget execution, and quarterly data on government debt. Detailed monthly statistics are disseminated in the MOF *Statistical Bulletin* and on the Internet. However, details of the NFRK operations are limited to quarterly portfolio positions. The government is in the process of providing more details on an annual basis to the public.

##### 5.1.3 *Statistics are released on a pre-announced schedule*

The MOF publishes the GFS on a pre-announced schedule. The pre-announced schedule is disseminated on the MOF’s website covering the release dates of the monthly *Statistical*

*Bulletin*, monthly summary data on the Republican and State government operations, and quarterly data on Republican government debt.

*5.1.4 Statistics are made available to all users at the same time*

All statistics on government operations are released to the public simultaneously.

*5.1.5 Nonpublished (but nonconfidential) subaggregates are made available upon request*

Except for information classified as state secret, GFS are compiled from the public records and users can request further details. The MOF website and the MOF *Statistical Bulletin* provide clear contact information for users.

**5.2 Metadata accessibility**

*5.2.1 Documentation on concepts, scope, classifications, basis of recording, data sources, and statistical techniques is available, and differences from internationally accepted standards, guidelines, or good practices are annotated*

Documentation on the summary methodology is published in the MOF *Statistical Bulletin* as well as on the SARK's website ([www.stabase.kz](http://www.stabase.kz)) and IMF's website ([www.dsbb.imf.org](http://www.dsbb.imf.org)).

*5.2.2 Levels of detail are adapted to the needs of the intended audience*

Technical descriptions regarding concepts, data sources, and methodology are provided briefly in the MOF *Statistical Bulletin* and on the MOF website. Further queries on the GFS could be raised directly with the contact person identified in the MOF *Statistical Bulletin*.

**5.3 Assistance to users**

*5.3.1 Contact person for each subject field is publicized*

The contact person for statistics on government operations is publicized with contact details, both in the MOF *Statistical Bulletin* and on the MOF website. This information is also disseminated through the IMF's website. The MOF provides reasonable timely responses to queries, as required by the Law on the Budget System.

*5.3.2 Catalogues of publications, documents, and other services, including information on any charges, are widely available*

The MOF's website provides information regarding statistical publications, budget documents, and government legal regulatory documents.

Table 4. Kazakhstan—Data Quality Assessment Framework: Summary of Results for **Government Finance Statistics**  
(*Compiling Agency: The Ministry of Finance*)

Element	NA	Assessment				Comments on Assessment	Plans for Improvement and Target Dates*
		O	LO	LNO	NO		
<b>0. Prerequisites of quality</b>							
0.1 Legal and institutional environment		X					
0.2 Resources			X			More staff training on GFS is needed.	
0.3 Quality awareness		X					
<b>1. Integrity</b>							
1.1 Professionalism		X					
1.2 Transparency			X			Information on some extrabudgetary funds are not available to the public.	
1.3 Ethical standards		X					
<b>2. Methodological soundness</b>							
2.1 Concepts and definitions		X					
2.2 Scope			X		X	Lack of detailed data on extrabudgetary funds, such as the NFRK, hampers full consolidation of the general government operations. Grants and associated expenditure are excluded from reports on the Republican and State budget execution.	The government is in the process of disseminating more information on the NFRK, initially on an annual basis. It will also improve the classification and sectorization of financing data.
2.3 Classification/Sectorization			X			NBK's holdings of government securities are misclassified as part of financing by the nonbank sector. Repayments of government lending are misclassified as revenues.	
2.4 Basis for recording		X					

Table 4. Kazakhstan—Data Quality Assessment Framework: Summary of Results for Government Finance Statistics  
(Compiling Agency: The Ministry of Finance)

Element	NA	Assessment				Comments on Assessment	Plans for Improvement and Target Dates*
		O	LO	LNO	NO		
<b>3. Accuracy and reliability</b>							
3.1 Source data		X					
3.2 Statistical techniques		X					
3.3 Assessment and validation of source data		X					
3.4 Assessment and validation of intermediate data and statistical outputs			X		Material differences between MOF's deficit financing data and corresponding NBK's data need in-depth investigation.		
3.5 Revision studies			X		Data not replaced by audited figures to allow revision study. No analysis of effect of the "complementary period."		
<b>4. Serviceability</b>							
4.1 Relevance			X		Lack of data to develop the full scope of government operations limits analysis. No regular monitoring of private sector users' needs.		
4.2 Timeliness and periodicity				X	GFS are not consistent with monetary and BOP statistics.		
4.3 Consistency		X			No published information on revision policy.		
4.4 Revision policy and practice			X				
<b>5. Accessibility</b>							
5.1 Data accessibility		X					
5.2 Metadata accessibility		X					
5.3 Assistance to users		X					

\*Authorities' plans as of May 3, 2002

## V. MONETARY STATISTICS

### 0. Prerequisites of quality

#### 0.1 *Legal and institutional environment*

##### 0.1.1 *The responsibility for collecting, processing, and disseminating statistics is clearly specified*

Monetary statistics are compiled in accordance with Article 61 of the Law on the Republic of Kazakhstan National Bank (1995), and Article 54 of the Law on Banks and Banking in the Republic of Kazakhstan stating “Banks shall be required to furnish the National Bank of Kazakhstan upon its request with information concerning the banks’ funds, including funds located outside the Republic of Kazakhstan, the amount of deposits accepted, credits extended and banking transactions executed or under way, and with other information.” Article 8 of the Law on the Republic of Kazakhstan’s National Bank requires the National Bank of Kazakhstan (NBK) to draw-up and regularly publish the composite balance sheet of banks of the Republic of Kazakhstan and the NBK balance sheet, and Article 67 requires the NBK to publish, amongst other things, information on credit and money in circulation.

##### 0.1.2 *Data sharing and coordination among data producing agencies are adequate*

Data sharing and coordination among NBK departments and with other agencies are largely adequate. In particular, the accounting and bank and insurance departments of the NBK provide relevant information to the statistics division of the NBK in accordance with an agreed upon timetable; revisions to the charts of accounts used by the NBK and commercial banks are coordinated with the NBK’s statistics division, Accounting Department, Banking and Insurance Supervision Department, and the Association of Financial Officers (AFO) representing the interests of banks and other financial institutions located in Kazakhstan; a working group of staff from the NBK and the AFO review the banks’ reporting burden; statistical reporting forms for banks and other financial institutions are registered with the Statistics Agency for the Republic of Kazakhstan (SARK) with the aim of avoiding duplication of effort; and the sharing of data among agencies is established by formal agreement specifying time frames and the data to be provided.

By law, statistical activities in Kazakhstan are coordinated by the SARK and via the Inter-Agency Council for Improving Government Statistics which meets at least once a year to resolve outstanding methodological issues in the official statistics. The Council has had some success in resolving methodological and organizational issues relating to balance of payments statistics, but the longstanding issue of the definition of residency in the monetary statistics remains unresolved (see 2.2.1 ahead).

##### 0.1.3 *Respondents’ data are to be kept confidential and used for statistical purposes only*

The confidentiality of respondents’ data is established in Article 54 of the Law on Banks and Banking in the Republic of Kazakhstan stating that “Employees of the National Bank of Kazakhstan shall be prohibited from disclosing or relaying to third parties information

obtained in the course of exercising the rights [of data collection] set forth in point 2 of this Article.” Further, Article 383 of the Republic of Kazakhstan Code of Legal Offenses (January 2001) details pecuniary and other fines for disclosure of individual institutional data to third parties without the prior approval of the institution concerned. Access to individual institutions’ data by NBK staff is password protected. The NBK security division is charged with prevention of unauthorized access to NBK information systems and NBK buildings.

Although procedures are currently in place to prevent disclosure of individual respondents’ data, the confidentiality of respondents’ data could be further strengthened by the introduction of techniques for identifying the number of respondents contributing to an individual data series to prevent inadvertent disclosure of aggregate data with less than three contributors.

*0.1.4 Statistical reporting is ensured through legal mandate and/or measures to encourage response*

Article 8 of the Law on the Republic of Kazakhstan National Bank empowers the NBK to establish accounting standards and a schedule of forms and filing deadlines for accounting, statistical, and other types of reports by banks, with a view to exercising its supervision and oversight responsibilities. Noncompliance with the reporting schedules and accounting standards set by the NBK (including misrepresentation of data) is governed by the Republic of Kazakhstan Code for Administrative Legal Offenses (2001), prescribing fines and other sanctions on the reporting officer and reporting entity.

The staff of the NBK’s statistics division provide extensive assistance to banks in completing and submitting report forms (see 3.1.2 ahead). The working group of the NBK and the AFO provides a forum for fostering goodwill with the respondent population and meets on a regular basis.

**0.2 Resources**

*0.2.1 Staff, financial, and computing resources are commensurate with statistical programs*

The NBK’s statistics division is adequately staffed to meet its responsibilities for compiling monetary statistics. The division comprises 13 professional staff, all with advanced degrees in economics or related subjects, and are compensated within the civil service pay scale. Most of the staff have participated in IMF sponsored regional training courses on monetary and financial statistics, and have remained in the statistics division since its creation in 1995. Computing resources are adequate and are well utilized in achieving efficient data collection and compilation procedures.

*0.2.2 Measures to ensure efficient use of resources are implemented*

The staff of the statistics division are organized into separate functions of data collection and data compilation to facilitate efficient allocation of resources. The statistics division prepares budget submissions annually to the Head of the Department of Research and Statistics.

### **0.3 Quality awareness**

#### *0.3.1 Processes are in place to focus on quality*

Since 1997, the Inter-Agency Council for Improving Government Statistics has met at the ministerial level to review key statistical issues and to assure cooperation and coordination among statistical agencies. Budget and resource requests of the Research and Statistics Department of the NBK attract strong support from the NBK Governor, demonstrating an awareness of the importance of quality in statistics at the highest level of the NBK. Awareness of the dimensions of quality in statistics are also demonstrated by Kazakhstan's participation in the GDDS and the posting of plans for improvement in statistics on the GDDS Bulletin Board.

#### *0.3.2 Processes are in place to monitor the quality of the collection, processing, and dissemination of statistics*

Regular reviews are undertaken by the staff of the NBK's Research and Statistics Department to identify any problems during data collection, processing and dissemination. Further, plans to enhance the NBK's *Statistical Bulletin* and user access to statistics on the NBK's website go some way to demonstrating awareness and monitoring of the quality of the dissemination of statistics. User surveys are not conducted, but feedback from users is considered when the NBK prepares its statistical work-program. An independent review body to provide guidance on the quality of statistics disseminated by the NBK does not exist.

#### *0.3.3 Processes are in place to deal with quality considerations, including tradeoffs within quality, and to guide planning for existing and emerging needs*

The Inter-Agency Council for Improving Government Statistics provides an overarching body for reviewing and initiating improvements in statistics. The working group of the NBK and AFO sensitizes NBK staff to the tradeoffs between accuracy and timeliness in the source data used to compile monetary statistics. While no formal mechanisms are in place soliciting user feedback, the NBK actively conducts consultations with users that facilitate identification of emerging information needs. For instance, the NBK engages in outreach programs (meetings and seminars with students, journalists, and other interested parties to explain the goals, functions, and programs of the NBK, including statistical activities) and is actively conducting consultations with users that facilitate identification of their needs.

## **1. Integrity**

### **1.1 Professionalism**

#### *1.1.1 Statistics are compiled on an impartial basis*

Government officials do not comment on or regulate the release of data by the NBK, in spite of the advance release of monetary statistics to the office of the President, Prime Minister,

Minister of Finance, and Minister of Economy. The appointment of the head of the NBK's Research and Statistics Department is not subject to governmental approval.

Compilers are hired on a competitive basis and are expected to adhere to civil service standards of professional conduct. Vacancies are publicly advertised. Staff of the statistics division draft articles appearing in NBK's *News*.

*1.1.2 Choices of sources and statistical techniques are informed solely by statistical considerations*

The choice of data processing and validation techniques are based solely on statistical considerations.

*1.1.3 The appropriate statistical entity is entitled to comment on erroneous interpretation and misuse of statistics*

Compilers actively follow the financial press and media coverage of the NBK's statistical products. In instances of erroneous interpretation of the monetary statistics, the NBK provides its interpretation of the data.

**1.2 Transparency**

*1.2.1 The terms and conditions under which statistics are collected, processed, and disseminated are available to the public*

The laws and codes governing the collection of the monetary statistics in Kazakhstan are posted on the NBK's website. Kazakhstan's GDDS metadata provide information on the processing and dissemination of the monetary statistics. Information posted on the GDDS Bulletin Board includes identification of a contact person at the NBK for users requiring additional guidance on Kazakhstan's monetary statistics.

*1.2.2 Internal governmental access to statistics prior to their release is publicly identified*

Prior government access to the monetary statistics is identified in Kazakhstan's GDDS metadata.

*1.2.3 Products of statistical agencies/units are clearly identified as such*

The NBK's publications clearly identify the NBK as the publisher. Attribution is required if the NBK's monetary statistics are publicly quoted by other entities.

*1.2.4 Advance notice is given of major changes in methodology, source data, and statistical techniques*

Users are notified of major changes when they occur and not prior to their introduction.

### **1.3 Ethical standards**

#### *1.3.1 Guidelines for staff behavior are in place and are well known to the staff*

NBK staff are required to follow the civil service code of conduct which specifies ethical and professional standards.

## **2. Methodological Soundness**

### **2.1 Concepts and definitions**

#### *2.1.1 The overall structure in terms of concepts and definitions follows internationally accepted standards, guidelines, or good practices*

The analytical framework used by the NBK in compiling surveys of the NBK and “second-level banks” reflects concepts and principles that are based on the IMF’s *Monetary and Financial Statistics Manual 2000 (MFSM)*.<sup>10</sup> The banking system survey published by the NBK in its *Statistical Bulletin* is analogous in scope and concept to the depository corporations survey recommended in the *MFSM*. The banking system survey provides the full range of instrument and sector detail recommended by the *MFSM* with only minor exceptions (see 2.3 ahead).

The banking system survey is derived by consolidating the accounts of the NBK and the accounts of the second-level banks. For purposes of transparency, it also includes the assets of the National Fund of the Republic of Kazakhstan (NFRK)<sup>11</sup> that are managed by the NBK, together with related NBK liability items to the NFRK. Broad money, M3, (comprising currency in circulation and deposits of nonbank and non general government entities), is identified in the banking system survey with remaining liabilities and assets classified under the analytical headings of net foreign assets (NFA) and net domestic assets (NDA). Deposits of regional and local governments are currently presented in the monetary statistics *as if* included in broad money when in fact they are implicitly included as part of other liabilities (see 4.1.1 ahead). The classification of these deposits is under active review by the NBK.

Three narrower money measures (M0, M1, and M2) excluding nontransferable foreign currency denominated deposits are also presented in the *Statistical Bulletin*, in a separate monetary aggregates table. The banking system survey does not separately identify the components used to compile the M1 and M2 money measures. However, additional information is provided in the *Statistical Bulletin* on foreign currency and tenge denominated deposits that facilitates identification of the components of M1 and M2.

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<sup>10</sup> The second-level banks survey is a local descriptor that is analogous to the other depository corporations survey specified in the *MFSM*.

<sup>11</sup> This Fund is referred to as the National Oil Fund in the NBK’s *Statistical Bulletin*.

While reserve money (the monetary base) excludes foreign currency current accounts of nonfinancial institutions and nontransferable deposits of nonbank financial institutions, these deposits are included in broad money, M3, necessitating particular care in interpreting developments in the relationship between reserve money and broad money.

## **2.2 Scope**

### *2.2.1 The scope is broadly consistent with internationally accepted standards, guidelines, or good practices*

No single definition of broad money is prescribed in the *MFSM* in recognition that national definitions of broad money vary across countries. For each country, the national definition of broad money is used in determining the institutional units covered by the depository corporations survey. Thus, in Kazakhstan, all financial institutions issuing liabilities meeting the definition of broad money, M3, should be included in the banking system survey.

The banking system survey published in the *Statistical Bulletin* provides an almost complete coverage of active financial institutions issuing broad money liabilities in Kazakhstan. The survey includes the accounts of all licensed commercial banks operating in Kazakhstan (numbering 42 as of April 1, 2002). The balance sheets of credit associations, and postal and savings institutions accepting deposits are not included in the banking system survey. Similarly, the balance sheets of banks in liquidation are not included in the banking system survey. However, since deposits held with these institutions represent less than 0.01 percent of the stock of broad money, their exclusion is not material for the compilation of monetary aggregates at this time.

The NFRK's holdings of foreign securities are not included on the NBK accounting balance sheet, but for transparency purposes are included in the NBK survey as a separate line item under NFA, together with a liability counterpart under NDA.

The reported balance sheets of the NBK and commercial banks include the accounts of headquarters and branches located in Kazakhstan. In addition, following the legal definition of residency specified in the Law on Foreign Exchange Regulation, the accounts of branches located outside of Kazakhstan are also included in the commercial banks' reported balance sheets. This inconsistency with the economic residency criterion set out in the *MFSM* and *BPM5* currently results in the activities of two foreign branches of two domestic banks being erroneously included in the monetary accounts (see 3.1.2 ahead).

The central bank survey covers the consolidated accounts of the NBK's Almaty headquarters, its 16 branches, and 2 legal entities (printing works and vaults).

The NBK is aware of deviations in institutional coverage of Kazakhstan's monetary statistics from international best practice. It is considering amending the relevant reporting instructions to facilitate implementation of a definition of residency for statistical purposes that is consistent with *BPM5*. In addition, it is considering having the credit associations report their balance sheets in accordance with the chart of accounts for commercial banks to enable expansion of the institutional coverage of the banking system survey.

## 2.3 *Classification/sectorization*

### 2.3.1 *Classification/sectorization systems used are broadly consistent with internationally accepted standards, guidelines, or good practices*

Following the *MFSM*, Kazakhstan's monetary statistics make a distinction between banks' claims on and liabilities to resident and nonresident entities. However, because a legal definition of residency is used, banks claims on and liabilities to foreign owned entities operating in the Republic of Kazakhstan are classified as claims on and liabilities to nonresidents in the monetary accounts, regardless of whether these entities satisfy the residency criteria set out in *BPM5*.

The recent expansion of information reported in the banks' balance sheets on the counterparty sector permits claims on and liabilities to the resident (domestic) units of the economy to be grouped into mutually exclusive sectors largely in accordance with the *MFSM* as follows: (i) central bank (NBK), (ii) banks (second-level banks), (iii) nonbank financial institutions, (iv) public nonfinancial institutions, (v) private nonfinancial institutions, (vi) central government, (vii) regional and local government, (viii) households, and (ix) nonprofit institutions serving households. Exceptions are that in the NBK survey, a small amount of claims—referred to as “claims on the rest of the economy” in the *Statistical Bulletin*—are not fully sectorized; and NBK “notes held by banks” in the NBK survey includes NBK notes held by institutional units other than banks.

The assets of the NFRK that are managed by the NBK are included under foreign assets in the NBK survey to facilitate transparency in the management of the NFRK funds, and in line with the balance of payments statistics are classified as nonreserve assets. The deposit liabilities of the NBK to the NFRK are not however identified as belonging to the general government sector, rather they are presented as a separate line item under NDA. In addition, the deposits and foreign assets of the NFRK shown in the NBK survey are not always equivalent because of timing differences between the receipt of NFRK funds and their conversion into foreign currency denominated assets.

The recent expansion of information reported on banks' balance sheets enables the classification of financial instruments largely in line with *MFSM* guidelines. One minor exception is that information on insurance technical reserves are not separately identified. Such items are not however currently relevant for banking institutions in Kazakhstan because they do not provide insurance or pension fund services. Financial derivatives with nonresidents are separately identified in the banking system survey, but those with resident units are included as part of other assets/liabilities pending changes to the reporting requirements for banks to identify the resident counterparty sector.

Securities repurchase and reverse repurchase agreements are recorded as separate items on the reported balance sheet. Repurchase and reverse repurchase agreements with resident institutions are classified as credit liabilities and credit assets, respectively, in the NBK and second-level banks survey, in line with international guidelines. At the level of the banking system survey, repurchase and reverse repurchase agreements are classified as part of other liabilities and NDA, respectively. Repurchase and reverse repurchase agreements with

nonresidents are classified as foreign liabilities and foreign assets, respectively, in accordance with international guidelines. The NBK plans revisions to the chart of accounts that require gold swaps to be reported on balance sheet as collateralized loans in line with international statistical methodology.

The banking system survey and related surveys published in the *Statistical Bulletin* refer to “credits” rather than loans to reflect that—in line with international statistical methodology—reverse securities repurchase agreements and financial leases (primarily with agriculture enterprises and small businesses) are presented together with loans.

## **2.4 Basis for recording**

### *2.4.1 Market prices are used to value flows and stocks*

The NBK revalues its holdings of securities at market prices on a monthly basis in accordance with international statistical guidelines. The general guidance notes to the commercial banks’ chart of accounts require holdings of securities to be valued at market prices, except for securities that are intended to be held to maturity or held for investment purposes. These securities are valued at face and original value, respectively, except in the case of the issuing entity having negative equity. Financial derivatives are valued at market prices.

In line with the *MFSM*, loans in the NBK survey and second-level banks survey are valued at current book value—the outstanding principal amount at its original cost plus any accrued interest<sup>12</sup>—without adjustment for expected loan losses arising from anticipated defaults by borrowers. Monetary gold held by the NBK is revalued daily using the morning fixing on the London Bullion Metal Auction (LBMA) and the average weighted market tenge/U.S. dollar exchange rate.

The rates quoted by the NBK (the official rate) are used by commercial banks to translate foreign currency denominated assets and liabilities to tenge equivalents in the reported balance sheet. In contrast, the NBK values its foreign currency denominated assets and liabilities on a monthly basis using the average weighted market exchange rate.

Valuation adjustments (including holding gains and losses on financial instruments) are separately identified in the reported balance sheets, but are not separately identified in the banking system survey and related surveys.

### *2.4.2 Recording is done on an accrual basis*

The *MFSM* specifies the use of accrual accounting so that interest due but not paid on financial instruments is incorporated into the outstanding amount of the financial asset or liability, rather than being treated as part of other accounts receivable/payable. In line with

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<sup>12</sup> Including interest and principal arrears on loans up to 30 days past due.

this, accrued interest is incorporated into the underlying financial instrument in Kazakhstan's monetary accounts, except that—in line with best practice—accrued interest on loans and other assets more than 30 days overdue is not incorporated into the underlying instrument in the creditor's balance sheet. Arrears for payments or other charges associated with off-balance sheet accounts are not included in the balance sheet. Transactions in financial instruments are recorded at the time of the transaction, not at the time of receipt and payment of funds.

*2.4.3 Grossing/netting procedures are broadly consistent with internationally accepted standards, guidelines, or good practices*

Netting of claims on a transactor or group of transactors against the liabilities of that transactor group is not permitted except if a legal right of set-off is specified in the contract.

To facilitate the analytical usefulness of Kazakhstan's monetary statistics, data in the banking system survey and related surveys are presented on a net basis for foreign assets and foreign liabilities, and for claims on and liabilities to central government. Whenever data are presented on a net basis, the underlying gross data are also shown in accordance with the *MFSM*, except that financial derivatives are presented on a net basis only.

In the NBK survey, claims on banks are presented net of banks' holdings of NBK notes. While this is not in line with the *MFSM*, gross data are also presented, allowing users to reclassify banks' holdings of NBK notes as needed.

The banking system survey is obtained by canceling appropriate bilateral claims and liabilities.

### **3. Accuracy and Reliability**

#### **3.1 Source data**

*3.1.1 Source data are collected from comprehensive data collection programs that take into account country-specific conditions*

The accounting records of the NBK and commercial banks are maintained in accordance with separate plans of accounts. The NBK's accounting department provides a complete set of detailed accounting balances to the NBK's statistics division together with supplementary information on the assets of the NFRK for use in compiling the NBK survey. The commercial banks report balance sheet accounts on the report form 700N at a 7 digit level, the last 3 digits relating to the residency of the counterparty, sector of counterparty, and the currency denomination of the account. No sampling or estimation is applied. The AFO and NBK working group is discussing the possibility of introducing a single set of report forms meeting the NBK's data needs.

The NBK's statistics division maintains close contact with the NBK's banking supervision and monetary operations departments as part of efforts to monitor developments in the

financial sector with a view to identifying new financial instruments and institutions that have implications for the monetary statistics source data.

*3.1.2 Source data reasonably approximate the definitions, scope, classifications, valuation, and time of recording required*

The source data, compiled in accordance with the charts of accounts for the NBK and commercial banks and the associated guidance notes (reissued in 2000 under Resolution of the Board of Directors of the NBK), provide a reasonable approximation to the required definitions, scope, valuation, and timing of recording, with the following exceptions (i) the use of legal rather than economic criterion for delineating resident and nonresident units, (ii) information reported on financial derivatives excludes commercial bank transactions in swaps (currently not included in the reported balance sheet), and does not distinguish between resident sectors, and (iii) the recording of syndicated lending can lead to the erroneous classification of loan amounts received as a foreign liability if the lead bank is a nonresident, and to double counting of loan amounts in the monetary statistics if the lead bank is a resident of Kazakhstan. Staff of the NBK statistics division are fully aware of these issues and are actively seeking resolution. In reporting the sectoral holder of securities issued, banks are instructed to use the sector of the original purchaser of the securities when it is not possible to identify the sector of the current holder.

The NBK's Annual Report (2000) notes that the reliability of the banks' financial reports were adversely affected by "high staff turnover and deficiencies of internal control systems, including inefficient internal audits." While it is possible that these factors also affect the accuracy of data reported to the NBK for the compilation of the second-level banks survey, the staff of the NBK's statistics division make efforts to ensure accurate classification of accounts on the commercial banks' report forms used in compiling monetary statistics. Seminars are held for banks to discuss classification principles. Further, the staff of the statistics division review, on a bank-by-bank basis, the classification of individual transactor accounts onto the reported balance sheets used in compiling monetary statistics. The banks are also invited to seek guidance on the classification of accounts from the NBK by telephone, and when particularly difficult classification issues arise, the staff of the NBK's statistics division consult with the bank's customer to determine the appropriate economic sector classification of the enterprise. Additional guidance notes on the sector classification of institutional units have been prepared by the statistics division and will be distributed to the banks upon approval by NBK Directors.

Staff of the NBK's statistics division are aware of differences in the classification of financial instruments in primary and secondary data sources—for example, whereas reverse repos and financial leases are classified together with loans in the monetary accounts, some secondary data sources used for cross-checking purposes provide information on bank loans only.

*3.1.3 Source data are timely*

The filing deadlines for the balance sheets of active banks are sufficient to allow for the compilation of monetary statistics in a timely manner. The balance sheet reports of the commercial banks are filed with the NBK's banking supervision department by the 5<sup>th</sup> working day of the month. After checking and validation, the balance sheet reports are made

available to the NBK's statistics division within 11 working days of the end of the previous month. The accounts of the NBK are made available to the NBK's statistics division by the 5<sup>th</sup> working day of the month. The compilation of the NBK survey and the second-level banks survey is usually completed the day after the accounts of the NBK and the second-level banks are made available to the statistics division. Final end-December data for the NBK and the commercial banks are usually delayed because of end-year auditing obligations. Preliminary end-December data are used in compiling the NBK and second-level banks survey until the final end-December data are available. Banks in the process of liquidation file balance sheet reports on a quarterly basis to the NBK's division that supervises the liquidation of banks and insurance companies.

### **3.2 *Statistical techniques***

#### *3.2.1 Data compilation employs sound statistical techniques*

The detailed charts of accounts for the NBK and the commercial banks provide highly structured and detailed accounting frameworks, facilitating the preparation of balance sheet report forms that approximate the sectoral balance sheets specified in the *MFSM*. The potential for processing errors is minimized by the use of electronic reporting and processing procedures and detailed documentation of the mappings used in compiling the surveys from the reported balance sheets.

#### *3.2.2 Other statistical procedures (e.g., data adjustments and transformations, and statistical analysis) employ sound statistical techniques*

Separate data on accrued interest on NBK loans to banks and to other financial corporations is further sectorized by staff of the statistics division using supplementary information provided by the NBK's accounting department. In addition, the inclusion of assets of the NFRK in the NBK survey follows sound statistical techniques in that counterpart liability entries are made to the survey to maintain the integrity of the balance sheet framework.

### **3.3 *Assessment and validation of source data***

#### *3.3.1 Source data—including censuses, sample surveys and administrative records—are routinely assessed, e.g., for coverage, sample error, response error, and nonsampling error; the results of the assessments are monitored and made available to guide planning*

The NBK's banking supervision department undertakes the initial validation of the banks' reported balance sheet accounts. The NBK's statistics division undertakes additional intertemporal consistency checks on the aggregated bank balance sheet data. In addition, automated cross-checking on a bank-by-bank basis of the reported balance sheet data against other data sources is done using the NBK's relational database system. The staff of the statistics division have on-line access to the individual bank returns and are in contact with the banking supervisors in case of queries on the validity of reported data. Similarly, the reported balance sheet accounts of the NBK are checked for intertemporal consistency and any data queries are dealt with by the NBK's accounting department. The statistics division

also has on-line access to the detailed accounts of the NBK. Numerical thresholds are not used in checking the intertemporal consistency of the reported data.

The staff of the NBK's statistics division have an understanding of the charts of accounts and the underlying accounting and classification guidelines used by the NBK and commercial banks. Any proposed changes to the accounting and classification guidelines are coordinated with the statistics division for conformity with international statistical standards of classification, sectorization, and valuation. This is especially important because financial accounting rules can deviate from international standards for compiling macroeconomic statistics.

### **3.4 *Assessment and validation of intermediate data and statistical outputs***

#### **3.4.1 *Main intermediate data are validated against other information where applicable***

Reported balance sheet data are subjected to automated cross-checks against supplementary information reported on credits and deposits. An error report is automatically generated and highlights any inconsistencies among data reported by the banks.

#### **3.4.2 *Statistical discrepancies in intermediate data are assessed and investigated***

Any statistical discrepancies in reported balance sheet data are investigated by the staff of the statistics division and the banking supervision department.

#### **3.4.3 *Statistical discrepancies and other potential indicators of problems in statistical outputs are investigated***

The causes of any large or unexplained fluctuations in the monetary or credit aggregates are carefully investigated by the staff of the statistics division. Any such fluctuations in the aggregate data are traced back to the individual bank(s) contributing to the fluctuation and an explanation is sought.

### **3.5 *Revision studies***

#### **3.5.1 *Studies and analyses of revisions are carried out routinely and used to inform statistical processes***

Any misclassifications of accounts identified in the source data after five days of the current submission date are not corrected. Banks do not correct historic data for misclassifications. Reclassifications are explained by the banks by way of footnotes to the reported balance sheet. The explanations are reviewed by the staff of the statistics division and material revisions are further investigated. The review of revisions is used by the staff of the statistics division to highlight classification and other issues that may warrant general clarification for the banks.

## **4. Serviceability**

### **4.1 Relevance**

#### *4.1.1 The relevance and practical utility of existing statistics in meeting users' needs are monitored*

No formal consultation with users takes place, but user requests for additional statistical information are noted and considered when the NBK reviews its statistical work program. Almost all of the staff of the NBK's statistics division have attended regional IMF training courses in monetary and financial statistics, providing, among other things, an awareness of the uses of monetary statistics. The head of the statistics division participates in international and regional seminars.

The usefulness of Kazakhstan's monetary statistics was enhanced in December 2001 as a result of the separate identification of banks' transactions with central government and with nonfinancial public enterprises. Banks' transactions in financial derivatives are also separately identified in the monetary statistics beginning December 2001. Separate identification of the following items will further facilitate interpretation of Kazakhstan's monetary statistics (i) revaluation accounts in all surveys, (ii) national and foreign currency denominated deposits to enable reconciliation with M1 and M2, (iii) interbank consolidation adjustments in the banking system survey, and (iv) credits received in the banking system survey for symmetry with their presentation in the NBK and second-level banks surveys. Also, regional and local government deposits are presented *as if* they are included in broad money when in fact they are included under other liabilities, which is misleading for users.

### **4.2 Timeliness and periodicity**

#### *4.2.1 Timeliness follows dissemination standards*

The banking system survey, broad money, and credit and central bank aggregates are disseminated in the NBK's *Statistical Bulletin* approximately 6 weeks after the end of the reference month, consistent with the specifications of the GDDS. Key monetary and credit aggregates are also disseminated via the NBK's website approximately 2–3 weeks after the end of the reference month. The monetary surveys are provided to government ministers approximately 2–3 weeks after the end of the reference month.

Subscription to the SDDS would require the dissemination of, amongst other things, data on credit to the public and private sector, and data on the external position of the second-level banks and of the NBK within 4 weeks and 2 weeks, respectively, after the end of the reference month. These data are currently available with a 6 week lag through the NBK's *Statistical Bulletin*.

#### *4.2.2 Periodicity follows dissemination standards*

The surveys of the NBK, second-level banks, and the banking system, are disseminated on a monthly basis, consistent with the specifications of the GDDS and the SDDS.

### **4.3 Consistency**

#### *4.3.1 Statistics are consistent within the dataset*

The source data are collected in a balance sheet framework ensuring basic accounting identities are maintained. Published data are also presented in a balance sheet framework ensuring the analytical identity is maintained between NFA, NDA, and broad money.

The consistency of interbank positions is complicated by the exclusion of balance sheets of banks in liquidation from the monetary statistics and the recording of syndicated lending. Nevertheless, bank deposits included in reserve money (monetary base) in the NBK survey are consistent with bank reporting of deposits placed with the NBK. However, some differences exist between the data on credit advanced by the NBK to commercial banks and corresponding data on commercial banks' credits received from the NBK for June and September 2001. Bilateral positions between the commercial banks are reasonably consistent.

#### *4.3.2 Statistics are consistent or reconcilable over a reasonable period of time*

Monetary statistics compiled from the current chart of accounts are available from 1997 onwards. Brief footnotes to the published data describe some of the methodological changes (for example the delineation of central government accounts from accounts of other levels of government), but breaks in series arising from asset write-offs, changes in the reporting population of banks, and reclassification of accounts in the source data are not routinely identified.

#### *4.3.3 Statistics are consistent or reconcilable with those obtained through other data sources and/or statistical frameworks*

Differences exist between Kazakhstan's monetary statistics and the International Investment Position (IIP) and Balance of Payments (BOP) statistics. Differences also exist between net credit to central government in the monetary statistics and bank financing of the central government in the fiscal accounts. Explanations of these differences are not disseminated. Consistency with IIP and BOP statistics is complicated by differences in revisions policies (historical data are not revised in the monetary statistics) and in the time lags for introducing revised data into the published statistics (see 4.4.1 ahead).

The NBK's statistics division provides financial sector statistics to the SARK for the development of flow of funds and the financial account of Kazakhstan. Flow of funds and the financial account of Kazakhstan are not published to date. The data for commercial banks are provided for stocks only.

#### **4.4 Revision policy and practice**

##### *4.4.1 Revisions follow a regular, well-established, and transparent schedule*

Banks do not submit revised historical data in case of misclassification of accounts identified in the current period. Revisions are not synchronized with those in the IIP and BOP statistics. Revisions to the monetary statistics are made only in the case of changes in methodological principles for compiling monetary statistics.

##### *4.4.2 Preliminary data are clearly identified*

Monetary statistics published by the NBK are final except for end-December data which are initially based on the preliminary accounts of NBK and commercial banks. The preliminary nature of the monetary statistics for end-December is not identified in the NBK's publications. Final end-December data are however identified by footnotes to the monetary surveys.

##### *4.4.3 Studies and analyses of revisions are made public*

Studies and analyses of revisions are not made public.

### **5. Accessibility**

#### **5.1 Data accessibility**

##### *5.1.1 Statistics are presented in a way that facilitates proper interpretation and meaningful comparisons (layout and clarity of text, tables, and charts)*

Kazakhstan's monetary statistics are presented in a generally clear manner using tables and charts in the NBK's *Statistical Bulletin*. No commentary is provided.

##### *5.1.2 Dissemination media and formats are adequate*

Key monetary and credit aggregates are made available in press releases and/or the NBK's website. More detailed data are provided in the NBK's *Statistical Bulletin* together with recent historical data; longer time series data are made available upon request. The release of more detailed data on the NBK's website is being considered by the NBK and would enhance the accessibility of Kazakhstan's monetary statistics and provide a vehicle for more timely dissemination of monetary and other official statistics.

##### *5.1.3 Statistics are released on a pre-announced schedule*

The NBK does not disseminate an advance release calendar, but internal production schedules provide reasonably predictable release dates for monetary statistics via the NBK website and the *Statistical Bulletin*.

*5.1.4 Statistics are made available to all users at the same time*

Some government ministers have access to the monetary surveys 3-4 weeks before they are available to the public via the NBK's *Statistical Bulletin*.

*5.1.5 Nonpublished (but nonconfidential) subaggregates are made available upon request*

Users are provided sub-aggregates upon request.

**5.2 Metadata accessibility**

*5.2.1 Documentation on concepts, scope, classifications, basis of recording, data sources, and statistical techniques is available, and differences from internationally accepted standards, guidelines, or good practices are annotated*

Kazakhstan's GDDS metadata describes the broad scope, main concepts, and definitions used in compiling the banking system and related surveys. The metadata are updated annually via the SARK. Methodological notes are also provided in the Kazakh and Russian language version of NBK's *Statistical Bulletin*. Key differences from international standards are highlighted in the GDDS metadata. The NBK does not disseminate information posted on the GDDS or provide hyperlinks to the GDDS metadata. Further, detailed methodological notes are not made available to the public. For example, users could usefully be alerted to the nature of asset and liability adjustments that are made in the NBK survey to incorporate assets of the NFRK.

*5.2.2 Levels of detail are adapted to the needs of the intended audience*

The NBK's paper publications, website, and GDDS metadata provide alternative levels of detail on the methodology employed in compiling Kazakhstan's monetary statistics.

**5.3 Assistance to users**

*5.3.1 Contact person for each subject field is publicized*

Contact information is available on the monetary statistics in Table B. Data Categories and Indicators—Financial Sector, posted on Kazakhstan's GDDS webpage. The NBK's *Statistical Bulletin* and press releases do not provide a contact person for monetary statistics.

*5.3.2 Catalogues of publications, documents, and other services, including information on any charges, are widely available*

A list of NBK publications and charges is available from the publishers of NBK documents, but the NBK does not disseminate a catalogue of publications.

Table 5. Kazakhstan—Data Quality Assessment Framework: Summary of Results for Monetary Statistics  
(Compiling Agency: National Bank of Kazakhstan)

Element	NA	Assessment				Comments on Assessment	Plans for Improvement and Target Dates*
		O	LO	LNO	NO		
<b>0. Prerequisites of quality</b>							
0.1 Legal and institutional environment		X					
0.2 Resources		X					
0.3 Quality awareness		X					
<b>1. Integrity</b>							
1.1 Professionalism		X					
1.2 Transparency			X			No advance notice of major changes in methodology, data sources, and statistical techniques.	
1.3 Ethical standards			X				
<b>2. Methodological soundness</b>							
2.1 Concepts and definitions		X					
2.2 Scope		X					
2.3 Classification/Sectorization			X			NBK deposit liabilities to NFRK not identified as being part of the general government sector.	
2.4 Basis for recording			X			Exchange rates used to translate end period stocks of foreign currency denominated assets and liabilities into tenge equivalents are not harmonized across the NBK and commercial banks.	
<b>3. Accuracy and reliability</b>							
3.1 Source data			X			Lack of application of the residence criterion to local branches of foreign firms and foreign branches of local banks.	
3.2 Statistical techniques		X					
3.3 Assessment and validation of source data		X					
3.4 Assessment and validation of intermediate data and statistical outputs		X					
3.5 Revision studies		X					

Key to symbols: NA = Not Applicable; O = Practice Observed; LO = Practice Largely Observed; LNO = Practice Largely Not Observed; NO = Practice Not Observed; SDDS = Complies with SDDS Criteria

Table 5. Kazakhstan—Data Quality Assessment Framework: Summary of Results for Monetary Statistics  
(Compiling Agency: National Bank of Kazakhstan)

Element	NA	Assessment				Comments on Assessment	Plans for Improvement and Target Dates*
		O	LO	LNO	NO		
<b>4. Serviceability</b>							
4.1 Relevance			X			Revaluation accounts, and components of M1 and M2 are not published as part of the monetary accounts. The treatment of local and regional government deposits should be clarified for users.	
4.2 Timeliness and periodicity		X		X		Historical data series not reconstructed; limited information provided on breaks in data series; data inconsistencies with IIP and GFS.	
4.3 Consistency					X	Revisions policy and studies not made public. Preliminary data not identified.	
4.4 Revision policy and practice							
<b>5. Accessibility</b>							
5.1 Data accessibility			X			No preannounced schedule of statistical releases. Prior access by government ministries.	
5.2 Metadata accessibility			X			Detailed methodological notes not available to the public.	
5.3 Assistance to users			X			Contact person not identified in NBK publications.	

\*Authorities plans as of May 3, 2002.

Key to symbols: NA = Not Applicable; O = Practice Observed; LO = Practice Largely Observed; LNO = Practice Largely Not Observed; NO = Practice Not Observed; SDDS = Complies with SDDS Criteria

## VI. BALANCE OF PAYMENTS STATISTICS

### 0. Prerequisites of quality

#### 0.1 *Legal and institutional environment*

##### 0.1.1 *The responsibility for collecting, processing, and disseminating statistics is clearly specified*

According to the March 30, 1995 Republic of Kazakhstan Law on the National Bank of the Republic of Kazakhstan (no. 2155), the functions of the National Bank of Kazakhstan (NBK) include preparing the balance of payments report, participating in development of short-term, medium-term, and long-term forecast/estimates of balance of payments indicators, registering and monitoring agreements on private external borrowing without state guarantee, and estimating the gross external debt of the country (Article 8 "Functions, Powers, and Rights of the National Bank of Kazakhstan," item "r").

The responsibility for compiling and disseminating balance of payments statistics, were officially assigned to the NBK by Resolution no. 659, April 25, 1997 of the Republic of Kazakhstan Government on Developing the Balance of Payments of the Republic of Kazakhstan. Republic of Kazakhstan Government Resolution no. 71, January 29, 1999 on Development of the Balance of Payments of the Republic of Kazakhstan transferred to the NBK the right to collect statistical reports on the balance of payments from all respondents.

Aside from foreign trade, all balance of payments data, including reports of nonbank organizations and enterprises, are now collected by the NBK. The Statistics Agency for the Republic of Kazakhstan (SARK), which was previously responsible for collecting statistical reports on the balance of payments from enterprises, is now tasked solely with the compilation of foreign trade indicators of the Republic of Kazakhstan on the basis of customs declarations.

##### 0.1.2 *Data sharing and coordination among data-producing agencies are adequate*

In accordance with Republic of Kazakhstan Government Resolution no. 71, January 29, 1999 on Development of the Balance of Payments of the Republic of Kazakhstan (item 1 (3)), each month the SARK processes foreign trade data and submits to the NBK the following information electronically: (i) foreign trade indicators based on freight customs declarations, and (ii) value and volume of exports and imports following the commodity nomenclature and disaggregated by country.

Data on the external debt transactions of the government are obtained from the State Debt Department of the Ministry of Finance.

According to Law no. 98-1, May 7, 1997 on State Statistics (the most recent version of the Law was adopted on January 15, 2002), statistical activity is coordinated on the national level by the SARK—the body authorized to implement state policy on statistics. All statistical report forms, including the balance of payments report, become effective only after their approval by the SARK and their inclusion on the government-approved list of general

government and agency statistical report forms. In this way, centralization of statistical activity imparts unity to the methodological approaches and keeps respondents from having to submit duplicate reports.

In addition, the Inter-Agency Council for Improving Government Statistics, the membership of which includes the heads of state bodies, including the NBK Governor, has been functioning since July 1997. The main task of the Council is to provide scientific and methodological leadership to the process of improving government statistics and to ensure their consistency with international standards. Problems concerning national statistics policy which require coordinated decision by state bodies are submitted to the Council for review. The Council's charter specifies that it should meet not less than once a year. The last time the membership of the Council was changed was in March 2002, in connection with personnel reshuffling in the government (Government Resolution no. 326, March 18, 2002).

*0.1.3 Respondents' data are to be kept confidential and used for statistical purposes only.*

According to the Law on State Statistics, "individuals and legal entities shall be guaranteed confidentiality of statistical source data and access to lists of general government and agency statistical reports and the statistical work plan. Statistical source data may be disseminated only with the consent of the individuals and legal entities supplying the information, or anonymously" (Article 13).

Liability for an official's disclosure of statistics containing commercial secrets is provided for in the Code of Administrative Violations (effective January 30, 2001). According to Article 383 of the Code, "sale, transfer to anyone, or other disclosure of statistics that are commercial secrets by an official without the consent of their lawful possessor shall incur a fine"

In addition, the action of the Law on Banks and Banking in the Republic of Kazakhstan extends to statistical reports of banks insofar it as concerns disclosure of information classified as bank secrets (Articles 50 and 54 of the Law). National Bank employees are prohibited from disclosing or transferring to third parties any information obtained while exercising their responsibilities.

The standard form approved by the SARK for general government and other compiling agencies requires inclusion of the statement "Confidentiality is Guaranteed by the Information Recipient." To ensure confidentiality of statistical source data, the name and address of the accounting unit are stated on a detachable part of the form's title page, which is removed after the statistical form is received and it has been verified that the OKPO (General Nomenclature of Enterprises and Organizations) code has been filled in correctly on its title page.

Work within the NBK Balance of Payments Division is organized to receive data from individual respondents and process it within the framework of the Statistics Computerized Integrated Subsystem and the Collection and Processing of Balance of Payments Data Subsystem. Aggregation is accomplished within the subsystems by creating separate consolidated files in Excel format having no link to the source data. Access to the

subsystems is authorized and gained by passwords, and access rights are determined in accordance with the list of reports a specialist processes and the job descriptions of specialists.

Access to data on individual respondents is restricted to staff requiring the information in the performance of their duties. Staff are personally liable for disclosure of information.

Observance of rules of accounting, processing, and storing statistical data by NBK staff is also regulated by special rules (Rules of Accounting, Processing, and Storage of Documents, Publications, and Files Containing Non-Secret Information, Restricted Information, and Confidential Information within the NBK System, adopted January 28, 2002), and is monitored by the NBK internal audit subdivision by means of regular inspections.

Confidentiality of data exchange is provided for by the NBK security subdivision, the main tasks of which are to ensure the safety and nondisclosure of information subject to protection, to prevent unauthorized access to NBK information systems, and to ensure observance of admittance and internal security regulations in buildings of the central administration and branch offices of the NBK. To keep unauthorized persons from gaining entry into a National Bank building, each NBK employee has his own electronic pass. Visitors may enter the premises with the permission of the directors of NBK structural divisions through the pass office.

*0.1.4 Statistical reporting is ensured through legal mandate and/or measures to encourage response*

The Government Resolution on Development of the Balance of Payments (No. 71, January 29, 1999) specifies that irrespective of forms of ownership, ministries, agencies, other central and local executive authorities, and enterprises and organizations engaging in foreign economic activity shall (1) submit statistical reports on the balance of payments to the NBK on approved report forms, and (2) participate in one-time selective surveys covering certain indicators of the country's balance of payments falling within the scope of their authority.

The rights of a state body managing statistical activities to obtain statistical information at a specified time and without compensation are also stipulated in the Law on State Statistics.

The Code of Administrative Violations makes respondents liable for failing to observe reporting requirements. Refusal or failure to submit data specified for government statistical reporting and observations, their submission in violation of the specified due date, concealment, upward distortion, and other distortions of data on government statistical reports, and equally so, any hindrance of submission or acquisition of statistical data shall incur a fine (Article 381).

The dates for submission of balance of payments reports are set with consideration for the dates respondents file financial reports. Banks and other financial institutions submit the quarterly balance of payments report on the 20<sup>th</sup> day after the end of the reporting period, while other organizations submit it on the 30<sup>th</sup> day (international services report forms) and

on the 40<sup>th</sup> day after the end of the reporting period (financial assets and liabilities report form)—that is, after the financial report submission dates.

All balance of payments report forms contain detailed instructions on completing the form. When an organization is put on the respondents list for the first time, the cover letter of the report form sent to this organization states, besides the name and address of the body to which these forms are to be submitted, information on the person to be contacted should problems arise in completing the report.

If inconsistencies, ambiguities, or mistakes are found in statistical forms, staff of the division responsible for compiling balance of payments statistics directly contact (by telephone or in writing) the organization's representative responsible for completing the form, and provide methodological advice as needed (the standard statistical observation forms require statement of the particulars of the person in an organization responsible for completing the forms). Face-to-face meetings are also held on the initiative of respondents seeking advice.

In addition in 1999, 2000, and 2001 the NBK held workshops for representatives of the mass media (supplemental to the press conferences held practically every month) at which the most pressing problems of the NBK, including methodological approaches, concerning monetary and the balance of payments statistics were illuminated.

## **0.2 Resources**

### *0.2.1 Staff, financial, and computing resources are commensurate with statistical programs*

The NBK Balance of Payments Division in Almaty comprises 19 individuals, many of whom have advanced degrees. Six have attended IMF balance of payments courses, and five have participated in courses on the macroeconomic accounts. Studies of the *Balance of Payments Manual*, Fifth Edition (*BPM5*) are mandatory for newly hired staff members, and mutual consultations are widely practiced within the Research Department. After attending training courses abroad, experts give brief presentations to other staff about the topic of the seminar with the seminar documents made available to all. In addition, intensive on-the-job training is provided by senior members of the Division. All are well acquainted with the *BPM5* and often formulate sophisticated questions about classification issues. Staff turnover in the Division is low, and employees are well compensated within the civil service scale. Many have remained in the Division since its establishment in 1995.

The NBK Balance of Payments Division is well equipped with computers; each staff member of the Division has a PC. The equipment is periodically upgraded. These computers are linked not only locally, but also with NBK oblast branches throughout Kazakhstan.

Primary statistical data are entered for banks—directly by bank staff responsible for reporting to the NBK using the Statistics Subsystem—and for enterprises—by NBK regional branches using the BOP Data Collection and Processing Subsystem. Information from the banks and regions goes to the NBK server through electronic networks and is available to the Division staff members concerned through the appropriate electronic subsystem.

Electronic copies of reports from professional security market dealers are sent to the NBK staff member concerned by e-mail, and at the NBK headquarters, reports between units are transferred using the local area network.

Following the introduction of the BOP Data Collection and Processing Subsystem in 2000, the NBK re-equipped work places at regional branches with computers that meet the subsystem requirements.

The NBK budget for balance of payments compilation has increased steadily over recent years. Budget requests are generally approved by NBK management. As the Division has assumed additional responsibilities, such as distributing report forms for all services transactions and compiling these data, its budget and staff have grown. In addition, organizational changes have made available increasing assistance from NBK oblast (provincial) branches. Presently about 54 oblast NBK staff assist with preliminary stages of compilation. The record indicates that NBK management is committed to providing the Division with an adequate budget.

### *0.2.2 Measures to ensure efficient use of resources are implemented*

Annually, the Balance of Payment Division develops work plans based on staff proposals.

When primary statistical data are entered into the electronic reporting subsystems, the codes and data are automatically checked. When a report is sent to the NBK headquarters, built-in logical controls check the filling-out of the form. The subsystem checks bank reports with bank balance sheets and other bank reports submitted to the bank supervisors, and also checks balance of payments data against information received in the process of licensing and registering foreign exchange transactions.

All changes to banking statistics relating to conceptual or methodological approaches to compiling financial statistics are coordinated with all the interested NBK units. In addition, when conceptual or policy issues arise with regard to the financial sector, the NBK widely uses joint working groups involving commercial banks and other financial organizations. One example relates to a working group that in 1999-2000 helped to develop and introduce the common payment classification system.

The Balance of Payments Division makes wide use of the latest database processing software. Currently it uses the Access Database Management System and Business Object Analytic Software to compile data and analyze non-standard data samples.

## **0.3 Quality awareness**

### *0.3.1 Processes are in place to focus on quality*

Since 1997 the Inter-Agency Council for Improving Government Statistics has met at the ministerial level to review quality and to agree on steps to assure cooperation in strengthening quality awareness and the actual quality of statistical output. In May 2001 the NBK initiated the formation of a deputy ministerial Commission to Improve Balance of Payments Statistics (CIBPS). This initiative was prompted by NBK's internal dissatisfaction

with the coverage of exports and imports, with procedures for adjusting transfer prices for energy and minerals exports, with the valuation of imports, and with collecting complete and accurate financial account data. Reporting firms and users were included in the consultations to agree on actions to correct these weaknesses.

*0.3.2 Processes are in place to monitor the quality of the collection, processing, and dissemination of statistics*

The management of the NBK continuously monitors the quality of BOP data and periodically takes initiatives, such as that noted immediately above, to bolster quality. Data entry checks have been in place for years, and most current reporting by banks is now on an electronic basis. Users provide feedback during press conferences, seminars, and via individual inquires.

*0.3.3 Processes are in place to deal with quality considerations, including tradeoffs within quality, and to guide planning for existing and emerging needs*

The Inter-Agency Council for Improving Government Statistics is the umbrella organization for reviewing and periodically agreeing to initiatives for the improvement of statistical quality. In line with its decisions, the NBK has assumed responsibility for collecting and compiling data on services transactions. A cooperative undertaking with the SARK to correct the timing of trade data entry to the date of border crossing, rather than when the customs documents were processed, has prompted revision of published trade data. The question of how far backward in time to revise such data will be taken in consultation with the SARK and with consideration for the needs and perceptions of users.

At the national level, the SARK ensures conceptual and methodological coordination between government statistics agencies (see also 0.1.2). Efforts to improve foreign sector statistics (including BOP and external debt statistics) are included in the 1999-2005 Plan to Improve State Statistics.

## **1. Integrity**

### ***1.1 Professionalism***

#### *1.1.1 Statistics are compiled on an impartial basis*

Government officials do not comment on or regulate the release of any data by the National Bank, irrespective of the advance release of BOP data to them. At no time in the past have revisions been requested by any government official. Information collected for statistical purposes may not be used by other agencies to achieve other goals. The NBK is independent of the government with respect to its statistical activities.

Compilers are hired on the basis of competitive examination and are expected to adhere to civil service standards of professional conduct. Vacancies are advertised publicly and filled competitively. NBK Balance of Payments Division economists also draft articles appearing in NBK News (*Vestnik*) and the *Economic Review of the National Bank of Kazakhstan*. Staff have contributed to other economic publications with articles on foreign economic activities.

*1.1.2 Choices of sources and statistical techniques are informed solely by statistical considerations*

The choice of source data (e.g., among direct collection, surveys, or administrative records) and of processing and validation techniques is based solely on statistical considerations.

The choice of data sources is explained to the public in the GDDS metadata, press releases, and seminars.

*1.1.3 The appropriate statistical entity is entitled to comment on erroneous interpretation and misuse of statistics*

Compilers actively follow the financial press. When the media publish mistaken commentaries on BOP data, the NBK follows up with a notice providing the correct interpretation. Monthly news conferences are held for the benefit of the financial press, at which feedback is received and more complete explanations may be provided as necessary. Questions from the public are answered in detail.

**1.2 Transparency**

*1.2.1 The terms and conditions under which statistics are collected, processed, and disseminated are available to the public*

The NBK website includes significant links, one of which is via the site of the SARK to the IMF's Dissemination Standards Bulletin Board, which presents the current GDDS metadata on official statistics. The metadata summarize the legal authorities under which balance of payments statistics are collected, compiled, and disseminated, as well as the significant features of compilation techniques. In addition, *NBK News* publishes quarterly articles accompanying the standard presentation of the data that give more detailed explanations than the metadata on sources, compilation procedures, adjustments, and reasons for revisions.

*1.2.2 Internal governmental access to statistics prior to their release is publicly identified.*

Balance of payments statistics are released on a regular basis through e-mail or on hard copies to the President, Prime Minister, Minister of Finance, and Minister of Economy one to three days prior to their release to the public through presentation on the NBK website, press release, and, subsequently, the periodical publications of the NBK.

Government officials do not comment on or regulate the release of any data by the NBK.

*1.2.3 Products of statistical agencies/units are clearly identified as such*

Data compiled by the NBK and released to the public are clearly identified by the NBK's name and logo. The NBK requests attribution when its statistics are used or reproduced.

#### *1.2.4 Advance notice is given of major changes in methodology, source data, and statistical techniques*

A commentary on the revision of data and changes in the methodology is provided as changes are introduced in the charts of accounts and forms for financial and statistical reporting. Technical explanations and commentaries are presented in hard copy form or, when necessary, in electronic form when data incorporating revisions are released to the public.

### **1.3 Ethical standards**

#### *1.3.1 Guidelines for staff behavior are in place and are well known to the staff*

NBK staff are required to follow behavioral rules for civil servants, which specify observance of specific ethical and professional standards (the Law of the Republic of Kazakhstan "On Civil Service" and the Decree of the President "On Approval of Civil Service Ethics Rules"). These rules prescribe basic standards for the behavior of civil servants in their dealings with individuals and juridical persons. (See also section 1.1.1).

The management of the NBK guards its independence from political influence, and all employees are expected to support the institution's objectivity in data collection, compilation, and analysis.

NBK staff are instructed in ethical guidelines and professional standards when joining the institution; middle management upholds them by example. The lead role of the NBK in transforming the Kazakh economy to a market orientation and in lifting the country's credit standing in international markets is emphasized to the staff. They are frequently reminded of their example and responsibility in carrying forward this transformation.

## **2. Methodological soundness**

### **2.1 Concepts and definitions**

#### *2.1.1 The overall structure in terms of concepts and definitions follows internationally accepted standards, guidelines, or good practices*

The framework of the balance of payments of the Republic of Kazakhstan generally follows the methodology of the *BPM5*. However, the legal definition of residency in Kazakhstan is not in accordance with the concept of residency adopted in the *BPM5* and 1993 *System of National Accounts*. The Law on Currency Regulation specifies that residents are considered to be "all legal entities established in the Republic of Kazakhstan, as well as their branches and representative offices in and outside the Republic of Kazakhstan." The same law specifies that nonresidents are "all legal entities and physical persons in and outside the Republic of Kazakhstan, as well as their branches and representations, not defined as 'residents.'" Following this definition, a local branch of a bank or nonfinancial enterprise located abroad is treated as a nonresident entity. When reviewing branches of foreign companies as residents for balance of payments purposes, this difference in definitions complicates the classification of the operations performed by them. Currently, balance of

payments compilers in Kazakhstan treat all branches of foreign nonfinancial enterprises as residents except for branches providing construction and drilling services. Banks submit data according to the legal definition of the Law on Currency Regulation.

## **2.2 Scope**

### *2.2.1 The scope is broadly consistent with internationally accepted standards, guidelines, or good practices*

While the balance of payments includes all foreign economic operations of all economic sectors within the geographic territory in the Republic of Kazakhstan, see the preceding section. The balance of payments of Kazakhstan covers in principle all types of transactions between resident and nonresident units. The NBK Balance of Payments Division, through reviews of its business register and financial press, seeks to identify and contact all firms of appreciable size that appear to meet the *BPM5* definition of residency. Moreover, its reporting forms explain and emphasize that for statistical reporting purposes, as opposed to taxing authority or other government functions, the *BPM5* definition should be used.

## **2.3 Classification/sectorization**

### *2.3.1 Classification/sectorization systems used are broadly consistent with internationally accepted standards, guidelines, or good practices*

The classification/sectorization system in Kazakhstan's BOP presentation is in accordance with the *BPM5*. The classification system comprises (i) the current account including the goods, services, income, and current transfers account, (ii) the capital account, and (iii) the financial account including the direct investment, portfolio investment, other investments, and the reserve assets account. Four sectors are clearly identified, namely, the monetary authorities comprising the NBK and NFRK, the government sector comprising all ministries, the banks comprising all commercial (second tier) banks, and other sectors comprising nonbank financial institutions, enterprises, and individuals.

*Goods:* In accordance with *BPM5* recommendations, the goods account includes goods procured in ports by carriers, such as supply of fuels, foodstuffs, etc., and repair of goods. The NBK makes coverage, valuation, and classification adjustment to foreign trade statistics compiled by the SARK in order to ensure consistency with *BMP5* methodology. Coverage adjustments include the value of goods brought and purchased by personal shoppers ('shuttle traders'). Classification adjustments are made in order to bring imports to a f.o.b. basis.

*Services:* This account includes transportation of goods and passengers, travel, and other services. The latter includes communications, construction, insurance, all kinds of business services, and government services. The transportation account includes estimation for earnings of resident truck and air carriers, and amounts deducted for nonresident carriers and insurers from imports (c.i.f.).

*Income:* The main components of compensation of employees, direct investment income, and other investment income are identified separately. In addition, the reinvestment of earnings in the direct investment income account is also identified. In the account for compensation of

employees, data on income paid to locally recruited staff by embassies and international organizations are estimated on the basis of average salaries and on incomes paid to non-residents obtained from enterprise reports.

*Current transfers:* The main components in this account are withholding tax and cash grants received by the government, contributions to international organizations, pensions paid abroad, workers' remittances, and other transfers.

*General government sector current transfers:* The credit entries cover amounts received under foreign technical assistance projects and humanitarian aid received. Data on humanitarian aid is compiled by the SARK, and the contra-entries to this item are included in imports. Also included are taxes paid by entities that legally are nonresident, as reported by the Ministry of State Revenue. The debit entries include contributions to the administrative budgets of international organizations.

*Other current transfers:* The credit entries cover money received by resident individuals from CIS or non-CIS countries. The debit entries represent a multitude of transfers abroad also separated by CIS/non-CIS countries. Data are reported by banks and postal offices.

*Capital transfers:* The main components in this account are migrants' transfers. The account also covers amounts received under technical assistance projects and humanitarian aid in the form of capital goods.

*Financial account:* The definitions for direct and portfolio investments, including the treatment of reverse investment or cross participation, conform to the recommendations of the *BPM5*.

*Direct investment:* At present, data on direct investment are compiled by the NBK on the basis of form BOP-1, which includes flow data on direct investment income and financial transactions, and stock data in accordance with the NBK requirement to register financial transactions. Data on services transactions of direct investment enterprises are collected together with other enterprises. Approximately 2,500 direct investment enterprises are surveyed each quarter, and computer files are maintained separately for each enterprise. The questionnaire used by the NBK is a closed data collection form, which facilitates checking the accuracy of the information provided. It does not capture the current transactions of the direct investment enterprises, except for income payments. Information about the other current account transactions of direct investment enterprises is collected by the NBK on form BOP-10, aside from reinvested income.

Form BOP-1 is supplemented by two other forms, Attachment 3, which is submitted by residents licensing foreign exchange transactions, and Attachment 8 on transactions registered by the NBK. Attachment 3 requests detailed information on payments into and withdrawals from bank accounts held abroad. Attachment 8 provides additional detail on transactions between direct investment affiliates and foreign parents.

*Portfolio investment:* Portfolio investment stocks and transactions are collected on BOP forms 9 and 15, the former is filed by banks for their own account, and the latter by brokers,

nominees and registrars of securities, and by banks and other financial intermediaries acting in these capacities. Some 100 respondents file form 15, and the total value of transactions reported on both forms is relatively small. A license is required for residents to purchase non-public foreign securities. Assets held by the National Fund of the Republic of Kazakhstan (NFRK) are reported by the MOF, and Eurobond issues by the State Debt Department (SDD) of the MOF.

*Other investment:* In conformity with the recommendations of *BPM5*, the category for *other investment* covers assets and liabilities on trade credits, loans (including the use of Fund credit), currency and deposits, and other accounts receivable and payable. The accounts are further sectorized between the monetary authority (NBK), general government, banks, and other sectors (enterprises and individuals).

*Trade credits:* Data on trade credits, as well as loans, are obtained from reports on short-term and long-term external receivables and payables that enterprises file with the NBK on form BOP-1, as well as from submissions by banks. Liabilities on trade credits also cover state guaranteed trade credits. Data on state guaranteed trade credits are reported to the NBK by attendant bank-agents (agent banks servicing such loans). Trade credits without guarantee are shown separately.

*Loans:* Data on assets cover loans, mainly extended by the general government sector and resident banks. Enterprises may advance loans to nonresidents without special NBK permission if the issuance of such loans does not pertain to their main activity. Data on loans of the general government cover amounts owed by Georgia and Tajikistan when those countries became independent.

Data on liabilities cover loans received by the NBK, general government, banks, and other sectors. Loans received by the NBK cover the use of IMF credit and loans received from the European Bank for Reconstruction and Development (EBRD). Data on general government loan obligations are reported by the SDD and cover loans received from international organizations, such as the World Bank, the Asian Development Bank, and the EBRD, and foreign governments. Data on banks are obtained from bank reporting forms. Enterprises must register any loans greater than \$100,000 and longer than 120 days they receive from nonresidents. Banks also collect data on government-guaranteed loans received by enterprises and report these to the NBK. Enterprises, which report external assets, liabilities, and changes in these positions on form BOP-1, borrow mainly to finance imports and working capital.

*Currency and deposits:* Data on the external assets and liabilities of the NBK are obtained from its balance sheet. NBK assets include holdings of nonconvertible currencies, while NBK liabilities cover the holdings of tenge by CIS countries.

External assets and liabilities of resident banks, as well as information on flows, adjusted for valuation changes, are obtained from form BOP-9. BOP-9 data are checked with data from bank balance sheets and other information submitted by banks to the bank supervision unit of the NBK.

*Reserves:* Reserve assets include Special Drawing Rights, the Reserve Position in the IMF, and foreign exchange assets in the form of currency, deposits, securities and loans (reverse repos).

## **2.4 Basis for recording**

### *2.4.1 Market prices are used to value flows and stocks*

The change of ownership at market prices, as specified in *BPM5*, is the principle on which transactions are recorded in the BOP. For data sources available in other currencies, conversions into U.S. dollars, the currency unit in which the BOP is reported, are in accordance with *BPM5* guidelines. Transfer price adjustments are only undertaken if mandated by statute and authorized by the Ministry of State Revenue.

### *2.4.2 Recording is done on an accrual basis*

The BOP is compiled on an accrual basis. Application of the accrual principle implies that, as feasible, adjustments to account for timing differences are made to ensure a uniform recording of transactions. The BOP Division makes such adjustments with respect to trade transactions.

### *2.4.3 Grossing/netting procedures are broadly consistent with internationally accepted standards, guidelines, or good practices*

The recording of current, capital, and financial account transactions follows the guidelines of the *BPM5*. Current account items, including insurance, are recorded on a gross basis while financial items are recorded on a net basis separately for assets and liabilities.

## **3. Accuracy and reliability**

### **3.1 Source data**

#### *3.1.1 Source data are collected from comprehensive data collection programs that take into account country-specific conditions*

Balance of payments data comprise imports and exports of goods, imports and exports of services, income, current transfers, capital transfers, direct investment, portfolio investment, other investment, changes of international reserves, current account balance, and overall balance. The main data sources are customs statistics, reports from enterprises and banks collected by the NBK, and information provided by the government.

Customs declarations are collected by the Customs Committee (CC) and processed by the SARK. The customs declaration forms used is a replica of the EU's Single Administrative Document (SAD) and is used for imports and exports on the basis of internationally accepted methodology. In 2000 an IMF Fiscal Affairs Department mission recommended customs reform to correct undervaluation of imports and underreporting of both export and import volumes. An external consulting firm has been hired to review the valuation of specific import shipments when CC officials suspect undervaluation. Export and import volumes

continue to be underreported by unknown amounts, since customs reform is in process. NBK's BOP Division has attempted to use volume data from trading partners to adjust volumes, but the poor quality of such data has precluded making adjustments.

Until 2002, owing to a number of technical problems, official trade statistics provided by SARK included "carry-over balances" that appeared as a result of the time lag between the actual border crossings of goods and the receipt of the relevant customs declaration by the SARK for processing. However, software has now been introduced enabling the CC to supply electronic copies of customs declarations to SARK once every ten days. This helps eliminate the delay in processing customs declarations and record transactions in the month when goods cross the border, and not when the declaration is received for processing. In order to reconcile foreign trade data series with the customs statistics compiled prior to 2002, SARK is adjusting customs exports and imports data to the date of border crossing, and it has completed adjusting the data for 2000. The revised 2000 data were incorporated in the balance of payments report published in May 2002.

For exports and imports of goods, the customs statistics are adjusted by the NBK. The main coverage adjustment relates to informal exports in transit and imports of goods by individuals, also known as "shuttle trade." This adjustment is based on the number of shuttle traders and the average values of goods imported by shuttle traders. For shuttle trade with non-CIS countries, the number of shuttle traders is based on data from the Border Service. For shuttle trade with CIS countries, the number of shuttle traders is based on data on passengers transported by airlines and railways companies, as well as data on road vehicles crossing the border provided by boundary customs offices. The average values of goods transported by shuttle traders have been determined on the basis of special surveys conducted in Kazakhstan. Another significant adjustment is the valuation adjustment of imports of goods, from c.i.f. to f.o.b. The cost data on repairs of goods and goods procured in ports by carriers, which the NBK receives from enterprise reports, is added to customs statistics data.

In addition to shuttle trade and estimates of freight and insurance services, valuation methods are applied to the compilation of data under *Travel, Compensation of employees, Credit, and Migrant transfers*. The data sources for other balance of payments items are specially designed quarterly BOP report forms that the NBK receives from the government agencies, banks and enterprises. Data on NBK transactions are compiled based on the internal reports of NBK units.

The report forms on external financial assets and liabilities of the NBK, banks and enterprises have been developed taking into consideration balance of payments and IIP compilation requirements and to distinguish between transactional changes and asset valuation changes related to price and exchange rate movements.

Regular balance of payments report data are supplemented with information received when foreign currency capital transactions are licensed and registered. The Kazakhstan foreign exchange law establishes a procedure to register and account for foreign exchange capital transactions if nonresident assets (funds) go into Kazakhstan. These transactions include (i) loans from nonresidents for over 120 days, including financial leasing; (ii) loans from nonresidents for export/import transactions by residents for over 120 days; (iii) direct and

portfolio investments by nonresidents; (iv) transfers from nonresidents to pay for the full transfer by residents of the exclusive right to intellectual property; and (v) transfers by nonresidents to pay for real estate proprietary rights.<sup>13</sup> Registration is of an accounting nature and is designed to support validated and timely statistical records and analyses of the country's balance of payments and external debt. Detailed information provided as part of the registration is used to analyze the structure of external liabilities of residents and helps to classify such liabilities more accurately. Similarly, information on capital outflows abroad, which is obtained when a NBK license is received, is used for accounting purposes.<sup>14</sup> By reconciling the data contained in balance of payments reports from residents with the data obtained in the process of licensing and registering foreign exchange transactions, it is possible to identify unaccounted-for external assets/liabilities of residents or revise such data.

The list of residents who submit balance of payments reports is updated as information about them is received from different sources. The key sources of information on new respondents are the data obtained from the licensing and registration of foreign exchange transactions, and the data from export/import foreign exchange control. The State Statistical Register of the SARK and the credit register of the banking supervision bodies are also used to clarify statistical data on respondents.

*3.1.2 Source data reasonably approximate the definitions, scope, classifications, valuation, and time of recording required*

*Shuttle traders (personal shoppers)*

Until June 1997, the CC did not include in customs statistics the value of goods brought from abroad by Kazakh residents and the value of goods purchased in Kazakhstan by foreign CIS personal shoppers. In January 1997, the CC began requiring declaration forms from Kazakh personal shoppers and started collecting taxes on the basis of the value of imports. Goods less than US\$2,000 and less than 70kg are exempt from customs duties; other goods are dutiable at statutory rates.

Goods brought in from outside the CIS countries by resident personal shoppers (imports) are estimated by the NBK by multiplying the number of resident personal shoppers with an estimated value of imports per personal shopper (US\$8,000). The number of resident personal shoppers is estimated based on data from the border service.

The NBK assumes that no personal shoppers export goods to non-CIS countries. Data are collected on incoming travelers, including their citizenship, residence, and purpose of their trip. The number of personal shoppers is also estimated based on data from the border service.

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<sup>13</sup> Registration Rules Relating to Foreign Exchange Capital Transactions, approved by the Decision of the Board of the National Bank of the Republic of Kazakhstan, no. 88 of March 31, 2001.

<sup>14</sup> Licensing Rules Relating to Transaction Involving the Use of Foreign Currency, approved by the Decision of the Board of the National Bank of the Republic of Kazakhstan, no. 26 of January 18, 2002.

Goods purchased (imports) in CIS countries (mainly the Russian Federation, Kyrgyz Republic, and Uzbekistan) by resident personal shoppers are estimated by multiplying the number of resident shoppers with an estimated value of imports (US\$3,000) per shopper. The number of shoppers are estimated on the basis of rail, auto and bus passengers crossing the border.

Goods taken out of Kazakhstan by resident and nonresident personal shoppers (exports) are estimated by the NBK on the basis of numbers of personal shoppers and an estimated value (US\$2,000) per personal shopper.

At present, statistics are not compiled on the numbers of Kazakh residents traveling to the CIS countries and the numbers of CIS residents traveling to Kazakhstan. In the absence of this information, the NBK is forced to estimate the numbers of travelers from indirect sources, such as the numbers of passengers carried. For travelers coming from the CIS who are not migrants, 30 percent are estimated to be personal shoppers. Of non-migrant travelers to the CIS from Kazakhstan, 13.5 percent are assumed to be personal shoppers.

In 2000, the NBK jointly with the CC conducted a border-area survey of physical persons crossing the border. Based on the survey findings, the NBK revised its adjustments for the average spending of individuals that are used to assess the data under shuttle trade and travel. In 2001, following a discussion with the SARK and the CC, it was decided to apply revised methodological approaches to shuttle trade and travel compilations beginning with the 2002 reports.

#### *Imports declared as transit*

Nonresidents can declare goods at specified border posts when transiting through Kazakhstan, or obtain permission to clear the goods through customs at an internal customs point and are allowed, with proper documentation, to proceed for customs formalities to Almaty or other locations. However, some goods never arrive nor transit through Kazakhstan. In most cases, the owners of these goods give fictitious names and company addresses. The CC compiles the data and the NBK correctly classifies these amounts as additions to imports.

#### *Classification adjustments—Adjustments for freight and insurance*

Classification adjustments are made in order to exclude freight and insurance on imports in order to bring imports to an f.o.b. basis. The adjustments are made on the basis of coefficients that were estimated by the NBK. The following factors are used:

#### Freight and insurance on imports

##### CIS Countries

Performed by resident carriers	2%
Performed by nonresident carriers	5%

#### Non CIS Countries

Performed by resident carriers	3%
Performed by nonresident carriers	11%

These percentages have been in use without revision since 1997, and for this reason the NBK currently (May through June 2002) is conducting a survey of exporters and importers in order to revise the base coefficients used to estimate the cost of freight and insurance. The NBK proposes to use the survey findings when compiling the balance of payments for 2002.

Information on external public debt obtained from the SDD is broadly in line with the recommendations of the *BPM5*. Estimates of gross external debt, including the private sector's debt, are developed by the NBK unit that compiles the balance of payments and international investment position. The source data for compiling the external debt estimates for the non-state sector is the balance of payments report form BOP-1 and information supplied by residents as they register foreign exchange capital transactions (see also Section 3.1.1). The single dataset ensures full correspondence of external debt information to *BMP5* guidelines.

#### *3.1.3 Source data are timely*

Data from official agencies, such as the SARK and SDD, are generally received on schedule. Private respondents are well aware of the need to report in a timely manner. Banks can suffer penalties for delayed reporting, and larger nonbank firms that are chronically late can expect to receive a follow-up call from an NBK data clerk.

### **3.2 Statistical techniques**

#### *3.2.1 Data compilation employs sound statistical techniques*

Before the NBK introduced new forms for the collection of services data in 2000, the draft forms were trial tested with the cooperation of a number of typical respondents. In addition, seminars were held to train NBK oblast staff initially processing and checking the responses and to explain the new forms to important respondents. Most forms are designed so that transactions during the reporting period must be reconciled with opening and closing balances. Further verification is performed when data are received in Almaty. For example, reports by major firms may be checked against data submitted by banks. When primary data are entered in the computerized reporting subsystems, the codes and correct data types are automatically checked (also see 0.2.2).

#### *3.2.2 Other statistical procedures (e.g., data adjustments and transformations, and statistical analysis) employ sound statistical techniques*

An example of sound statistical technique was the 1997 survey constituting the basis for adjusting imports from a c.i.f. to f.o.b. basis. In order to clarify the coefficients used to adjust the cost of freight and insurance, the NBK intends to conduct annual surveys of exporters and importers. In 2002, such a survey is being organized in May and June and its findings will be used to compile the 2002 balance of payments.

Estimates of shuttle trade combine information from the border service on the number of travelers with factors on the average value of goods imported by each trader, according to source country of imports, estimated in 2000. Revised data from the survey will be used to estimate the volume of “shuttle trade” in the 2002 reports. (See also 3.1.2).

### **3.3 Assessment and validation of source data**

#### *3.3.1 Source data—including censuses, sample surveys and administrative records—are routinely assessed, e.g., for coverage, sample error, response error, and non-sampling error; the results of the assessments are monitored and made available to guide planning*

Verification of data pertain to consistency checks within the survey form, ensuring the quality and reliability of the information provided and further enhanced by linking the data at subsequent levels. Accuracy is also promoted by ensuring that for each type of data entered the stock reported at the end of the period is equal to stock reported at the beginning of the period plus transactions during the period; as noted above, most NBK report forms are closed.

For banks, reporting on hard copy paper forms has been replaced by electronic reporting. This advance has eliminated data entry errors at the NBK and facilitates electronic checking, validation and editing. Particularly high-value or unusual transactions, whether submitted by hard-copy or electronic reports, are investigated and confirmed with respondents.

Preliminary data checking and validation is performed by compilers at NBK oblast (provincial) branches. At the NBK headquarters in Almaty additional consistency checks are performed. Among these are comparisons of data provided on balance of payments report forms with banking transactions information submitted according to the Common Classification of Payments System. This System identifies whether transactions are with residents or nonresidents and the broad balance of payments classification, such as goods or services, etc., into which each transaction falls. Comparisons are also made between data reported for balance of payments purposes and information obtained from bank supervision reports, and discrepancies are investigated.

The NBK conducts periodic surveys, either independently or in conjunction with the SARK, to estimate parameters used for adjusting imports from c.i.f. to f.o.b. basis or for adjusting the coverage of imports to include shuttle trade. Surveys are used occasionally not to collect data, but to gather information on, for example, the accounting and business practices of firms engaging in transactions with nonresidents. When the 2001 survey of shuttle trade produced results that suggested a nonrepresentative sample, additional data were collected and analyzed until the results seemed plausible to the CIBPS.

When revisions of published balance of payments reports prove to be necessary, source data are analyzed in the context of factors necessitating the revisions, and report forms are revised and/or the pool of respondents is enlarged and altered appropriately.

### **3.4 *Assessment and validation of intermediate data and statistical outputs***

#### **3.4.1 *Main intermediate data are validated against other information where applicable***

The financial press is followed consistently, and information reported in it is used to identify high-value direct investment and other transactions for subsequent checking against reports that have been, or should be, submitted. Moreover, press reports of major transactions involving the government are followed up to determine if full information about such transactions has been made available to balance of payments compilers.

#### **3.4.2 *Statistical discrepancies in intermediate data are assessed and investigated***

Data reported by banks for supervisory and monetary policy management purposes are reconciled with data reported by banks concerning balance of payments transactions. Report forms on the foreign financial assets and liabilities of the NBK, commercial banks and enterprises in Kazakhstan have been designed with due regard for BOP and IIP compilation requirements and distinguish transactional changes and valuation changes resulting from price and exchange rate movements. The same source data ensure full correspondence between the BOP and IIP accounts. An additional source of information used to ensure a more accurate classification of financial flows and identify unrecorded foreign assets and liabilities is the data received through the licensing and registration of foreign exchange transactions (see also 3.1.1).

Balance of payments reports relating to the financial assets and liabilities of enterprises, which the NBK has been collecting since 2000, have also helped to substantially improve the recording of external liabilities and refine estimates of non-government external debt, which until 2000 were compiled on the basis of data received through registration of foreign exchange capital transactions. The revised external debt data from 1995 onward were published in October 2000.

#### **3.4.3 *Statistical discrepancies and other potential indicators of problems in statistical outputs are investigated***

The NBK initiative in 2001 to form the CIBPS was in reaction to excessive errors and omissions due to incomplete and erroneous reporting of trade and financial accounts transactions (see also 0.3.1). Banking transactions reported under the Common Classification System are compared with trade, services, and investment, as reported for balance of payments purposes (see also 3.3.1).

The NBK works closely with compilers in the central banks of the Russian Federation and the Kyrgyz Republic in reconciling trade flows among them, and in analyzing the content of trade to reveal the sources of discrepancies. Within Kazakhstan, the NBK cooperates with the CC and the SARK to discover errors resulting from misreporting of foreign trade transactions. OECD data are used as a comparison against stocks of and transactions in foreign direct investment, and external debt transactions are checked with creditors for accuracy.

### **3.5 Revision studies**

#### *3.5.1 Studies and analyses of revisions are carried out routinely and used to inform statistical processes (see also 4.4.3)*

The policy of the NBK is to introduce revisions twice a year, in October and April, for data through the second quarter and for full year data, respectively. Revisions are made for the two preceding years, and full revised balance of payments series are published for these two years. Particularly with regard to significant revisions, full explanations of the underlying reasons are published with the revised data. Most frequently the reasons are more complete coverage or new information. When in 2000 the NBK assumed responsibility from the SARK for collection and compilation of data on services transactions, the pool of respondents expanded substantially. This expansion will require revising series back to the effective break, in 2000.

According to the statute, Kazakh residents are obliged to register credits and loans from nonresidents, above a stated minimum, with the NBK. Sometimes a local borrower will not apply for registration until two or three years after the loan has been received, i.e., not until principal repayments are scheduled to begin. Such registration information aids compilers in entering past transactions and/or reclassifying such transactions more accurately. New information of this type is another source of revisions.

Another source of revisions are new surveys to estimate updated parameters for adjusting imports from c.i.f. to f.o.b. basis and for expanding the coverage of imports to include shuttle trade. The bases for all of these various types of revisions are taken into account in preparing current and ongoing balance of payments estimates.

## **4. Serviceability**

### **4.1 Relevance**

#### *4.1.1 The relevance and practical utility of existing statistics in meeting users' needs are monitored*

The Inter-Agency Council for Improving Government Statistics includes official agencies as both producers and users of statistics, but does not encompass private users of balance of payments data. The financial press, economic consulting firms, brokerage houses, and academicians and students are the most active private users. There is no statistical policy-making council that includes private users. The interaction between private users and the NBK occurs chiefly during press conferences and via inquiries about data that are raised with NBK compilers.

The Inter-Agency Council for Improving Government Statistics coordinates the sharing of source data and seeks to satisfy their mutual needs for information as users. This Council is charged to meet at least annually; its level of activity is determined in part by official users' needs as they arise. As a consequence, it is much more active during some years—1999 and 2000—than others. In 2001, the Commission to Improve Balance of Payments Statistics substituted for the permanent council.

The NBK consults other central banks on issues of balance of payments compilation as the need arises. In 2000, a delegation visited the Central Bank of Belgium for this purpose, including consultations on the residency of construction enterprises. In 1998, the NBK hosted a seminar for BOP compilers from the Baltics, Russia and other countries. The NBK also has attended seminars sponsored by the Deutsche Bundesbank and the central banks of Austria, France, and Japan (see also 0.2.1).

## **4.2 *Timeliness and periodicity***

### *4.2.1 Timeliness follows dissemination standards*

Quarterly balance of payments statistics are disseminated within one quarter after the reference period; hence, the SDDS standard for timeliness is satisfied. Annual balance of payments statistics are disseminated within three months after the reference period.

### *4.2.2 Periodicity follows dissemination standards*

Balance of payments statistics are disseminated quarterly according to a schedule consistent with the SDDS.

## **4.3 *Consistency***

### *4.3.1 Statistics are consistent within the dataset*

The concepts, definitions, and classifications for producing quarterly and annual statistics are identical, and annual totals are the sum of quarterly balance of payments compilations. However, net errors and omissions between 1996 and 2000 ranged between 9 and 16 percent of exports of goods and services. Errors and omissions of this magnitude were not satisfactory to the NBK compilers, and as a consequence they convened in 2001 the Commission to Improve Balance of Payments Statistics.

### *4.3.2 Statistics are consistent or reconcilable over a reasonable period of time*

Balance of payments statistics for Kazakhstan compiled by the NBK are available from 1995 and have been compiled on the basis of *BPM5* throughout this period. In 2000, responsibility for collecting data of services transactions was shifted from the SARK to the NBK. The NBK has year-by-year been making efforts to make the business register, which it uses for purposes of distributing report forms, more complete. Revisions as a consequence of these changes are carried backwards for up to two years. The quarterly bulletin of the NBK, which publishes an analytic presentation of the balance of payments, includes articles analyzing recent developments, as well as notes on methodology and explanations of the reasons for revisions.

*4.3.3 Statistics are consistent or reconcilable with those obtained through other data sources and/or statistical frameworks*

Foreign trade data are collected by the CC and supplied to the SARK, which applies various adjustments for coverage and timing before making them available to the NBK. The NBK introduces further adjustments for shuttle and transit trade, and for nonequivalent barter trade. Entries for banking transactions in the balance of payments are derived from data provided by banks to the NBK Research and Statistics Department. Compilers regularly reconcile banking data in the monetary and balance of payments accounts. Data on public sector debt obtained from the SDD are used to compile the BOP and IIP and to estimate total external debt.

The same source data used for BOP and IIP compilation ensures full correspondence between the data on financial flows and stocks. The country's IIP report is published in a form that makes it possible to reconcile the transactional data (recorded in the BOP) with the non-transactional changes in the valuation of financial assets. However, differences exist between the BOP and (i) the monetary accounts, (ii) external financing in the fiscal accounts, and (iii) net lending in the national accounts.

#### **4.4 Revision policy and practice**

*4.4.1 Revisions follow a regular, well-established and transparent schedule*

The revision cycle is predetermined and stable, and is being announced to the public. The reasons for revisions are documented and explained to the public. The semi annual timing of revisions attempts to facilitate the regular cycle of economic policy decision making (see also 3.5.1).

*4.4.2 Preliminary data are clearly identified*

Users are alerted that initially published data are subject to revision for up to two years. Revised data are always disseminated with the same level of detail.

*4.4.3 Studies and analyses of revisions are made public (see also 3.5.1)*

Revisions are measured, assessed, and explained in *NBK News (Vestnik)*, as well as being identified in the database accessible by users.

## **5. Accessibility**

### **5.1 Data accessibility**

*5.1.1 Statistics are presented in a way that facilitates proper interpretation and meaningful comparisons (layout and clarity of text, tables, and charts)*

Once the BOP report is compiled (quarterly on the 90th day after the reporting period), the analytical presentation of the balance of payments and IIP report, and the external debt data are posted on NBK's website.

A more detailed standard presentation of the balance of payments, with a series of analytic tables that give more detailed information on trade flows, international services and direct investment transactions is published quarterly in a special issue of *NBK Vestnik*. The published data are accompanied by an analytical commentary, which explains the primary factors responsible for recent developments, and a detailed commentary on methodology, including a description of the source data used for BOP compilation. Such special issues of *Vestnik* also include a report on the IIP and an external debt estimate, which are accompanied by additional detailed analytical tables and commentaries.

No time series are published in a seasonally adjusted form.

#### *5.1.2 Dissemination media and formats are adequate*

Recently released data and time series are available in hard copy, and longer time series are expected to become available on the NBK website during the final quarter of 2002.

#### *5.1.3 Statistics are released on the pre-announced schedule*

The balance of payments statistics are released according to an internal official schedule, agreed within the government; however, no pre-announced schedule is made available to the public.

#### *5.1.4 Statistics are made available to all users at the same time*

Balance of payments statistics are released on a regular basis through e-mail and on hard copies to the President, Prime Minister, Minister of Finance, and Minister of Economy one to three days prior to their dissemination on the NBK website, followed by release first to the press and subsequently through the periodical publications of the NBK.

#### *5.1.5 Non-published (but non-confidential) sub-aggregates are made available upon request*

The publication of the balance of payments in a special issue of *Vestnik*, in addition to the standard and analytical presentations of the BOP, includes over 20 tables with detailed information on the key BOP items (goods, services, income, direct investment, long-term loans, short-term capital flows, etc.). The inclusion of the additional tables in the publication is driven, among other things, by the needs and requests of statistics users. In addition, additional data series that do not contain confidential information are provided upon request.

## **5.2 Metadata accessibility**

### *5.2.1 Documentation on concepts, scope, classifications, basis of recording, data sources, and statistical techniques is available, and differences from internationally accepted standards, guidelines, or good practices are annotated*

Metadata are available through the SARK website in Russian and English. The metadata include information about the concepts and methodology, data sources, and statistical techniques, as well as access to the data. The metadata are updated annually.

### *5.2.2 Levels of detail are adapted to the needs of the intended audience*

Along with the analytical and standard presentations of the balance of payments, special quarterly issues of *NBK Vestnik* include the IIP. They also include a brief description of the key definitions and methodological concepts used for BOP and IIP compilation, a description of the methods used to calculate BOP estimates, and the source data used to compile external sector statistics.

## **5.3 Assistance to users**

### *5.3.1 Contact person for each subject field is publicized*

The statistical releases identify a contact person for questions about the BOP. Users may contact compilers in the NBK for informed, detailed answers to questions about collection and compilation procedures, and about the interpretation of balance of payments statistics. No survey of users has been conducted.

### *5.3.2 Catalogues of publications, documents, and other services, including information on any charges, are widely available*

BOP and IIP series and press releases are presented on the NBK website. The distributor of NBR publications is listed in each periodical. However, no catalogue of publications is provided.

**Table 6. Kazakhstan—Data Quality Assessment Framework: Summary of Results for Balance of Payments Statistics**  
(*Compiling Agency: National Bank of Kazakhstan*)

Element	NA	Assessment				Comments on Assessment	Plans for Improvement and Target Dates*
		O	LO	LNO	NO		
<b>0. Prerequisites of quality</b>							
0.1 Legal and institutional environment		X					
0.2 Resources		X					
0.3 Quality awareness		X					
<b>1. Integrity</b>							
1.1 Professionalism		X					
1.2 Transparency			X		No advance notice is given to users for major changes in the methodology, data sources, and statistical techniques.		Give users advance notice in <i>NBK News</i> (short term).
1.3 Ethical standards		X					
<b>2. Methodological soundness</b>							
2.1 Concepts and definitions		X					
2.2 Scope			X		Problems with the application of the residence criterion to local branches of foreign firms (e.g., construction and drilling services).		
2.3 Classification/Sectorization		X					
2.4 Basis for recording		X					
<b>3. Accuracy and reliability</b>							
3.1 Source data			X		Under coverage of exports and imports data.		A survey is currently underway to revise the base coefficients for the c.i.f. to f.o.b. adjustment of imports (short term).
3.2 Statistical techniques		X					
3.3 Assessment and validation of source data		X					
3.4 Assessment and validation of intermediate data and statistical outputs		X					
3.5 Revision studies		X					

Key to symbols: NA = Not Applicable; O = Practice Observed; LO = Practice Largely Observed; LNO = Practice Largely Not Observed; NO = Practice Not Observed; SDDS = Complies with SDDS Criteria

**Table 6. Kazakhstan—Data Quality Assessment Framework: Summary of Results for Balance of Payments Statistics**  
*(Compiling Agency: National Bank of Kazakhstan)*

Element	NA	Assessment				Comments on Assessment	Plans for Improvement and Target Dates*
		O	LO	LNO	NO		
<b>4. Serviceability</b>							
4.1 Relevance			X				
4.2 Timeliness and periodicity		SDDS <sup>15</sup>		X	No regular monitoring of users' needs.		
4.3 Consistency					Unexplained differences with national accounts, monetary, and GFS.		Provide users with explanations in <i>NBK News</i> (short-term).
4.4 Revision policy and practice		X					
<b>5. Accessibility</b>							
5.1 Data accessibility			X		No preannounced schedule of statistical releases. Prior access by government ministries.		
5.2 Metadata accessibility		X					
5.3 Assistance to users			X		Full list of publications not on NBK website.		

\*Authorities plans as of May 3, 2002.

<sup>15</sup> Aside from reserve template.

Kazakhstan: Data Dissemination Practices Compared to the SDDS Data Dimension and Advance Release Calendar

SDDS Data Category	Observance (Yes or No)				Remarks (Situation as of April 2002)
	Coverage	Periodicity	Timeliness	ARC	
<b>Real sector</b>					
GDP	Yes	Yes	Yes	Yes	
Production index	Yes	Yes	Yes	Yes	
Employment	Yes	Yes	Yes	Yes	
Unemployment	Yes	Yes	Yes	Yes	
Wages/earnings	Yes	Yes	Yes	Yes	
Consumer price index	Yes	Yes	Yes	Yes	
Producer price index	Yes	Yes	Yes	Yes	
<b>Fiscal sector</b>					
General government operations	No	Yes	Yes	Yes	Coverage does not include all extrabudgetary funds.
Central government operations	Yes	Yes	No	Yes	Data on financing do not meet the timeliness requirement.
Central government debt	Yes	Yes	Yes	No	
<b>Financial sector</b>					
Analytical accounts of the banking sector	Yes	Yes	No	No	Data for claims on public and private sectors, and for the external position do not meet the timeliness requirement.
Analytical accounts of the central bank	Yes	Yes	No	No	Data for claims on public and private sectors, and for the external position do not meet the timeliness requirement.
Interest rates	Yes	Yes	Yes	N. A.	
Stock market	Yes	Yes	Yes	N.A.	
<b>External sector</b>					
Balance of payments	Yes	Yes	Yes	No	
International reserves	Yes	Yes	Yes	No	
Reserves template	No	No	No	No	Not currently compiled.
Merchandise trade	Yes	Yes	Yes	Yes	
International investment position	Yes	Yes	Yes	No	
Exchange rates	Yes	Yes	Yes	N. A.	
<b>Addendum: Population</b>					

N.A – Not applicable

Data Quality Assessment Framework—Generic Framework  
(July 2001 Vintage)

Quality Dimensions	Elements	Indicators
<p><b>Prerequisites of quality</b></p>	<p><b>0.1 Legal and institutional environment</b>—<i>The environment is supportive of statistics.</i></p> <p><b>0.2 Resources</b>—<i>Resources are commensurate with needs of statistical programs.</i></p> <p><b>0.3 Quality awareness</b>—<i>Quality is a cornerstone of statistical work.</i></p>	<p>0.1.1 The responsibility for collecting, processing, and disseminating statistics is clearly specified. 0.1.2 Data sharing and coordination among data producing agencies are adequate. 0.1.3 Respondents' data are to be kept confidential and used for statistical purposes only. 0.1.4 Statistical reporting is ensured through legal mandate and/or measures to encourage response.</p> <p>0.2.1 Staff, financial, and computing resources are commensurate with statistical programs. 0.2.2 Measures to ensure efficient use of resources are implemented.</p> <p>0.3.1 Processes are in place to focus on quality. 0.3.2 Processes are in place to monitor the quality of the collection, processing, and dissemination of statistics. 0.3.3 Processes are in place to deal with quality considerations, including tradeoffs within quality, and to guide planning for existing and emerging needs.</p>
<p><b>1. Integrity</b></p> <p><i>The principle of objectivity in the collection, processing, and dissemination of statistics is firmly adhered to.</i></p>	<p><b>1.1 Professionalism</b>—<i>Statistical policies and practices are guided by professional principles.</i></p> <p><b>1.2 Transparency</b>—<i>Statistical policies and practices are transparent.</i></p> <p><b>1.3 Ethical standards</b>—<i>Policies and practices are guided by ethical standards.</i></p>	<p>1.1.1 Statistics are compiled on an impartial basis. 1.1.2 Choices of sources and statistical techniques are informed solely by statistical considerations. 1.1.3 The appropriate statistical entity is entitled to comment on erroneous interpretation and misuse of statistics.</p> <p>1.2.1 The terms and conditions under which statistics are collected, processed, and disseminated are available to the public. 1.2.2 Internal governmental access to statistics prior to their release is publicly identified. 1.2.3 Products of statistical agencies/units are clearly identified as such. 1.2.4 Advance notice is given of major changes in methodology, source data, and statistical techniques.</p> <p>1.3.1 Guidelines for staff behavior are in place and are well known to the staff.</p>

Data Quality Assessment Framework—Generic Framework  
(July 2001 Vintage)

Quality Dimensions	Elements	Indicators
<p><b>2. Methodological soundness</b></p> <p><i>The methodological basis for the statistics follows internationally accepted standards, guidelines, or good practices.</i></p>	<p><b>2.1 Concepts and definitions</b>—<i>Concepts and definitions used are in accord with internationally accepted statistical frameworks.</i></p> <p><b>2.2 Scope</b>—<i>The scope is in accord with internationally accepted standards, guidelines, or good practices.</i></p> <p><b>2.3 Classification/sectorization</b>—<i>Classification and sectorization systems are in accord with internationally accepted standards, guidelines, or good practices.</i></p> <p><b>2.4 Basis for recording</b>—<i>Flows and stocks are valued and recorded according to internationally accepted standards, guidelines, or good practices.</i></p>	<p><b>2.1 Concepts and definitions</b>—Concepts and definitions used are in accord with internationally accepted statistical frameworks.</p> <p><b>2.2 Scope</b>—The scope is in accord with internationally accepted standards, guidelines, or good practices.</p> <p><b>2.3 Classification/sectorization</b>—Classification and sectorization systems are in accord with internationally accepted standards, guidelines, or good practices.</p> <p><b>2.4 Basis for recording</b>—Flows and stocks are valued and recorded according to internationally accepted standards, guidelines, or good practices.</p>

Data Quality Assessment Framework—Generic Framework  
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Quality Dimensions	Elements	Indicators
<p><b>3. Accuracy and reliability</b></p> <p><i>Source data and statistical techniques are sound and statistical outputs sufficiently portray reality.</i></p>	<p><b>3.1 Source data</b>—<i>Source data available provide an adequate basis to compile statistics.</i></p> <p><b>3.2 Statistical techniques</b>—<i>Statistical techniques employed conform to sound statistical procedures.</i></p> <p><b>3.3 Assessment and validation of source data</b>—<i>Source data are regularly assessed and validated.</i></p> <p><b>3.4 Assessment and validation of intermediate data and statistical outputs</b>—<i>Intermediate results and statistical outputs are regularly assessed and validated.</i></p> <p><b>3.5 Revision studies</b>—<i>Revisions, as a gauge of reliability, are tracked and mined for the information they may provide.</i></p>	<p>3.1.1 Source data are collected from comprehensive data collection programs that take into account country-specific conditions.</p> <p>3.1.2 Source data reasonably approximate the definitions, scope, classifications, valuation, and time of recording required.</p> <p>3.1.3 Source data are timely.</p> <p>3.2.1 Data compilation employs sound statistical techniques.</p> <p>3.2.2 Other statistical procedures (e.g., data adjustments and transformations, and statistical analysis) employ sound statistical techniques.</p> <p>3.3.1 Source data—including censuses, sample surveys and administrative records—are routinely assessed, e.g., for coverage, sample error, response error, and non-sampling error; the results of the assessments are monitored and made available to guide planning.</p> <p>3.4.1 Main intermediate data are validated against other information where applicable.</p> <p>3.4.2 Statistical discrepancies in intermediate data are assessed and investigated.</p> <p>3.4.3 Statistical discrepancies and other potential indicators of problems in statistical outputs are investigated.</p> <p>3.5.1 Studies and analyses of revisions are carried out routinely and used to inform statistical processes.</p>

Data Quality Assessment Framework—Generic Framework  
(July 2001 Vintage)

Quality Dimensions	Elements	Indicators
<p><b>4. Serviceability</b></p> <p><i>Statistics are relevant, timely, consistent, and follow a predictable revisions policy.</i></p>	<p><b>4.1 Relevance</b>—<i>Statistics cover relevant information on the subject field.</i></p> <p><b>4.2 Timeliness and periodicity</b> – <i>Timeliness and periodicity follow internationally accepted dissemination standards.</i></p> <p><b>4.3 Consistency</b>—<i>Statistics are consistent within the dataset, over time, and with major datasets.</i></p> <p><b>4.4 Revision policy and practice</b>—<i>Data revisions follow a regular and publicized procedure.</i></p>	<p>4.1.1 The relevance and practical utility of existing statistics in meeting users’ needs are monitored.</p> <p>4.2.1 Timeliness follows dissemination standards. 4.2.2 Periodicity follows dissemination standards.</p> <p>4.3.1 Statistics are consistent within the dataset (e.g., accounting identities observed). 4.3.2 Statistics are consistent or reconcilable over a reasonable period of time. 4.3.3 Statistics are consistent or reconcilable with those obtained through other data sources and/or statistical frameworks.</p> <p>4.4.1 Revisions follow a regular, well-established and transparent schedule. 4.4.2 Preliminary data are clearly identified. 4.4.3 Studies and analyses of revisions are made public.</p>

### **Summary of Results of Survey of Data Users**

Prior to the IMF staff visit to Kazakhstan, an informal survey was conducted to obtain the views of users regarding the macroeconomic statistics produced by the Kazakhstan authorities. The survey covered financial institutions, foreign embassies, government ministries and state agencies, information and other agencies, public and private enterprises, and universities and research institutes.<sup>16</sup> The survey was supplemented by a meeting with representatives of these groups during the IMF staff visit. The results of the survey and the meeting with users revealed that most users have observed a significant improvement in the coverage, periodicity, and timeliness of statistics produced by the SARK, MOF, and NBK in the past five to six years. Users offered useful suggestions for improvement.

Users generally felt that there was a need to improve the coverage, scope, and timeliness of trade data. Many users felt that there was a paucity of data on foreign direct investment at the regional level. Some users felt that while press releases generally disseminated current data, the websites of the SARK and MOF often suffer from lack of current data and inadequate information on applicable statistical methodologies. The users indicated that the advance release calendar issued by SARK was useful and generally adhered to and that they receive the data promptly from the three agencies when requested. They suggested that a glossary of economic and statistics terminology in Russian and in Kazakh could be disseminated to facilitate communication between the agencies and users requesting data.

They acknowledged that the quality of Kazakhstan's statistics was better than those found in other CIS countries. They viewed the country's voluntary participation in the ROSC data module as an indication of the government's commitment to transparency and improvement of statistics and suggested that the government further convey this commitment to all levels of society. They suggested that the government should provide more resources to the statistics compiling agencies.

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<sup>16</sup> A total of 61 users were surveyed. Over 50 percent of these users responded within the deadline. Detailed results of the survey are shown in Table 1 of the Appendix.

Table 7. Results of Kazakhstan's User Survey  
(number of responses in each category)

	Ministries and State Agencies	Banks	Information and other agencies	Enterprises	Universities and institutes	Representative Offices	Embassies	Total	Percentage
<i>Questionnaires sent out</i>	13	11	4	6	4	11	12	61	100
<i>Responses (excl. not applicable)</i>	15	6	1	3	3	1	4	33	54
<b>Uses of Official Macroeconomic Statistics</b>									
1. Which macroeconomic statistics are you using regularly?									
• National accounts	11	2	1	1	3		3	21	64
• Production indexes	14	6	1	1	3		3	28	85
• Prices	12	5	1	1	2		3	24	73
• Labor market	12	3	1	1	1		3	21	64
• Balance of payments	15	6	1	1	3		3	29	88
• Merchandise trade	9	4	1	1	1		3	19	58
• International reserves and foreign liquidity	12	5	1		1	1	3	23	70
• External debt	12	2	1		1		3	19	58
• International investment position	10	4	1	1	1		3	20	61
• Government/Public sector operations and debt	10	3	1	1	1		2	18	55
• Monetary Statistics	12	6	1	1	3	1	3	27	82
2. Where do you obtain the official statistics?									
• Official press releases and publications	15	6		2	2	1	3	29	88
• Private sector summaries and analyses	3	3	1	1			2	10	30
• Official policy papers	13	4	1	3	1		2	24	73
• Publications from international organizations	10	4			2		3	19	58
3. Do you refer to official descriptions of the sources and methods that were used to compile the official statistics?									
• Yes	15	3	1	2	2		2	25	76
• No		2		1		1	1	5	15
• No opinion					1			1	3



	Ministries and State Agencies	Banks	Information and other agencies	Enterprises	Universities and institutes	Representative Offices	Embassies	Total	Percentage
7.2 If there is a calendar of release dates, are the official statistics released on the dates announced? <ul style="list-style-type: none"> <li>• Yes</li> <li>• No</li> <li>• No opinion</li> </ul>	12 1 2	3  3	 1  	  3	  3	  1	2  2	17 2 14	52 6 42
7.3 Is there enough information about revisions to official statistics to satisfy your needs? <ul style="list-style-type: none"> <li>• Yes</li> <li>• No</li> <li>• No opinion</li> </ul>	6 8 1	 2 3	  1	 3  	1 1 1	  1	 2  	7 16 7	21 48 21
8.1 Are the official statistics referred in item 1 easily accessible to you? <ul style="list-style-type: none"> <li>• Yes</li> <li>• No</li> </ul>	14 1	5  	1  	3  	1 2	1  	1 2	26 5	79 15
8.2 Can you get easy access to information pertaining to official statistics you use (explanatory notes, methodological descriptions)? <ul style="list-style-type: none"> <li>• Yes</li> <li>• No</li> <li>• No opinion</li> </ul>	14  1	4  1	1  	3  	1 1 1	 1  	 2 1	23 4 4	70 12 12
8.3 Is the above information on methodology clear and adequate? <ul style="list-style-type: none"> <li>• Yes</li> <li>• No</li> <li>• No opinion</li> </ul>	13 2	5  	1  	2  1	1 1	  1	1 1 1	23 4 3	70 12 9
8.4 How do you get access to official statistics? <ul style="list-style-type: none"> <li>• Official releases</li> <li>• Hard copy publications</li> <li>• Data specifically requested</li> <li>• Official Website</li> <li>• Other</li> <li>• E-mail requests</li> </ul>	15 13 8 10 1 6	4 5 2 2  	 1 1  1	3 2 3 3 1 1	1 2 1 2	1 1 1 1	2 3 2 3 1  	26 27 18 21 2 8	79 82 55 64 6 24

	Ministries and State Agencies	Banks	Information and other agencies	Enterprises	Universities and institutes	Representative Offices	Embassies	Total	Percentage
9.1 Is the underlying methodology of official statistics sound and appropriate? <ul style="list-style-type: none"> <li>• Yes</li> <li>• No</li> <li>• No opinion</li> </ul>	9 2 3	3  2	1	3	2 1	1	1 2	18 4 8	55 12 24
9.2 Do you consider the official statistics to be unbiased and accurate? <ul style="list-style-type: none"> <li>• Yes</li> <li>• No</li> <li>• No opinion</li> </ul>	12 3	4 1 1	1	2 1	2 1	1	1 2	21 6 5	64 18 15
9.3 How do you compare the quality of official statistics of Kazakhstan with those of other countries in the region? <ul style="list-style-type: none"> <li>• Excellent</li> <li>• Very good</li> <li>• Good</li> <li>• Unsatisfactory</li> <li>• Bad</li> <li>• No opinion</li> </ul>	10  1	1  1	1	1  1	1 1 1	1	1 1 1	2 15 1 5	6 45 3 15
9.4 How do you assess the overall quality of the official statistics? <ul style="list-style-type: none"> <li>• Excellent</li> <li>• Very good</li> <li>• Good</li> <li>• Unsatisfactory</li> <li>• Bad</li> <li>• No opinion</li> </ul>	1 6 7 1	1 3	1	3	1	1	1 2	4 12 11 1	12 36 33 3