

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

This Report on the Observance of Standards and Codes on Data Module for the **Kyrgyz Republic** 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 **October 30, 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 **Kyrgyz Republic** or the Executive Board of the IMF.

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

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KYRGYZ REPUBLIC

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

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October 30, 2003

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ACRONYMS

| | |
|------------------|---|
| <i>1993 SNA</i> | <i>System of National Accounts 1993</i> |
| <i>BPM5</i> | <i>Balance of Payments Manual, fifth edition</i> |
| CPI | Consumer Price Index |
| DQAF | Data Quality Assessment Framework |
| DSBB | Dissemination Standards Bulletin Board |
| FEZ | Free Economic Zone |
| GAAP | Generally Accepted Accounting Practices |
| GDDS | General Data Dissemination System |
| GDP | Gross Domestic Production |
| <i>GFSM 1986</i> | <i>A Manual of Government Finance Statistics 1986</i> |
| <i>GFSM 2001</i> | <i>Government Finance Statistics Manual 2001</i> |
| IIP | International Investment Position |
| IMF | International Monetary Fund |
| KCEA | Kyrgyz Classification of Economic Activities |
| <i>MFSM</i> | <i>Monetary and Financial Statistics Manual</i> |
| MOF | Ministry of Finance |
| NACE | Statistical Classification of Economic Activities in the European Communities |
| NBKR | National Bank of the Kyrgyz Republic |
| NCSM | The National Commission on Securities Market |
| NSC | National Statistical Committee of the Kyrgyz Republic |
| PPI | Producer Price Index |
| ROSC | Report on the Observance of Standards and Codes |
| SDDS | Special Data Dissemination Standard |
| VAT | Value Added Tax |

EXECUTIVE SUMMARY

This Report on the Observance of Standards and Codes (ROSC) provides an assessment of data dissemination practices against the IMF's General Data Dissemination System (GDDS). At the request of the authorities, data dissemination practices were also assessed against the IMF's Special Data Dissemination Standard (SDDS) requirements, focusing on coverage, periodicity, and timeliness. The review is complemented by an assessment of the quality of the national accounts, consumer price index, producer price index, government finance, monetary, and balance of payments statistics. The agencies that compile the statistics assessed in this report are the National Statistics Committee (NSC), the Ministry of Finance (MOF), and the National Bank of the Kyrgyz Republic (NBKR). The assessment was carried out by a mission from the Statistics Department (STA) that visited Bishkek during November 5–21, 2002.

The mission reached the following main conclusions:

- **The quality of the Kyrgyz Republic'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.
- **GDDS participation and SDDS subscription:** The Kyrgyz Republic's data dissemination practices more than fully meet the GDDS recommendations, and meet most of the SDDS requirements. Main areas that need to be addressed to enable subscription to the SDDS are (1) the compilation and dissemination of data on international reserves and foreign currency liquidity using the IMF's template (reserve template); (2) the extension of the coverage of government finance statistics to all operations of general government; (3) the development and dissemination of discrete quarterly national accounts; (4) the SDDS prescribed timeliness for data on the analytical accounts of the central bank; and, (5) the dissemination of advance release calendars for all SDDS data categories. A concerted effort to address these areas could result in the Kyrgyz Republic being in a position to subscribe to the SDDS within one year.
- **Prerequisites of quality:** All three institutions responsible for collecting, compiling and disseminating macroeconomic statistics have a legal and institutional environment that supports statistical quality. There is scope, however, for clarifying the legislation on the NBKR's statistical activities and for strengthening the effectiveness of the NSC's coordination role in order to enhance methodological consistency and reduce response burden. Staff resources are largely commensurate with the needs of current statistical programs, although more training is needed for government finance, monetary, and balance of payments statistics compilers and for new staff compiling national accounts. Computer and financial resources are in general not commensurate with current needs and pose constraints on future statistical development, specially in the NSC. The agencies demonstrate an awareness of quality as a cornerstone of statistical work, and processes are in place or under development to obtain user feedback on the statistics disseminated.

- **Integrity:** All agencies demonstrate professionalism, and generally promote transparency in their statistical policies and practices. However, transparency of statistical practices could be enhanced by disseminating advance notice of major changes in methodology, source data, and statistical techniques in all areas, and refining some of the dissemination practices of the MOF and the NBKR. Staff ethical guidelines are clearly specified and known by the staff.
- **Methodological soundness:** Concepts, definitions, scope, classification, sectorization, and the basis for recording for all sectors are largely in accordance with internationally accepted statistical standards and guidelines. The extension of the scope of fiscal data to include extrabudgetary operations would bring them closer to these guidelines, and that of the consumer price index to include households in rural areas would enhance the analytical usefulness of the index. For statistics other than the price indices, there is room for improving the classification and sectorization. The consistent use of the residency criterion in compiling monetary statistics would bring these statistics more in line with internationally accepted guidelines. Also, there is room for bringing the basis for recording monetary and balance of payments statistics closer to these guidelines.
- **Accuracy and reliability:** Source data are broadly adequate for all statistics assessed by the mission, although improvements can be made for all datasets. In particular, the reliability of the source data used to compile GDP quarterly estimates has been compromised by the excessively tight collection deadlines. While statistical techniques generally conform to sound procedures, the approach to assessing quality changes in the compilation of the price indices could be further improved. Discrepancies in the data produced by the MOF and the NBKR indicate the need for strengthening assessment and validation procedures. Implementing analysis of discrepancies and revisions on a regular basis would also improve the accuracy of the statistics compiled by these agencies.
- **Serviceability:** Official statistics cover relevant information, although more extensive consultation, particularly with regard to government finance statistics, would facilitate the identification of emerging needs and contribute to increasing the public's understanding of the statistics currently disseminated. The timeliness and periodicity of all macroeconomic statistics is very good. There is a need to strengthen intersectoral consistency, and, in the case of government finance statistics, to ensure full internal consistency. Consistency with past data is not always achieved given the statistical breaks that have occurred in recent years, particularly in monetary statistics. Revision policies and practices need to be explained to users.
- **Accessibility:** Statistics are presented in a largely clear and understandable manner. The MOF bulletin and website represents a significant recent improvement in the accessibility of the government finance data, and the MOF continues to enhance both means of dissemination. Data are generally accessible, with scope for enhancement through the development, or improvement, of advance release calendars and publication catalogues. GDDS metadata are posted on the IMF's Dissemination Standards Bulletin Board and the NSC's website. Metadata accessibility is also generally good, but could be

improved, particularly for government finance statistics. Assistance to users is provided by the three statistics-producing agencies through advertised contact points.

I. INTRODUCTION

1. The data module of this Report on the Observance of Standards and Codes (ROSC) provides a summary of the coverage, periodicity, and timeliness of selected data categories. It is complemented by a detailed assessment of the quality of national accounts, consumer and producer price indices, and government finance, monetary, and balance of payments statistics using the Data Quality Assessment Framework (DQAF) developed by the IMF's Statistics Department. This report is based on information provided prior to and during a staff visit from November 5–21, 2002,¹ as well as on publicly available information.
2. Section II includes an assessment of data dissemination practices against the General Data Dissemination System (GDDS). At the request of the authorities, data dissemination practices were also assessed against the Special Data Dissemination Standard (SDDS) requirements, focusing on coverage, periodicity, and timeliness (see Section III). The key issues that would need to be dealt with prior to the Kyrgyz Republic's subscription to the SDDS are identified. Section IV presents a summary assessment of the quality of the principal macroeconomic datasets, following the dataset-specific assessment frameworks. Finally, Section V sets out recommendations on ways to improve the macroeconomic statistics.

II. DATA DISSEMINATION PRACTICES AND THE GENERAL DATA DISSEMINATION SYSTEM

3. Data dissemination practices are assessed against the GDDS.² The Kyrgyz Republic has participated in the GDDS since February 2001; metadata updated to reflect changes in compilation and dissemination practices are posted on the IMF Data Standards Bulletin Board (DSBB).³
4. Macroeconomic statistics assessed in this report are compiled and disseminated by three agencies, as follows: (1) the National Statistics Committee (NSC) is responsible for national accounts and price statistics; (2) the Ministry of Finance (MOF) is responsible for government finance statistics; and (3) the National Bank of the Kyrgyz Republic (NBKR) is responsible for monetary and balance of payments statistics. Access to macroeconomic statistics is provided through official publications and at the following Internet websites:

¹ The mission team was headed by Candida Andrade and included Nataliya Ivanyk and Florina Tanase (all STA), David Collins, Anna Ansmits, Edward Doggett (experts), and Stella Allotey Addo (STA—Administrative Assistant).

² Sociodemographic statistics were not covered in the assessment.

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

- NSC: <http://nsc.bishkek.su>
- NBKR: <http://www.nbkr.kg>

5. Regarding the **data dimension (coverage, periodicity, and timeliness)**, the Kyrgyz Republic exceeds most of the GDDS recommendations for the core comprehensive frameworks and recommended indicators (Table 1). The Kyrgyz Republic also meets most of 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.⁴

9. A review of data dissemination practices against the SDDS requirements for the data dimension, and the advance release calendar of the access dimension, shows that the Kyrgyz Republic meets most of the requirements. The areas that need to be addressed to enable subscription to the SDDS are the following:

- Compilation and dissemination of data on international reserves and foreign currency liquidity using the IMF's template (reserves template);
- Dissemination of gross official reserves with the SDDS prescribed periodicity and timeliness (monthly periodicity with weekly timeliness are prescribed, whereas the Kyrgyz Republic disseminates gross official reserves with quarterly periodicity and a 3-month timeliness);
- Coverage of general government operations (should also include budgetary and extrabudgetary operations);
- Timeliness of the analytical accounts of the central bank with a breakdown of claims on public and private sectors, as well as data on the external position (current lag of about three weeks, compared to the SDDS requirement of two weeks);
- Dissemination of interest rates and the share price index with daily periodicity;
- Development and dissemination of discrete quarterly GDP estimates;
- Dissemination of the maturity breakdown of external debt data; and
- Dissemination of advance release calendars for all SDDS data categories.

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

Table 1. Kyrgyz Republic: 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 | Kyrgyz Republic | GDDS | Kyrgyz Republic |
| COMPREHENSIVE FRAMEWORK | | | | | |
| Real sector: National Accounts | Yes | A | A | 10-14 mths | 9-10 mths |
| Fiscal sector: Central govt. operations | No | A | A Q M | 6-9 mths | (M,Q) 10 days (A) 3 mths |
| <i>General govt. operations</i> | No | A | A | 6-9 mths | 4-5 mths |
| Central govt. debt | Yes | A | Q | 6-9 mths | 1 mth |
| Financial sector: Broad money survey | Yes | M | M | 2-3 mths | 2-3 wks |
| External sector: Balance of payments | Yes | A | Q | 6-9 mths | 3 mths |
| <i>International investment position</i> | Yes | A | Q | 6-9 mths | 3 mths |
| DATA CATEGORIES AND INDICATORS | | | | | |
| Real Sector | | | | | |
| GDP (nominal and real) | Yes | A (Q) | A Q M | 6-9 mths | (M,Q)15-25 days (A)-9 mths |
| <i>Gross national income, capital formation, saving</i> | Yes | A | A | 6-9 mths | 9 mths |
| Manufacturing or industrial production index/indices | Yes | M | A Q M | 6wks-3 mths | (M,Q)15-20 days (A) 2 wks |
| Primary commodity, agricultural, or other indices, as relevant | Yes | As relevant | A Q M | 6 wks-3 mths | (M,Q)15-20 days (A) 2 wks |
| Consumer price index | Yes | M | M | 1-2 mths | 2 wks |
| <i>Producer price index</i> | Yes | M | M | 1-2 mths | 2 wks |
| Employment | Yes | A | Q A | 6-9 mths | (Q) 45-50 days (A) 6 mths |
| Unemployment | Yes | A | M A | 6-9 mths | (M) 15-20 days (M) (A) 6 mths |
| Wages/earnings (all sectors) | Yes | A | Q A | 6-9 mths | (Q) 45-50 days (A) 2 mths |
| Fiscal Sector | | | | | |
| Central govt. budgetary aggregates: revenue, expenditure, balance, and financing with breakdowns (debt holder, instrument, residence) | No | Q | A Q M | 1qtr | (M,Q) 10 days (A) 3 mths |
| <i>Interest payments</i> | | Q | A Q M | 1 qtr | (M,Q) 10 days (A)3 mths |
| Central govt. debt: domestic and foreign debt, as relevant, with appropriate breakdowns (debt holder, instrument, currency) | Yes | A (Q) | Q | 6-9 mths | 1 mth |
| <i>Government guaranteed debt</i> | Yes | A | Q | 1-2 qtrs | 1 mth |
| Financial Sector | | | | | |
| 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 | M W | In high-frequency publication | M: 1 mth after the reference period |
| <i>Money or interbank market rates and a range of deposit and lending rates</i> | Yes | M | W | In high-frequency Publication | W: 1 day after the reference period |
| | | | | | W: 1 day after the reference period |
| <i>Share price index, as relevant</i> | Yes | M | Daily | In high-frequency Publication | (Daily) at the end of day |
| External Sector | | | | | |
| Balance of payments aggregates | Yes | A (Q) | A Q | 6 mths | 3 mths |
| Public and publicly guaranteed external debt outstanding, with maturity breakdown | Yes | Q | Q | 1-2 qtrs | 3 mths |
| Public and publicly guaranteed debt service schedule | Yes | Twice Yearly | Q | 3-6 mths | 3 mths |
| <i>Private external debt not publicly guaranteed</i> | Yes | A | A Q | 6-9 mths | 3 mths |

| GDDS Data Category | Coverage (meets GDDS) | Periodicity | | Timeliness | |
|--|-----------------------|-------------|-----------------|-------------------------------|-----------------|
| | | GDDS | Kyrgyz Republic | GDDS | Kyrgyz Republic |
| Gross official reserves denominated in U.S. dollars | Yes | M | Q | 1-4 wks | 3 mths |
| <i>Reserve-related liabilities</i> | No | M | - | 1-4 wks | - |
| Total exports and total imports | Yes | M | M | 8wks-3mths | 45 days |
| <i>Major commodity breakdowns with longer time lapse</i> | Yes | M | M | 8wks-3mths | 8 wks |
| Exchange rates: spot rates | Yes | D | D | In high frequency publication | Daily |

Italics indicate encouraged categories

Note: (D) daily; (W) weekly; (M) monthly; (Q) quarterly; and (A) annual

10. By vigorously pursuing an action plan to address these issues, the Kyrgyz Republic could be in a position to subscribe to the SDDS within one year

IV. SUMMARY ASSESSMENT OF DATA QUALITY

11. Since mid-2001, the IMF has complemented 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.⁵ The frameworks cover a set of prerequisites and five dimensions of data quality—integrity, methodological soundness, accuracy and reliability, serviceability, and accessibility.⁶

12. An assessment of six macroeconomic datasets (national accounts, consumer price index, producer price index, government finance, monetary, and 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 the Kyrgyz Republic's statistical system is presented below, following the structure of the DQAF. Conclusions are also presented in the form of a summary table in which the assessment of data practices is made on a qualitative basis, using a four-part scale (Table 2).

13. In summary, the Kyrgyz Republic's macroeconomic statistics have improved significantly in recent years and are generally of good quality. The statistics provided to the IMF are broadly adequate to conduct effective surveillance even though the IMF staff identified some shortcomings that may constrain accurate and timely analysis of economic and financial developments and the formulation of appropriate policies.

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

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

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 **NSC**, which is responsible for the national accounts, the consumer price index, and the producer price index, among other datasets, is at the center of the national statistical system as provided for by the Law on Statistics, last amended in June 2002. This law and the associated regulations that articulate its operational aspects provide an enabling legal and institutional environment that sets out the responsibility for the relevant statistical work, provides for data sharing and coordination, calls for protection of the confidentiality of individual responses, and provides for mandatory statistical reporting to surveys cleared by the NSC. However, the identification of the core surveys that need to be cleared by the NSC would strengthen methodological consistency and reduce response burden. Within the NSC, effective measures are in place to ensure maximum utilization of available resources. Staff resources are qualified and well trained and, although adequate for ongoing work, are not sufficient to undertake developmental or additional analytical work. Computer and financial resources are inadequate for the NSC current work program and pose serious constraints on future statistical development. As a result of the NSC policy of actively seeking donor contributions for statistical development, its own resources have been substantially complemented with donor contributions. The NSC maintains a high sense of quality awareness, as evidenced by the preparation of the Program for Statistical Development for 2001–2005, which constitutes the main tool for statistical coordination and includes research and methodological projects designed to enhance data quality. This awareness is further evidenced in the NSC's decision to consult a broader spectrum of users, such as the newly founded Statistics Society, in the preparation of its annual work programs and as a forum for obtaining users' feedback on the relevance of the disseminated data.

15. The **MOF** has a legal and institutional environment that supports its responsibility for the compilation and dissemination of data on budget execution, although the legislation does not specifically require compilation of comprehensive government finance statistics and dissemination to the public. Staff resources are broadly adequate to produce budget execution data. However, computer resources are barely sufficient for current work, particularly in the regions. To implement the system set out in the *Government Financial Statistics Manual 2001 (GFSM 2001)* over the medium term, staff need substantial training in the government finance statistics methodology, and computer resources need to be significantly reinforced. As for quality awareness, the primary objective is complete accuracy of budget execution data mainly for government use. Until recently, little attention had been paid to the needs of a broader spectrum of users. However, reflecting the increased awareness of the importance of publicly disseminating statistics on government operations, the MOF introduced a quarterly publication in early 2002, and appointed a Press Secretary to publicize the work of the MOF.

16. In general, the **NBKR** has a legal and institutional environment that supports its responsibilities for compiling and disseminating monetary and balance of payments statistics. Although the Law on the NBKR does not specifically mandate the compilation of monetary statistics, it empowers the NBKR to establish statistical standards, issue directives, and

require the necessary information from the banking system. The Law on the NBKR designates the bank as the compiling agency for the balance of payments statistics, provides for data sharing and coordination, in particular with the NSC with regard to the balance of payments compilation, calls for the nondisclosure of data on individual institutions or transactions, and provides for the public dissemination of main statistics. However, current provisions, namely secrecy provisions, affect NBKR's ability to collect information needed to validate the accuracy of balance of payments source data. Despite measures to address the high rate of staff turnover, staff resources are not entirely commensurate with the NBKR's current statistical programs, and substantial training is required. Financial and computer resources are adequate to support the statistical activities of the central bank. Although there is no program for statistical development or a formal quality program in the NBKR, quality awareness is evidenced by the active interactions, including round tables, with users to foster greater statistical awareness and facilitate the identification of emerging needs.

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. Regulations and practices in place support the professionalism of the NSC staff. The NSC professional independence is recognized in the Law on Statistics. Statistics are compiled in an impartial manner by professional staff who are trained in the relevant statistical concepts and techniques. Choices concerning data sources and statistical techniques are based solely on statistical considerations. Transparency of statistical policies and practices is promoted, among other things, by the public availability of the terms and conditions under which the NSC functions, the identification of NSC products, and the provision of advance notice concerning major changes in methodology. Guidelines on the ethical standards expected of the NSC staff are clearly specified in the NSC Professional Ethics Code, modeled after the Civil Servants Ethics Code approved in 2001. Staff are well informed of their responsibilities.

18. The statistical activities of the **MOF** are marked by the staff's professionalism supported by the legal requirement to report on budget execution based on the Treasury accounting system. With regard to transparency, the laws on the principles of the Treasury and the budget legislation are disseminated to the public. However, data published in the MOF's quarterly bulletin are not identified as statistical products. Guidelines on the ethical standards expected of the staff are clearly specified in the Civil Service Law, supported by the Civil Servants Ethics Code, which are well known to the staff.

19. The **NBKR** staff demonstrate professionalism. The compilation of statistics on an impartial basis is supported by statutory provisions, and the choices of sources and methods are informed solely by statistical considerations. Professionalism of NBKR staff is promoted by encouraging participation in meetings with other professional compilers, other central banks, and international organizations. As for transparency, the terms and conditions under which the NBKR compiles statistics are known to the public only for balance of payments

statistics. No advance notice of major changes in methodology is provided to users. Pre-release access by the government to the statistics compiled by the NBKR is made public. Guidelines on ethical standards expected of the staff are clearly specified in the NBKR Ethics Code, and staff are well informed of these guidelines.

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.

20. The **national accounts** follow, in principle, the general framework and concepts and definitions of the *1993 SNA*. The scope is in accord with international recommendations. The NSC compiles quarterly and annual GDP using the current and constant/comparable prices as well as annual supply and use tables. The delimitation of the constituent units of the economy and the coverage of the production and the asset boundaries are broadly consistent with the *1993 SNA*. The national accounts still use the classifications of the Material Product System, but are in the process of being converted to an internationally accepted-based classification. The basis of recording is broadly in line with the *1993 SNA*. Market prices are used to value flows and stocks. Although government-related transactions are recorded on a cash basis, an attempt is made to adjust salaries and wages to an accrual basis.

21. The **consumer price index** follows the concepts and definitions recommended in the *Consumer Price Index Manual* (under preparation) and the *1993 SNA*. The scope of the CPI is broadly consistent with international standards, covering all urban resident households of all sizes and income levels. However, households in rural areas, which represent the majority of the population, are not covered. The classification and sectorization of consumption activity follows international standards. Regarding the basis for recording, the weights and prices used in the CPI are based on actual market transactions inclusive of discounts and trade and transport margins. Prices are recorded on an accrual basis.

22. The **producer price index** follows the concepts and definitions recommended in the *Producer Price Index Manual* (under preparation) and the *1993 SNA* for determining index output weights. The scope of the PPI relates to the core mining, manufacturing, electricity, gas and water industries, although the prices of most exports are excluded. The classification, and sectorization used in the PPI are consistent with international standards. The basis for recording fully reflects transaction prices, valued at basic prices, and accrual reporting.

23. The **government finance statistics** generally follow the concepts and definitions of the *GFSM 1986*, and migration to the *GFSM 2001* is under consideration. The scope of the government finance statistics falls short of the international standards in that it does not consolidate data on the Social Fund, the externally financed Public Investment Program (PIP), and the financial transactions with domestic banks. The classification of operations abides broadly by the economic and functional classifications of the *GFSM 1986*, although

data on the economic classification of expenditure are not publicly disseminated. Classification of outstanding debt does not follow the *GFSM 1986*. The basis for recording is consistent with the *GFSM 1986*.

24. The analytical framework used for compiling **monetary statistics** reflects concepts and definitions presented in the *MFSM*. However, the residency criterion is not consistently applied in that the currency denomination is used to classify some transactions between foreign and domestic units. Another deviation from the *MFSM* guidelines relates to the inclusion of the deposit liabilities of banks in liquidation in broad money (M2x). The scope of the monetary statistics is broadly in accordance with *MFSM* guidelines. Following revisions to the charts of accounts of the NBKR and commercial banks, the classification of instruments and the sectorization of institutional units follow the *MFSM* guidelines. However, the level of disaggregation of financial instruments by resident institutional sectors is insufficient, and the classification of some securities deviates from the *MFSM*. The basis for recording of flows and stocks is not fully consistent with the *MFSM*. The general valuation principle for financial assets and liabilities is based on current market prices, although there are some financial instruments valued at book value. Also, accrual accounting is not strictly followed.

25. The concepts and definitions employed in the **balance of payments** statistics broadly conform with the guidelines presented in the *BPM5*, except for some deviations from the residency criteria and the definitions of some transactions. With regard to scope, in principle all transactions with nonresidents are covered except for some transactions in the international reserve component and some external liabilities of enterprises. In general, the classification of transactions accords with the recommendations outlined in the *BPM5*. However, loans guaranteed by the government are not attributed to the relevant sectors, and rent on land is misclassified. The basis for recording of balance of payments transactions generally follows international standards with respect to valuation at market prices. However, reserve assets transactions are not converted into U.S. dollars using market exchange rates and most balance of payments data are not recorded on an accrual basis.

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.

26. The **national accounts** draw on a wide range of source data from direct surveys as well as from administrative data sources. The NSC has a comprehensive program of surveys based on a well-established Statistical Business Register. Special surveys are undertaken for estimating the shadow economy. However, the source data do not always comply with the requirements of the *1993 SNA*, and the trade-off between accuracy and timeliness of monthly and quarterly statistics is heavily weighted in favor of timeliness. Statistical techniques are sound, well established, and adjusted as new data sources become available. The industrial and product detail is adequate, and the annual estimates are compiled within a supply and use table framework. However, use of time series analysis techniques, such as seasonal adjustment and benchmarking, is at an early stage but will be implemented with the move to

discrete estimates of quarterly national accounts. The national accounts staff routinely validate source data. The NSC employs a verification process to perform a quality check on field operations. This process detects any major errors. In addition, the national accounts staff assess and validate of intermediate data through internal consistency checks. Comparisons are also made with related indicators on an ad hoc basis, but could benefit from a more systematic approach. Analyses of revisions are undertaken to improve the statistical process. More extensive and systematic revision studies will have to await a longer time series of consistent national accounts data.

27. The data sources available for the **consumer and producer price indices** are generally good, though there is some question as to whether the nonobserved economy is adequately represented in the weights and the price collections. The main producer price index would benefit by broadening the coverage of industry output. The statistical techniques for both indices are generally sound, although the approach to assessing quality changes needs improvement. The use of national weights for the compilation of each of the regional **consumer price index** series is questionable. Processes followed to assess and validate source and intermediate data follow international standards for both indices. Although the monthly indices are designated as preliminary, revisions are rare and thus revision studies have not been conducted.

28. For **government finance statistics**, the main data source is the budgetary accounting and reporting system maintained by the Treasury, which covers both the central (republican) government and local government. Although the Social Fund also reports monthly and annually to the MOF, these data, together with the externally financed PIP and the data on domestic bank financing, are not consolidated with budget execution data. Data on outstanding debt are taken from the MOF's Debt Management Division database, which, however, does not cover borrowing from domestic banks. The source data are classified by economic and functional classifications of the *GFSM 1986*, and the Treasury Law ensures that reports are timely and highly accurate. Special statistical techniques are not necessary because the data on government operations are compiled by aggregation of budget monitoring returns. Both source and intermediate data are assessed and validated by various means including internal and external audit. Discrepancies in financing items between the government finance and the monetary statistics are yet to be resolved. The current government operations statistics system is based on cash flow, the data become available very quickly, and revisions to the initial monthly data are insignificant. Consequently, revision studies are not undertaken.

29. The source data for the compilation of **monetary statistics** are comprehensive. However, information is not sufficient for a more detailed sectoral breakdown. Statistical techniques employed are sound. Electronic reporting, data processing procedures, and documentation of data compilation practices enable the production of accurate and timely monetary statistics. Fully automated assessment and validation of source data support reliable monetary statistics. However, procedures for assessment and validation of intermediate data need to be improved. Relevant monetary data are not validated against balance of payments data, and material differences between monetary statistics and other sectoral statistics (balance of payments and government finance statistics) need further investigation. The

NBKR does not undertake revision studies on a routine basis since data are final when first released.

30. The NBKR employs an elaborate data collection program for the **balance of payments** statistics comprising a dependable International Transactions Reporting System and a survey of enterprises with external debt liabilities. These data sources are supplemented mainly with trade data compiled by the State Customs Inspectorate (SCI) and information on the international trade in services and foreign direct investment derived from surveys conducted by the NSC. The statistical techniques employed by the NSC and the NBKR in compiling balance of payments data are generally sound, and estimation is based on data from ad hoc surveys. However, an efficient data processing system for the SCI is yet to be developed. Assessment and validation procedures are generally sound. However, temporal consistency checks need to be strengthened, and additional investigations of discrepancies need to be undertaken. Studies and analyses of revisions should be developed to inform statistical processes.

Serviceability

Serviceability focuses on practical aspects of how well a dataset meets 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 NSC has undertaken a major effort to assess the relevance of the statistical series, including the **national accounts**. Frequent and regular contacts are maintained with users, including consultation at the stage of preparation of the annual statistical work programs. In 2002 the Statistical Society of the Kyrgyz Republic was founded with the express purpose of providing a forum for discussion of statistical issues and articulation of user needs. The timeliness of the annual and quarterly national accounts meets the SDDS requirements. With regard to consistency, quarterly and annual national accounts estimates incorporate the relevant government finance and balance of payments statistics components without further adjustments and are subject to internal consistency checks. The revision policy of the national accounts estimates is stable and known, and preliminary and revised data are clearly identified and explained.

32. As part of the NSC effort to enhance the relevance of both the **CPI** and the **PPI**, the NSC maintains close relations with users (see above). The timeliness and periodicity of both indices meet the SDDS requirements. The indices are internally consistent and are conceptually compatible with national accounts statistics. The revisions policy and practice for both indices need to be clarified with users, as monthly data are designated as preliminary, but rarely revised.

33. Although before 2002 the MOF focused mainly on ensuring the relevance of the statistics for budget policy formulation and monitoring, progress was made in targeting a wider audience. However, systematic processes to monitor the utility of the **government finance statistics** in meeting the needs of the wider user community are yet to be developed. The timeliness and periodicity of these statistics meet the SDDS requirements, but data on

financing are not disseminated with the recommended breakdowns (by currency, maturity, debt holder, or instrument, as relevant). Automated checks are undertaken to ensure internal consistency of the budget execution data. There are discrepancies between government finance, monetary, and balance of payments statistics. Data that are published on a cumulative basis are not revised regularly, and revisions to monthly data, though rare and not statistically significant, are not identified for the public.

34. The relevance and practical utility of **monetary statistics** in meeting users' needs are not monitored regularly, although queries on monetary statistics are encouraged. Data timeliness and periodicity are close to meeting the SDDS requirements. However, the timeliness of the analytical accounts of the central bank with the breakdown of data on claims on public and private sectors, and the data on the external position, would need to be improved to meet the SDDS requirements. Quality control procedures ensure internal consistency, but breaks in time series are not always identified and explained. Inconsistencies exist between monetary statistics and balance of payments statistics. Some inconsistencies also exist between monetary statistics and government borrowing/financing from the banking system. Monetary data are considered final when first released and are not subject to regular and publicized revisions. Users are not aware of this policy.

35. Processes to monitor the relevance of **balance of payments** statistics are mainly geared to meet government needs. Queries on the balance of payments statistics are encouraged, although there is room for improving the monitoring of these queries to determine the extent to which users' needs are being met. Timeliness and periodicity meet the SDDS requirements. Annual balance of payments statistics are derived as the sum of the four quarters and, therefore, quarterly and annual statistics are consistent. Consistency among balance of payments components is monitored, but net errors and omissions are significant and quite volatile. There are discrepancies with monetary statistics and public external debt data, and work is proceeding towards consistency between balance of payments data and international investment position data. The current account data are consistent with the rest of the world account in the national accounts. The revision policy is not stated publicly, but new source data are incorporated as soon as they become available during the year.

Accessibility

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

36. The **national accounts** are readily accessible, the publications present the statistics clearly, and charts and tables are disseminated with the data to facilitate analysis. The national accounts are released on a preannounced schedule and are made available to the public simultaneously. However, the schedule refers to the release of publications rather than specific data sets. Different levels of metadata detail are disseminated to address user needs, including information on linkages with other relevant statistical programs. The GDDS metadata posted on the IMF DSBB website are disseminated through the NSC website, in English and Russian. Assistance to users is facilitated by the clear identification of the contact point for each statistical program, such as the national accounts, in all publications

and on the website. Prompt and knowledgeable statistical support service is also available through the dissemination division.

37. Regarding data accessibility, the **consumer price index** and the **producer price index** are released on a preannounced schedule although it does not specify the datasets. Release mechanisms support simultaneous release to the public. CPI and PPI data are presented clearly in tables and charts, at different levels of aggregation and including analysis of current period changes. Metadata on the CPI and the PPI, disseminated in summary form through the IMF DSBB and the NSC websites, are published in detail in the NSC thematic publications. Assistance to users is provided through contact points for the CPI and the PPI, or the dissemination division, all of which are clearly identified in the NSC's statistical publications.

38. The accessibility of **government finance** statistics was improved substantially with the introduction of the MOF quarterly bulletins starting in 2002. The content and layout of these bulletins are still evolving, and there is ample room for improving the presentation of the disseminated statistics to facilitate proper interpretation and analysis of fiscal developments. Although statistics are not released on a preannounced schedule, monthly data are generally made available to the public within a predictable time frame. With regard to the metadata accessibility, the annual NSC publication and the GDDS metadata provide summary metadata. More detailed information on compilation procedures can be found only in the Treasury Law and Budget Law, both publicly available. A dedicated publication showing detailed metadata on the government finance statistics would facilitate the interpretation of the statistics disseminated. Assistance to users is provided through a contact point for government finance statistics clearly identified in the quarterly bulletin, the NSC's statistical publications, and the DSBB.

39. **Monetary statistics** are easily accessible through the NBKR's periodic publications and website. These publications contain tables and charts presented clearly, including annual time series for the monetary aggregates. However, a greater level of disaggregation of some aggregates would enhance the analytical usefulness of the disseminated statistics. Although there is no preannounced schedule for the dissemination of the monetary statistics, internal production schedules provide reasonably predictable release dates both via the NBKR's website and the monthly bulletin. In addition to the metadata disseminated on the IMF's GDDS website, including, inter alia, key deviations from international standards, the NBKR bulletins contain only brief methodological notes. Assistance to users is facilitated by the identification of a contact person for monetary statistics on the GDDS metadata posted on the IMF website. A contact point is also listed in the NBKR's bulletins.

40. As to data accessibility, **balance of payments** statistics are disseminated in a timely and clear manner, both in the NBKR periodic publications and on the website. Data are released in accordance with a preannounced release schedule, presented in the NBKR's publications. Concerning metadata accessibility, in addition to the metadata disseminated on the IMF's GDDS website, the NBKR's publications contain summary information on methodology and source data. More comprehensive metadata including information about response rates, main linkages with other statistics datasets, and deviations from the internationally accepted standards are yet to be developed. Assistance to users is facilitated

by the identification of a contact person for balance of payments in the GDDS metadata posted on the IMF website and in the NBKR's publications.

V. STAFF'S RECOMMENDATIONS

42. Based on the results of the data quality assessment, discussions with the Kyrgyz Republic authorities, and responses from data users, the following measures are proposed to further the Kyrgyz Republic's adherence to international statistical standards. In light of the authorities' interest in subscribing to the SDDS, the high-priority recommendations include those designed to assist the Kyrgyz Republic in meeting all the SDDS requirements.

General Recommendations

High priority

- Enhance transparency of statistical practices by publicizing government access to data prior to release and providing advance notice of major changes in surveys, source data, and compilation methods.
- Expedite work to investigate the discrepancies between major datasets of macroeconomic statistics.
- Develop, implement, and disseminate advance release calendars for all remaining SDDS data categories.⁷
- Allocate increased resources, particularly computer resources, to support statistical activity.

Other

- Review statistical legislation and regulations with a view to strengthening data collection and coordination of statistical activities and data sharing between data-producing agencies.
- Promote training in statistical methodologies.
- Carry out studies and analysis of revisions routinely to shed light on how statistical processes can be improved. Publish revision studies and analysis to inform data users about accuracy and reliability.
- Institutionalize formal mechanisms for obtaining feedback from data users.

National Accounts

High priority

- Complete the conversion to the NACE-based classification (KCEA).
- Ensure the timely completion of the work to compile discrete quarterly estimates.
- Strengthen survey design and methodology, including questionnaire design, where applicable.
- Strengthen the quality of source data for quarterly estimates.

⁷ An advance release calendar for the balance of payments data category has been disseminated.

- Introduce time series analysis and seasonal adjustment techniques.
- Disseminate quarterly GDP by expenditure within 90 days after the reference quarter.
- Improve the method used to estimate taxes and subsidies at constant prices by using the relevant average rates of the base year at the product level.

Other

- Develop a new survey on quarterly inventory changes for small business to improve the estimation of GDP by expenditure on a quarterly basis.
- Improve data collection for the quarterly capital formation survey.

Consumer Price Index and Producer Price Index

High priority

- Improve the techniques used for applying quality adjustments to product prices to enhance the effectiveness of price measurement for the CPI and the PPI.
- Expand the industrial PPI collection coverage.
- Evaluate the adequacy of using a national weighting pattern to compile regional CPIs. Introduce regional-based weights if necessary.
- Investigate how well the nonobserved economy is represented in the current CPI and PPI weights and price indicators.

Other

- Broaden the scope of the main producer price index by including also the agriculture, construction, transport, and communications indices already compiled.
- Extend the coverage of the main producer price index to include exports.
- Explore the feasibility of expanding the geographic coverage of the CPI beyond urban households.

Government Finance Statistics

High priority

- Collect and compile quarterly data on financing (transactions and debt) directly from government records, and reconcile them with data from banks.
- Expedite work to remedy the discrepancy between deficit and financing data.
- Compile and disseminate consolidated government statistics from 2003, classified on the basis of the *GFSM 2001* methodology, covering budgetary, the Social Fund and the Public Investment Program transactions, including (noncumulative) quarterly figures.
- Disseminate data on outstanding debt classified according to *GFSM 2001* methodology (by debt holder and instrument).
- Establish and document a timetable for migration over time to *GFSM 2001* methodology.

Other

- Continue to enhance the usefulness of the *Quarterly Bulletin* (e.g., by publishing statistics more in accordance with the *GFSM 2001* framework).

- Disseminate detailed metadata (e.g., main concepts, scope, classifications, basis of recording, and data sources) in a single publication to provide a convenient point of reference for the user.

Monetary Statistics

High priority

- Fully implement the *MFSM* methodology concerning (1) the sectorization of the economy, (2) the valuation of financial instruments, and (3) accrual accounting for the compilation of monetary statistics.
- Uniformly apply the residency criterion for classifying the transactions with foreign and domestic units.
- Bring the timeliness of the analytical accounts of the NBKR (including a breakdown of claims on public and private sectors) into line with the SDDS requirements.
- Strengthen the measures to retain experienced monetary statistics compilers.

Other

- Disseminate longer data series on broad money and its components, credit aggregates and their components, and depository corporations' foreign assets and liabilities, with a more detailed sectoral breakdown, and provide information on breaks in data series to the public.

Balance of Payments Statistics

High priority

- Improve coverage of the private external debt, including by establishing legal provisions to ensure effective data collection.
- Disseminate international reserves data following the Data Template on International Reserves and Foreign Currency Liquidity in line with SDDS requirements.
- Strive to obtain consistency with other statistical datasets in the sectorization and classification of transactions for the financial account.
- Revise definition, classification, and valuation principles used in the current and financial accounts to ensure full adherence to the *BPM5*.
- Introduce a more efficient data processing system for the State Customs Inspectorate and ensure that banks provide information on payment orders for high value transactions.

Other

- Improve the survey form on interenterprise arrears to include information on financial instruments and write-offs of bad debts. Review survey instructions to increase the accuracy of the reported data.

Table 2. Kyrgyz Republic: 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** |
|--|-------------------|----------------------|----------------------|-------------------------------|---------------------|--------------------------------|-----------------------|--|
| 0. Prerequisites of quality | | | | | | | | |
| 0.1 Legal and institutional environment | O | O | O | O | LO | LO | 16 | NSC training and enhancement of computer resources included in five year Statistical Development Plan. |
| 0.2 Resources | LO | LO | LO | LO | LO | LO | 14,15,17 | |
| 0.3 Quality awareness | O | O | O | LO | O | O | 15 | |
| 1. Integrity | | | | | | | | |
| 1.1 Professionalism | O | O | O | O | O | O | 19,20 | |
| 1.2 Transparency | O | O | O | LO | LO | LO | | |
| 1.3 Ethical standards | O | O | O | O | O | O | | |
| 2. Methodological soundness | | | | | | | | |
| 2.1 Concepts and definitions | O | O | O | O | LO | LO | 25,26 | NA – Complete conversion to KCEA during 2003. Monetary – <i>MFSM</i> is to be fully implemented (medium-term). Uniformly apply residency criterion to distinguish domestic and external accounts. GFS – New division in Treasury to monitor the Social Fund and PIP. Implement the law on government debt with regard to classification. Monetary – <i>MFSM</i> is to be fully implemented (medium-term). Monetary - Valuation of government securities held to maturity and for investment purposes at market prices by the end of 2002. |
| 2.2 Scope | O | LO | LO | LNO | O | LO | 22,23,24,26 | |
| 2.3 Classification/sectorization | LO | O | O | LO | LO | LO | 21,24,25,26 | |
| 2.4 Basis for recording | O | O | O | O | LO | LO | 25,26 | |
| 3. Accuracy and reliability | | | | | | | | |
| 3.1 Source data | LO | LO | LO | LO | LO | O | 27,28,29,30 | NA – Introduce redesigned surveys to collect discrete monthly data using <i>1993 SNA</i> and Generally Accepted Accounting Practices (GAAP) recording principles starting in 2003, and apply time series analysis. Monetary – Revise reporting form and compilation procedure in the medium-term. CPI – To be compiled using regional weights in the medium-term. BOP - Create a system of statistical accounting of technical assistance provided to the Kyrgyz Republic. PPI – Increase manufacturing production coverage of the PPI collection. |
| 3.2 Statistical techniques | LO | LO | LO | O | O | LO | 27,28,31 | |
| 3.3 Assessment and validation of source data | LO | O | O | O | O | LO | 27,31 | |
| 3.4 Assessment and validation of intermediate data and statistical outputs | O | O | O | LO | LO | LO | 29,30,31 | |
| 3.5 Revision studies | O | O | O | LO | LO | LO | 29,30,31 | |

Table 2. Kyrgyz Republic: 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** |
|----------------------------------|-------------------|----------------------|----------------------|-------------------------------|---------------------|--------------------------------|-----------------------|---|
| 4. Serviceability | | | | | | | | |
| 4.1 Relevance | O | O | O | LO | LO | O | 34,35 | GFS – Eliminate discrepancies. |
| 4.2 Timeliness and periodicity | O | O | O | O | O | O | | |
| 4.3 Consistency | LO | O | O | LNO | LNO | LNO | 32,34,35,36 | |
| 4.4 Revision policy and practice | O | LO | LO | O | LO | LO | 35,36 | |
| 5. Accessibility | | | | | | | | |
| 5.1 Data accessibility | O | LO | LO | LNO | LO | O | 38,39,40 | GFS – Continue development of MOF bulletin and website. BOP – Improve metadata, including information in statistical techniques, and main linkages with other statistical data sets. |
| 5.2 Metadata accessibility | O | O | O | LO | LO | LO | 39,40,41 | |
| 5.3 Assistance to users | O | O | O | LO | O | O | 39 | |

* Paragraph numbers refer to Section III, Summary Assessment of Data Quality, in the present document.

** Authorities' plans as of November, 2002

Key to symbols: NA = Not Applicable; O = Practice Observed; LO = Practice Largely Observed; LNO = Practice Largely Not Observed; NO = Practice Not Observe

INTERNATIONAL MONETARY FUND

KYRGYZ REPUBLIC

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

Response by the Authorities

October 30, 2003

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I. INTRODUCTION

The National Statistical Committee (NSC), Ministry of Finance, National Bank of the Kyrgyz Republic, and State Commission on Securities Market under the Government of the Kyrgyz Republic agree with the content of the Report on Observation of Standards and Codes (ROSC)-Data module on Kyrgyz Republic and encourage report estimation according to which the practice of data dissemination in the Kyrgyz Republic with some exception meets more fully GDDS recommendations and the majority of SDDS requirements. Mission recommendations are aimed at the contribution for observation of SDDS requirements and international standards in statistics by Kyrgyz Republic.

National Statistical Committee's letter sent to IMF Statistics Division confirms the obligation of Kyrgyz Republic to use SDDS for developing national system of economic and financial data compilation and dissemination. Activity on drawing up the metadata project according to SDDS has been launched from 2003.

The power of Mr. Kudabaev as the Chairman of NSC and SDDS National Coordinator from Kyrgyz Republic is approved.

Realization of activities on implementing mission recommendations was begun after the end of ROSC mission visit in November 2002. More detailed information about it is in the main sections of this document.

Ministries and authorities of the Kyrgyz Republic responded for the preparation of statistical information, expressing their (principal) consent to publish ROSC.

Publication of report on Kyrgyz Republic ROSC and joining to SDDS will be promoted to extend access to the timely provided and complete statistical data, providing transparency for their compilation and assisting in conduction of valid macroeconomic policy.

II. GENERAL RECOMMENDATIONS

To intensify transparency of statistical practice via the declaration of facts of providing to Government Bodies access to data before their issue and timeliness notification on forthcoming important changes in surveys, primary data and methods of data compilation.

NSC's website has been established and is renewed regularly to provide availability, transparency and timeliness of submitting statistical information for society in general and to extend information exchange among internal and external users.

Since April 2003, express information on "Main indicators of social and economic development of the Kyrgyz Republic" is placed on NSC's website monthly, in which GDP

and CPI indicators are reflected in particular. It is in the day of submitting express information to the President's Administration, the Government and other Ministries and Departments.

Data dissemination policy is based on the principle of transparency in planning access to data of NSC and its territorial services as well as to information on data, i.e., about their methodology, coverage, timeliness, publication schedule and dissemination, etc.

Annual catalog of the main statistical publications including more than 130 titles and their publication times is disseminated to users.

New section "Statistics Questions" has been opened on NSC website, in which methodological works, information on forthcoming important changes in surveys, primary data and methods of data compilation, list of more important future works, catalog of statistical information and services in English and brief summary of publications are placed.

"Methodological Provision on Statistics" has been published to provide transparency of methodology of collection, processing and formation of statistical indicators, regulation, systematization and improving statistical activity.

National Statistical Committee and National Bank of the Kyrgyz Republic publish scientific and information magazines as "Economy and Statistics," "Bank Bulletin" containing information on sources, methods and procedures in Statistics.

Communication between official statistics and society in general is the preparation and dissemination in the mass media of information on the results of socio-economic situation in the country, on conducting international seminars and censuses. The NSC Chairman or his deputies hold press conferences. When these press conferences are held, press releases are prepared with the main statistical indicators on the current situation in the economy or information on other measures being carried out. Information publishing house "Kabar" provides periodically information space to publish the most important themes on the activity of Republic's Statistical Service.

Timely information on future surveys, changes in methodological and publication activities planned for future development and, projects which will bring about important changes of methodology, concepts or data sources are implemented by the Statistical Work Program, which is sent annually to Ministries and Departments in the third quarter of previous year.

To expedite the activity on studying discrepancies between the main data systems of macroeconomic statistics.

In accordance with the Law of the Kyrgyz Republic on State Statistics, NSC implements methodological guidance through the development and introduction of indicators of state and departmental statistical reporting in the Republic, provides comparability of statistical data

with international statistics, and coordinates the activity of Ministries and Departments in organizing statistical observations.

The study of discrepancies between the main data systems of macroeconomic statistics is realized on the basis of mutual cooperation and statistical information exchange.

Agreement on cooperation and information exchange between National Statistical Committee and State Customs Inspection has been concluded, and on its basis, State Customs Inspection sends to NSC database of cargo customs declarations for the further processing and summary data forming. National Statistical Committee submits data on registered and acting economic entities, on the territory of Republic.

Action plan on improving external goods and services trade statistics, state and private external debt, and balance of payment statistics has been developed by permanently acting republican interdepartmental task group including representatives of NSC, National Bank, Customs Service Department, and Ministry of Finance of the Kyrgyz Republic.

To increase the efficiency of solving current issues of data exchange and activity coordination on providing maximum extent of coherence between the main data systems of macroeconomic statistics, additions has been made to the agreement on Economic and Statistical Information Exchange, which foresees:

- Activities in accordance with IMF data dissemination standards; and
- Definition of the system of indicators necessary for precise functioning of two systems.

The agreement on cooperation between National Statistical Committee and State Commission on Architecture and Construction of the Kyrgyz Republic to calculate price indices in construction has been prepared and signed.

The Statute and the schedule of interaction of Common State Register of Statistical Units with departmental registers, which enables to update general population of statistical units for conducting surveys in a short period and with sufficient reliability, has been prepared and agreed.

To develop, implement and disseminate long-term output schedule for all remained data categories.

NSC has prepared schedule of data output on real sector, meeting SDDS requirements and containing precise dates of data output.

Times of all NSC publications are indicated in the annually developed Statistical Work Program, annual publication “Social and economic development of the Kyrgyz Republic” and other thematic publications, and the catalog of NSC publications.

Schedule of publications in Russian and English is placed on NSC website:

Brief schedule - <http://www.stat.kg/Rus/Home/arc.html>

<http://www.stat.kg/Eng/Home/ARC.html>

Complete schedule - <http://www.stat.kg/Rus/Home/Rublications.html>

<http://www.stat.kg/Eng/Home/Rublications.html>

To allocate more substantial resources, in particular, computer for the purposes of promoting statistical activity.

Financing from the state budget does not fully cover NSC requirements in terms of finance. In this context, NSC works actively with international organizations and in the framework of international cooperation gets technical assistance from different donors, as: European Union TACIS program, IMF, World Bank, UN Statistics Division, UNFPA, DFID, Swiss Government, GTZ, ADB.

At present, NSC implements more than ten international projects. NSC has received about 40 computers, seven printers and other peripheral equipment during 2002-2003.

To overview laws and normative legal acts in Statistics for increasing the efficiency of data collection and coordination of statistical activity, as well as data exchange between Departments responsible for their preparation.

It is supposed to overview the Statute of National Statistical Committee of the Kyrgyz Republic to increase the efficiency and coordination of statistical activity:

- According to the Resolution of the Government of the Kyrgyz Republic, NSC coordinates the activity on developing the Common system of classification and coding of technical and economic, and social information.
- According to the Resolution of the Government of the Kyrgyz Republic, the following rule is established: economic entities must use general identification code of enterprises, organizations and individual entrepreneurs in all recording, accounting, statistical, banking, customs, contractual and other documents. NSC and its territorial bodies give this Code.
- According to the Law of the Kyrgyz Republic on State Statistics, the Chairman of NSC has the right to appoint and dismiss the heads of territorial offices of government statistics without consent of the heads of local authorities and local public administration.
- According to the order of the President of the Kyrgyz Republic, any interference of Ministries, Departments, local authorities and local public administrations into the activity of government statistics bodies is excluded when powers on organization,

running and methodology of accounting system and statistics in the Kyrgyz Republic are implemented by them.

- In the framework of Statistical Work Program annually approved by the Government of the Kyrgyz Republic, implementation of statistical works by Ministries and Departments responsible for their preparation has been assigned officially. Precise times of works implementation and format of data submission have been determined. Survey questionnaires are developed and approved by National Statistical Committee.

To encourage the training in statistical methodology issues.

Training is a significant component of all long-term and current statistical programs and programs of international cooperation.

Constant training in modern methods and approaches at the regional and local levels presents joint personnel policy both for the central office and its territorial bodies and subordinate enterprises.

The program of professional development for specialists of the Natstatkom of the Kyrgyz Republic is developed to increase the effectiveness of work and to recruit high qualified staff, meeting the requirements of the development of state statistics.

During 2003, 63 trainings for 220 specialists of oblast and district statistical offices were conducted.

Under the international projects training courses in basic computer literacy, using program software and databases, adaptation of the system of statistical register, regional statistical indicators, preparing publications, and conducting integrated surveys were held.

The following seminars were held: sample designing, preparing and conducting surveys; social accounts matrix; innovative information technologies on processing and disseminating statistical information; STATA program software; econometrics; methodology of poverty line measurement and health statistics.

There are future plans for an advanced training for system programmers and specialists in the operating departments of the regional statistical bodies.

Forty-five members of staff participated in the abroad workshops, and they held 8 training courses at the republican and regional levels.

To analyze amendments to data with the purpose of finding the ways of improvement the statistical processes.

Under the program of statistical capacity building and with the purpose of improving statistical processes, methodology and statistics organization pilot sample surveys are

conducted. According to the survey results indicators are cleared up, statistical lists are improved and disadvantages of the current methodology are detected.

Pilot surveys on investment statistics, labor force and agricultural statistics were conducted.

To institutionalize the formal instruments to know users opinion.

Marketing service is established. The development package plan is elaborated. Monitoring of users opinion and needs through the surveys and advertising the statistical information is one of the main items of this plan.

A user's fund under the research library of the National Statistical Committee had been set up. It is planned to launch a new shop "Shop stat" that will directly work with users.

Agreements "On interaction and resource support of state statistical services" with the oblast and local authorities are prepared.

In September 2003 the statistical editions for ministries and subordinate enterprises, universities, state libraries, international organizations and companies were presented.

NSC took part in the Second International Bookfair in Almaty, Republic of Kazakhstan. Main annual and jubilee statistical publications of NSC were presented there.

Agreements on providing the statistical information both in electronic and hard copies to potential users have been signed.

To develop a dialogue and cooperation between producers and users of statistical information and increase the level of confidence in official statistics, the Statistical Society was created.

III. SPECIAL RECOMMENDATIONS

A. National Accounts

Complete the conversion to the NACE-based classification (KCEA).

The National Statistical Committee has finished a pilot estimation of GDP by economic activity type on a discrete basis by production method for 2000–2002 and the first quarter of 2003. The "conversion" period took four years and has been finished to the beginning of 2003.

Annual "Input-output" tables, which are the basic part of SNA, have been developed by economic activity since 1996-2001. According to the results of 2001, the indicators of output and intermediary consumption, called "production accounts" and "fixed assets accounts" were calculated. Since 2002 all calculations (production accounts, income determination and

capital transactions) have been made on the basis of NACE. Since January 1, 2003 state statistical service carries out all statistical works and interacts with users in accordance with the NACE.

Ensure the timely completion of the work to compile discrete quarterly estimates.

All forms of statistical reporting were revised for the timely completion of the work to compile discrete quarterly estimates. The program of statistical works of 2004 is enlarged with appropriate amendments.

Since January 1, 2004 all statistical indicators will be based on net quarters.

Within 2003, the National Statistical Committee of the Kyrgyz Republic made experimental calculations of quarter (discrete-based) GDP by types of economic activity:

- at the production level for 2000-2002 and first quarter of 2003 at current and constant prices of 2000; and
- at the level of spending incomes for the first quarter of 2003.

The results will be published in the special thematic publication on quarterly national accounts of the Kyrgyz Republic in the second half of the year.

Strengthen survey design and methodology, including questionnaire design, where applicable.

In April 2003 the work team, consisting of heads of the leading departments was established. This work team is aimed to take inventory and to improve all statistical lists. Statistical lists, characterizing business activity of enterprises, are improved with the accounting of requirements of business statistics. Lists, applied in statistics of Canada, were used in the process of improving.

To improve survey methodology and to increase the reliability and quality of indicators on agricultural statistics, the sample surveys of peasant (farm) households will be conducted on the basis of the household register. This register is compiled according to the results of the first agricultural census and pilot questionnaires.

The methodology and tools for conducting the census of trade enterprises, hotels and petrol stations were improved.

To enhance the quality and reliability of the statistical register the questionnaire for surveying the statistical units is elaborated.

To improve the quality of data on poverty line in the Republic and to achieve the best representation at the oblast level, sample surveys of households will be conducted quarterly.

It allows to enlarge the sample volume up to five thousand. Also items on labor force will be included. Additional questionnaires on employment and demographic characteristics were elaborated.

Because of the conversion to the international standards of bookkeeping, the National Statistical Committee in collaboration with ministries and state agencies began to elaborate unified forms of primary record.

Improve the method used to estimate taxes and subsidies at constant prices by using the relevant average rates of the base year at the product level.

At present time taxes and subsidies are estimated at constant prices by extrapolation and by multiplication of taxes (subsidies) of the previous year into physical volume index. Newly appeared taxes (subsidies) are not considered while estimating the prices of the previous period.

Improve the primary data, used for the quarterly estimations.

Forms used for estimating the output and intermediary consumption will be submitted by “net” quarters. In addition for checking statistical indicators, logical and arithmetical control is used. Wrong reports are returned to the responsible persons.

To obtain qualitative discrete data on taxes, a special form of reporting №2 “Report on imputed and actual taxes and payments to budget from legal and physical bodies” was drafted. At present time this form is submitted for the approval to the Incomes Board of the Ministry of Finance of the Kyrgyz Republic.

Introduce time series analysis and seasonal adjustment techniques.

Submitting quarterly data of national accounts in the form of time-series is of great importance for analyzing the economic cycle. To compose time-series NSC estimated quarterly indicators of production accounts for 2000-2002 and the first quarter of 2003 at average prices of 2000. Also recalculations of data for 1998-1999 are made.

Members of NSC staff were trained and got appropriate acknowledgments for successfully fulfilling the work. IMF had provided the Program X-12. One needs to compose time-series (at least for five years) for introducing the method of seasonal adjustments. The assistance of IMF experts is needed.

Disseminate quarterly GDP by expenditure within 90 days after the reference quarter.

Preliminary estimations of GDP, calculated by expenditures method for first quarter, will be issued in the thematic publication on quarterly national accounts in Russian and English (fourth quarter of 2003). Dissemination of quarterly GDP by indicators of final consumption will be made within 90 days after the reference period.

Develop a new survey on quarterly inventory changes for small business in order to improve the estimation of GDP by expenditure on a quarterly basis.

The following items are included in the statistical reporting form 1-MII (quarterly) “Main indicators of small enterprise’s activity”: indicators of liquid (current) assets and tangible assets for the beginning and the end of reference period (production stocks, finished products, goods and work in process).

Since 2003, estimation of stocks by types of agricultural products on the basis of budget surveys of households will be made.

Improve data collection for the quarterly capital formation survey.

Quarterly indicators on consumption of fixed assets by types of economic activity (non-financial enterprises) will be included in the forms of statistical reporting.

B. Consumer Price Index and Producer Price Index

Improve the techniques used for applying quality adjustments to product prices in order to enhance the effectiveness of price measurement for the CPI and the PPI.

Using estimations of specialists, the following methods are designed: method of quality changes, method of searching for closely related articles. Adjustment for quality is made by the method of replacement and numerical correction of unvaried and multivariate regressions. The instruction on applying the adjustment methods to detect the change of goods quality is worked out.

Expand the industrial PPI collection coverage.

Coverage of data on industrial output, including small enterprises and private business, is expanded. PPI is calculated with the changed structure of weights. For the system of National Accounts, price indices dynamics for some years is compiled. By the end of the year, a database for export goods will be designed.

To appreciate adequacy of using weighting national scheme for collection regional CPIs. To introduce regional weights when the need arises.

On the basis of data on urban and rural population product expenditures weight structure for CPI was calculated. There is developed problem definition on improvement of CPI calculation algorithm including rural regions. By the end of 2004 there will be calculated and estimated CPI by the country including urban and rural households and CPI by urban households.

To study an effectiveness of reflecting nonobserved economy in CPI and PPI calculated in current prices and weights.

According to consumer market data, there was expanded a list of nonobserved economy goods and corrected consumer goods basket weights by the adjustment coefficient method.

To extend statistical coverage of Producer Price Index by including indices by agriculture, construction, transport and communication, which are already calculated.

There is made quarterly an observation of purchased building materials, products and structures prices in construction and calculation of investment price index and contract works volume index.

Extending CIP coverage is foreseen in actions of Statistics Development Program for 2005 after improving calculation of producer price index of industrial and constructional goods and approving tariff index for communication services.

To extend statistical coverage of Producer Price Index for including export.

A sample of merchandise and services and basic industrial enterprises was made. An activity on creating a database of producer prices of industrial goods including export is carried out. An approbation of Producer Price Index of industrial goods will be made until the end of the year, and data on sales proceeds and shipped industrial products for internal and external consumption will be used as weights.

To study practical possibilities of extending CPI geographic coverage beyond urban households.

In the purpose of CPI coverage extending beyond urban households, NSC will make approbation of regional data collecting by the form No. 1 prices "Information on prices of agricultural products realized in markets."

C. Monetary and Financial Statistics

For full application of GSFS (Guideline on State Finance Statistics) relating to assessment of financial instruments, a methodology of accounting nonnegotiable state securities was changed.

Regarding nonnegotiable securities accounts: according to the Common Agreement dated June 21, 2002 on regulation of financial relation between the Government and National Bank, there was signed an additional agreement at December 23, 2002. According to this additional agreement there was made a restructuring of nonmarket bonds of state restructured loans into state treasury bills. It came as a market instrument regulating national currency liquidity. Therefore a problem of classification and calculation of this security type was solved.

At the end of 2002 in the Kyrgyz Stock Exchange of the Kyrgyz Republic (KSE) there was introduced a new methodology of "Kyrgyz Securities Exchange" Closed Corporation on index calculation. Improving of methodology is connected with the changing of number of stocks, included in the list of the Kyrgyz Stock Exchange. State Commission on Securities Market is the secondary distributor of KSE index. KSE provides this index daily, usually at the end of the day.

For useful using of the methodology the work on the following directions is conducted: regrouping of the institutional entities of economy by sectors of economy, defining the separate financial instruments, and including accrued charges in the basic financial instrument while compiling monetary statistics.

Residence criterion instead of criterion of types of currencies for classification of transactions with foreign and national subjects should be used.

Change-over to residence criterion instead of criterion of types of currencies for classification of transactions with foreign and national subjects has been made.

Bring the timeliness of the analytical accounts of the NBKR (including a breakdown of claims on public and private sectors) into line with the SDDS requirements.

Regrouping of institutional entities by sectors of economy and changing of the structure of the analytical balance of NBKR is made.

Strengthen the measures to retain experienced monetary statistics compilers.

Staff members were trained during IMF seminars on the subject "Monetary and finance statistics."

Disseminate longer data series on broad money and its components, credit aggregates and their components, and depository corporations' foreign assets and liabilities, with a more detailed sectoral breakdown, and provide information on breaks in data series to the public.

Development of program software for compilation of monetary review and disposition of the longer data series on the NBKR's website is included in long-term plans of data improvement.

D. Balance of Payments

Improve coverage of the private external debt, including establishing legal provisions to ensure effective data collection.

The National Bank of the Kyrgyz Republic designed new reporting forms on accounting the private obligations on external debt of the residents of the Kyrgyz Republic to ensure effective collection of data and coverage. New reporting forms on accounting the private

obligations on external debt of the residents of the Kyrgyz Republic are approved by Decree of the National Statistical Committee No. 5 of May 26, 2003.

Disseminate international reserves data following the Data Template on International Reserves and Foreign Currency Liquidity in line with SDDS requirements.

For dissemination of data on international reserves and foreign currency liquidity, the data submitting template is developed. The named template is included in the monthly “Bulletin of NBKR.” Data on international reserves and foreign currency liquidity are available at NBKR’s website.

Strive to obtain consistency with other statistical datasets in the sectorization and classification of transactions for the financial account.

Comparison of data and checking their comparability between different departments of NBKR is held constantly.

Revise definition, classification, and valuation principles used in the current and financial accounts to ensure full adherence to the BPM5.

To revise definitions, classification and valuation principles used in the current and financial accounts in Balance of Payments accordingly to BPM5 the following actions are realized:

- Specification and coverage of items (reserve assets, current assets account and external debt) of Balance of Payments is expanded;
- Classification of specific balance of payments components is revised;
- Valuation principles used in the current and financial accounts are revised; and
- Within the frames of the technical assistance it is supposed to purchase the program software that will be useful while keeping external debt statistics by accrual method.

Introduce a more efficient data processing system for the State Customs Inspectorate and ensure that banks provide information on payment orders for high value transactions.

The elaboration of a special normative document, aimed at work with the commercial banks according to the system of operational account, is under consideration.

The project on modernization and automatization of tax bodies has been developed. The realization of this project will expedite the collecting and processing of the information.

Improve the survey form on inter-enterprise arrears to include information on financial instruments and write-offs of bad debts. Review survey instructions to increase the accuracy of the reported data.

Reporting forms on finance statistics of enterprises are enlarged. The indicators defining write-off of debts are included: expenditures on bad and doubtful debts, write-off of credit indebtedness into profit, and write-off of debit indebtedness into losses.

Current statistical reporting contains quarterly data on credit and debit indebtedness, stale debt and also on banks credits and loans, including data on foreign credits and loans, negotiated both without Government's security and on its security. Annually the information on emergence of debit and credit indebtedness is published.

Statistical reporting forms of the National Bank of the Kyrgyz Republic for auditing the private external debt were approved by the Decree No. 5 of the Natstatcom of May 26, 2003. Form No-ND "Information on reorganization of private obligation" contains indicators, reflecting conversion and reorganization of enterprises debt.

E. Government Finance Statistics

Most of the recommendations of the ROSC mission on government finance statistics are related to statistical data dissemination in accordance with the *Government Finance Statistics Manual* of 2001. In this connection, the Ministry of Finance needs technical assistance to implement these recommendations.

Collect and compile quarterly data on financing (transactions and debt) directly from government records, and reconcile them with data from banks.

A Debt Management Division Team of Ministry of Finances works on collecting and compiling quarterly data on outstanding government debt.

Expedite work to remedy the discrepancy between deficit and financing data.

Since July 1, 2003 Central Treasury was entrusted with a definite function of Ministry of Finance's Budget Department on current financing government budget expenditures according to the Decree on procedures of drawing up and approving financial plan of Government Budget Expenditures. Above Decree was approved by the Order of Ministry of Finance of the Kyrgyz Republic dated April 11, 2003, No. 121-II.

Disseminate consolidated 2003 statistics and quarterly discrete data on state finances classified on the basis of GSFS covering budget operations, Social Fund and State Investments Program operations.

Ministry of Finance faces some difficulties while following mission recommendations "to compile and disseminate consolidated state statistics according to classification based on the 2001 GSFS Methodology beginning from 2003."

Currently accounting and reporting state finances are carried out on the basis of 1986 GFS (Government Finance Statistics), which foresees cash basis accounting. Transferring to 2001

GFS will change accounting and reporting systems by accrual method, which require modifications in some normative documents regulating expenditure and income parts of state budget and budget execution procedures.

Thereby within the framework of forthcoming modernization of Central Treasury of Ministry of Finance of the Kyrgyz Republic, it is foreseen a restructuring of the Treasury General Book and introduction of new plan of account which could be completely appropriate to 2001 GSFS. The conception of Treasury modernization includes module of expenditures operations, module of obligation and payment debt management, module of cash planning, etc. Treasury modernization will allow receiving the following results:

- Receive daily precise real balance on current account (current account of Treasury in NBKR);
- Receive daily and reliable information on current budget, that will be included in the Main Book of Treasury;
- To exclude the technical opportunity of financing with the surplus of budget expenses at all levels; and
- To restrict increasing of credit indebtedness of budget organizations.

Ministry of Finance made the first step in this direction. Since 2003 in the Central Treasury the departments of forecasting cash assets and sector of internal controls are established.

The Department of forecasting of cash assets will predict short- middle-, and long-term changes of cash flows and outflows. It will help to foresee imbalance of cash flows (balance deficit) at short- and middle-term periods and to recover the balance:

- To stop entering into the commitments;
- To revise prior expense items together with the budget agency;
- To notify bodies which are in charge of collecting incomes of expediting the income mobilization; and
- To coordinate governmental plans of the procurement of loan proceeds with the predictable imbalance in cash flows.

It will organize the process of monthly cash distribution by the Central Treasury and replace the current practice of daily resource allocation.

It is expected that the project of improvement of the Treasury will be realized within five years, beginning with the second half of the 2003.

Considering the above, the Ministry of Finance began to revise the plan of Treasury accounts accordingly with the requirements of *Government Finance Statistics Manual* of 2001.

In GFS system of 2001 two types of flows (transactions and other economic flows) are considered. The RGSF 2001 classification's structure will become a basis for all embracing "plan of accounts" that includes transactions at all levels of public administration.

At the moment, monthly data on government budget execution are available at the website of the Ministry of Finance and in the quarterly bulletin of the Ministry of Finance. Government budget execution reflects transactions of the Social Security Fund and the program of government investments.

Disseminate data on outstanding debt classified according to GFSM 2001 methodology (by debt holder and instrument).

The Ministry of Finance acknowledges the necessity of publishing data on government debt on types of securities and their holders. But at the moment this information isn't published due to the fact that the Ministry of Finance doesn't have the complete data on shareholders of government securities. Ministry of Finance and the National Bank, who is the stockbroker of the Government, will discuss the problem of the publication.

In accordance with the initial version of IMF recommendations, Ministry of Finance has started the publication of data on government external debt with breakdown on currencies. Forecast of debt repayment for three years will be published at the end of the year.

Disseminate detailed metadata (e.g., main concepts, scope, classifications, basis of recording and data sources) in a single publication to provide a convenient point of reference for the user.

Within the frames of TACIS project "Regional statistical indicators" the system of regional statistical indicators and publication matrix had been developed. Publication matrix contains reference material on each indicator – statistical coverage, classifications and account.

Establish and document a timetable for conversion to GFSM 2001 methodology.

Continue to enhance the usefulness of the Quarterly Bulletin, e.g., by publishing statistics more in accordance with the GFSM 2001 framework.

The conception of modernization of the Treasury of the Kyrgyz Republic is elaborated. Above conception envisages the introduction of new information management system, restructuring of the Main Book of Treasury, using of new plan of treasury accounts, corresponding to Government Finance Statistics.

INTERNATIONAL MONETARY FUND

KYRGYZ REPUBLIC

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 the Kyrgyz Republic'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 users' survey.

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ACRONYMS

| | |
|------------------|---|
| <i>1993 SNA</i> | <i>System of National Accounts 1993</i> |
| ARD | Accounting Reporting Department-NBKR |
| BOP | Balance of Payments |
| BOPD | Balance of Payments Division |
| <i>BPM5</i> | <i>Balance of Payments Manual</i> , fifth edition |
| BSD | Bank Supervision Department-NBKR |
| BSMD | Banking Supervision Methodology Department-NBKR |
| CBNE | Classification by Branch of the National Economy |
| CD | Cash Department-NBKR |
| CEUP | Classifier of European Union Products |
| CIS | Commonwealth of Independent States |
| COFOG | Classification of Functions of Government |
| COICOP | Classification of Individual Consumption by Purpose |
| CPC | Central Product Classification |
| CPI | Consumer Price Index |
| DQAF | Data Quality Assessment Framework |
| DSBB | Dissemination Standards Bulletin Board |
| ED | Economic Department-NBKR |
| FDI | Foreign Direct Investment |
| FEZ | Free Economic Zones |
| GAAP | Generally Accepted Accounting Principles |
| 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> |
| HBS | Household Budget Survey |
| HIES | Household Income and Expenditure Survey |
| HS | Harmonized System |
| IAD | Internal Audit Division-NBKR |
| ISTC | International Standard Trade Classifier |
| ITRS | International Transactions Reporting System |
| IIP | International Investment Position |
| ILO | International Labor Organization |
| IMF | International Monetary Fund |
| I-O | Input-output |
| ISD | Information Systems Department-NBKR |
| ISIC | International Standard Industrial Classification of all Economic Activities |
| ISWGNA | Inter-Secretariat Working Group on National Accounts |
| KCEA | Kyrgyz Classification of Economic Activities |
| MFA | Ministry of Foreign Affairs |
| <i>MFSM</i> | <i>Monetary and Financial Statistics Manual</i> |
| MOD | Monetary Operations Department-NBKR |

| | |
|-------|---|
| MOF | Ministry of Finance |
| MPD | Monetary Policy Division-NBKR |
| MPS | Material Product System |
| MTC | Ministry of Transport and Communications |
| NACE | Statistical Classification of Economic Activities in the European Communities |
| NBKR | National Bank of the Kyrgyz Republic |
| NCSM | National Commission on Securities Market |
| NDA | Net domestic assets |
| NFA | Net foreign assets |
| NSC | National Statistical Committee of the Kyrgyz Republic |
| ODCs | Other Depository Corporations |
| OECD | Organisation for Economic Co-operation and Development |
| PIP | Public Investment Program |
| PPI | Producer Price Index |
| ROSC | Report on the Observance of Standards and Codes |
| SCI | State Custom Inspectorate |
| SDDS | Special Data Dissemination Standard |
| SDR | Special Drawing Rights |
| SITC | Standard International Trade Classification |
| SNA | System of National Accounts |
| SPC | State Product Classifier |
| STA | Statistics Department (IMF) |
| USAID | United States Agency for International Development |
| VAT | Value Added Tax |

DETAILED ASSESSMENT USING THE DATA QUALITY ASSESSMENT FRAMEWORK (DQAF)

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

I. NATIONAL ACCOUNTS

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 legal framework for the collection, processing and dissemination of state or official statistics for the Kyrgyz Republic is specified in the Law of the Kyrgyz Republic on State Statistics, No. 1391 XII, 1994, as amended on July 1, 1995 and June 19, 2002 (Law on Statistics) and the associated regulations which articulate the operational aspects of the Law and by relevant international standards, regulations and agreements (Article 4).

Articles 1-3 of the Law on Statistics set out the scope of the Law and broad policy guidelines for implementation, designed to meet the needs of users for timely, accurate and comprehensive statistical information concerning economic and social developments in the Republic.

To achieve these goals, Article 7 of the Law establishes the National Statistical Committee of the Kyrgyz Republic (NSC) as an autonomous institution reporting to the President of the Kyrgyz Republic. The June 19, 2002 Amendment to Article 8 of the Law assigns to the Chairman of the NSC the authority to appoint or dismiss senior officials in the regional or local government statistical offices without agreement by heads of local governments or local state administrations, thus ensuring the complete autonomy and impartiality of the statistical process.

While some important areas of macroeconomic statistics are compiled by other agencies, such as the National Bank of the Kyrgyz Republic (NBKR) and the Ministry of Finance (MOF) under the authority of their respective legislation, Article 8 of the Law on Statistics assigns to the NSC the responsibility for setting statistical standards consistent with internationally accepted standards and coordinating and overseeing the methodology used in the compilation of official statistics (see 0.1.2 below). Article 8 also assigns to the NSC the

responsibility for determining the minimal composition of the indicators compiled by government departments and institutions.

The Law does not entrench a list of mandatory statistical surveys or statistical compilations. The one exception is the requirement for the NSC to develop and maintain the State Business Register of the Kyrgyz Republic (Article 9). However, the Regulation lists a wide range of statistics that fall under the specific responsibility of the NSC, including national accounts and prices, and stipulates that the Annual Statistical Work Program of the NSC articulate the requirements for each year in the light of the longer term statistical priorities determined in the Five Year Statistical Development Plan.

0.1.2 Data sharing and coordination among data producing agencies are adequate

Article 8 of the Law on Statistics assigns to the NSC a coordinating role in respect of official statistics as well as the responsibility for overseeing the methodologies (e.g., classifications, definitions, design of surveys), and for endorsing the survey collection forms used by other compiling bodies in order to ensure quality standards and eliminate duplication. The NSC exercises this responsibility with respect to the projects listed in its Annual Work Program, which it develops following a process of review and discussion with all relevant governmental and other statistical bodies and major users. The NSC also reviews survey content and methodology upon request from other departments and agencies.

An effective process is gradually evolving for ensuring the success of the coordinating function of NSC with respect to the determination of core statistics and oversighting of methodology. In 2001, the Statistical Society of the Kyrgyz Republic was set up, under the chairmanship of the Chairman of the NSC, in order to provide a broad forum for discussion of statistical issues and emerging user needs.

The coordination function is being carried out through ad hoc working groups but would benefit from a more structured and formal approach, supported by strengthened legislation designed to facilitate implementation.

Data sharing is based on formal agreements concerning specific datasets, which are incorporated in the Annual Statistical Work Program of the NSC. Various interagency ad hoc working groups have been established to coordinate the work.

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

Articles 10 and 13 of the Law on Statistics guarantee the confidentiality of data provided by individual reporting units. Strict procedures are in place to ensure that the confidentiality of individual respondents is safeguarded. Individual returns are stored in a secure area for a prescribed period of time and subsequently transferred to archives.

Access to individual records is restricted to a limited number of authorized personnel within the NSC. The data are aggregated for publication and checked to avoid disclosure. NSC staff

are required to sign a nondisclosure guarantee as part of their contract of employment, and, in the event of disclosure of confidential data, are subject to a penalty ranging from reprimand to dismissal.

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

Article 11 of the Law on Statistics provides the NSC with the legal authority to collect reliable and complete data on a timely basis. Article 14 further stipulates that any person or persons refusing to discharge their statistical reporting responsibilities shall be liable to penalties. These penalties, as specified in the Code of the Kyrgyz Republic on Administrative Responsibility, are based on six to ten months of the minimum monthly salary. Such penalties are rarely applied, as there is heavy reliance on respondent cooperation. The provisions of Article 14 apply only to surveys that are carried out or endorsed by the NSC.

0.2 Resources

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

Funding of the NSC is sourced from a combination of budget allocations and contributions from donor countries and international agencies, which also provide technical assistance. Donor contributions support, among other things, statistical development projects and computing enhancements. The NSC has a policy of actively seeking donor contributions in order to permit statistical development work to continue.

In the area of national accounts, staff resources are adequate for ongoing work, but not sufficient for undertaking developmental or additional analytical work. The staff are adequately qualified and the senior staff are well trained in national accounts concepts and methodology (through IMF training at the Joint Vienna Institute and other international training). However, training in national accounts concepts and methodology is required for new staff members as, given an expanding work program, on-the-job training is not sufficient to allow the new recruits to function independently without close supervision. Additional computing resources are urgently required, as during peak workload periods staff have to work in shifts to meet the timeliness requirements for national accounts dissemination.

0.2.2 Measures to ensure efficient use of resources are implemented

Effective measures are in place to ensure maximum utilization of available resources. In view of the limited staff and computing resources, strict priorities are set for work, and tasks reassigned to even the workload as required. During peak periods, staff voluntarily work overtime without pay. There is a good understanding of the requirements of the work program and the interdependence of statistical programs, and efforts are made to streamline data flows and ensure consistency of data.

0.3 Quality awareness

0.3.1 Processes are in place to focus on quality

Within the NSC, there is recognition that quality constitutes a pillar of sound statistical work and managers are sensitive to all dimensions of quality. Measures to enhance the quality of statistics are included in the NSC's Program for Statistical Development for 2001–2005. In addition, the Annual Statistical Work Program lists all NSC projects, including research and methodological projects designed to enhance data quality.

Quality awareness is also demonstrated by the Kyrgyz Republic's participation in the IMF General Data Dissemination System (GDDS) and the development of plans for improvement posted on the IMF's GDDS website. The Integrated Macroeconomic Data System Project, included in the five-year development program, aims at improving national statistics to enable the Kyrgyz Republic to subscribe to the Special Data Dissemination Standards (SDDS).

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

Adequate quality assurance processes are in place during the collection, processing and dissemination of the national accounts estimates. The NSC has instituted a quality control program, including independent verification or audit of each survey process and the accuracy of reported data. For example, source data are checked for errors and inconsistencies upon receipt and, if problems are detected, follow-up is initiated as required. At later stages of the national accounts compilation, analytical cross-checks are routinely performed to ensure consistency of the estimates, resulting in feedback to the survey divisions.

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

The NSC project planning process provides for careful evaluation of priorities for data development and the gradual implementation of methodological and conceptual improvements, such as the introduction of new classifications and further extensions of the system of national accounts.

The NSC appreciates the trade-off between the accuracy and timeliness dimensions and a balanced approach is taken to the production and dissemination of the final annual national accounts estimates. However, in the case of the monthly and quarterly data, the balance is heavily tilted in favor of timeliness, to the serious detriment of the accuracy of these data (see 3.1.1).

1. Integrity

1.1 Professionalism

1.1.1 Statistics are compiled on an impartial basis

There is no external interference in relation to the compilation and dissemination of national accounts statistics. The Law on Statistics defines the key principles, objectives and responsibilities in relation to the collection, processing and dissemination of statistics in the Kyrgyz Republic. The Law also requires the NSC to develop statistics according to international methodological recommendations as well as to ensure objectivity and impartiality in statistics. The Program for Statistical Development for 2001–2005 aims to further develop strategic management of statistics, based on principles of independence and timeliness and the implementation of international standards, in order to meet the needs of a wide range of users.

National accounts statistics are compiled in an impartial manner by professional NSC staff who are trained in the relevant statistical concepts and techniques. The compilation is undertaken in accordance with international standards and the application of objective statistical judgments.

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

Choices about data sources and statistical techniques are based on statistical considerations consistent with the principles of the Program of Statistical Development in the Kyrgyz Republic, 2001–2005. Specifically, the data sources and statistical techniques for the national accounts are selected purely on technical grounds from the best available at the time. The statistical techniques used are broadly consistent with international standards.

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

Quarterly media briefings are conducted during which statistical results are summarized. One of the objectives is to prevent any misunderstanding or misinterpretation of data. If data are misrepresented, the NSC responds publicly, stating its position.

1.2 Transparency

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

The terms and conditions associated with the collection and dissemination of statistics are published in the Law on State Statistics of the Kyrgyz Republic. These terms and conditions are summarized in the metadata posted on the NSC website. The authority for collection and

the main conditions are summarized on the collection forms for the surveys conducted or endorsed by the NSC.

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

Internal government access to some statistics is provided prior to their release to the public. Early or express estimates of GDP growth rates, based on partial returns, along with other main indicators, are made available each month to the Office of the President, all ministries, and the National Bank of the Kyrgyz Republic for policy planning purposes. The same data are also transmitted to the Commonwealth of Independent States (CIS) Statistics Committee. The preliminary quarterly GDP data are provided to the Ministry of Finance two days before publication for the purpose of preparing a draft resolution on the state of economic conditions. This practice is identified in the GDDS metadata. The prerelease does not result in the statistics being altered. The published data are based solely on the analysis of respondent returns and appropriate national accounts methodology.

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

All NSC publications are presented in a similar format and are clearly identified as NSC products. In cases where non-NSC data are presented in an NSC publication, the source is acknowledged.

The NSC clearly states in its publications that attribution should be made to it when its statistics are used or reproduced.

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

The annual Statistical Work Program of the NSC, which is publicly available, shows all projects for the current year, including major revisions in methodology, concepts or data sources. Future development projects are presented in the NSC Program of Development of Statistics, 2001–2005, which is published in the government newspaper *The Word of Kyrgyzstan*. However, planned major revisions are not highlighted ahead of their implementation in either the NSC statistical compendia or the annual National Accounts publication. The NSC is reviewing this practice and may shortly be incorporating brief statements concerning planned national accounts revisions in the relevant publications.

1.3 Ethical standards

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

The NSC operates under a clear legal framework in respect of the rights and obligations of the statistical agency, its staff and respondents.

The NSC staff are well informed of their responsibilities. They have clear guidelines articulated in the Law on Statistics, and the associated Regulations, the Decree on the Fundamentals of Ethics of Civil Servants of the Kyrgyz Republic, the Code of Professional Ethics of Civil Servants of the National Statistics Committee of the Kyrgyz Republic, and in individual job descriptions. In addition, all staff members have to sign a nondisclosure guarantee concerning confidential data.

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

In principle the national accounts of the Kyrgyz Republic follow the framework of the 1993 SNA in terms of structure, concepts and definitions. Any deviations that exist in practice are mostly due to inappropriate definitions or classifications used in the source data and are gradually being corrected in line with changes in the accounting and record keeping practices of respondents and available resources.

2.2 Scope

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

In line with the recommendations of the Inter-Secretariat Working Group on National Accounts (ISWGNA) concerning the requirements for the implementation of the 1993 SNA, and in accordance with methodological recommendations of the CIS Statistics Committee, the NSC compiles the following tables and accounts:

- Annual value added and GDP at current and comparable prices by branch of economic activity (classified according to the Classification by Branch of the National Economy, CBNE), for the total economy and for the private and the state sectors.
- Annual expenditure on GDP at current and comparable prices, by component, including net acquisition of valuables.
- Full annual sequence of accounts for the total economy to net lending/borrowing (excluding the financial accounts), starting with the year 1990.
- Institutional sector accounts, including the rest of the world account.

- Input-output tables at basic prices: annual summary I-O tables (34 X 34) and the extended quinquennial I-O tables (100X100).
- Annual Gross Regional Product Tables at current prices, starting with the year 1995.-
- Monthly and quarterly GDP at current and comparable prices, by branch of economic activity, presented on a cumulative and decumulated quarterly basis.
- Quarterly GDP at current and comparable prices by final expenditure category, presented on a cumulative and decumulated quarterly basis.

The delimitation of the constituent units of the economy is in accordance with the *1993 SNA* (e.g., free zones are included in production, as are workers who work part of the year abroad).

The production boundary is in accordance with the *1993 SNA*, as is the asset boundary, with the exception of agricultural work in progress, where the methodology has not yet been developed, and in the case of entertainment, literary and artistic originals, where lack of data has resulted in only partial coverage.

2.3 Classification/sectorization

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

The national accounts classify production by economic activity according to the All-Union Classification of the Branches of the National Economy (CBNE), but will convert to the NACE-based Kyrgyz Classification of Economic Activities (KCEA) as of 2003. The Central Product Classification (CPC) and the Classification of Individual Consumption by Purpose (COICOP) are used to classify products and household expenditure categories. Merchandise trade is based on the Harmonized System (HS) and grouped according to the Standard International Trade Classification (SITC) classes. The Classification of the Functions of Government (COFOG) is used to classify government expenditures by function.

2.4 Basis for recording

2.4.1 Market prices are used to value flows and stocks

Market prices are used to value final expenditure and intermediate consumption. Production is valued at basic prices.

2.4.2 Recording is done on an accrual basis

Transactions and flows are recorded on an accrual basis, except for government transactions, which are recorded on a cash basis. However, a partial adjustment is made for arrears in salaries and wages. Valuation adjustments are made to eliminate holding gains/losses.

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

Transactions between establishments of 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

NSC has developed a comprehensive and up-to-date business register, which serves as a frame for its economic surveys. It carries unique identification numbers for each institutional unit to which the producing units (establishments, locations) are clearly linked. The system is linked with other administrative registers so that, coupled with survey feedback, the register is kept up-to-date in an efficient manner. The register contains incorporated and, to the extent possible, unincorporated businesses. Area frames from the population census are used for the household-based surveys, which provide information on household consumption and informal activities (shadow economy).¹

The coverage of business activities through regular annual enterprise/establishment surveys is good. These surveys are supplemented by special surveys on informal activities (i.e., the shadow economy). The application of sample surveys in the field of economic statistics is still evolving, as the difficulties in selecting appropriate samples by detailed industry category and by region for small businesses and the self-employed have as yet to be fully resolved. The most difficult problems relate to the lack of stability in the kind of economic activity and even the location of these unincorporated businesses. The problems are compounded by the legal definition of small business, which is based on the number of employees (ranging from 10 to 50, depending on the industry). Currently, in order to overcome some of these problems, the NSC attempts to obtain complete coverage of the small business universe (using the legal definition). This sometimes results in delays in finalizing the annual estimates. There are even more serious difficulties in capturing the small, unincorporated businesses and the self-employed on a monthly or quarterly basis. With the extremely tight deadlines for dissemination of the monthly and quarterly survey

¹ According to official estimates the shadow economy is about 13 percent of total GDP.

results (and of the national accounts estimates), the preliminary monthly and quarterly data are necessarily based on partial information. Although the cumulative totals disseminated each month contain the revisions for the year-to-date period, the previously published estimates are not revised, and hence are subject to substantial revisions when the annual results become available. In general, the trade-off between timeliness and accuracy and reliability is presently too heavily weighted in favor of timeliness, thus compromising the reliability of the monthly and quarterly national accounts estimates.

Periodic surveys are conducted to obtain more detailed estimates of intermediate consumption for the quinquennial I-O tables.

Household budget surveys (HBS) are used as benchmarks for the household final consumption estimates, in addition to providing expenditure weights for the CPI. The HBS sample frame is provided by the decennial population census. All households are in scope for the survey, except for prisons, geriatric homes and the homeless. The sample size for 2003 will be 5,016 households, with 1,100 reporting each month. The survey covers the whole country. Multistage sampling is used, classified by oblast, and rural and urban regions. Households are selected proportional to population. The response rate is 95–97 percent. Detailed expenditure data are classified by COICOP, with expenditures on market goods and services valued at purchaser's prices and goods produced for own consumption valued at market prices at the time of production. The survey includes questions on the estimated rental value of owner-occupied dwellings. Results are produced on a timely basis.

The coverage of government expenditure estimates is good, including data on local government operations and defense-related expenditures. The NSC carries out detailed annual, quarterly and monthly surveys of gross fixed capital formation for the private and the public sector. The NSC estimates monthly investment activities of small businesses and of some respondents, particularly joint venture companies, based on the quarterly reports submitted.

In the case of the change in inventories, reliable quarterly data are not available, and inventory change has to be derived as a residual in compiling the estimates of GDP using the expenditure approach. Thus, there remains considerable room for improvement in the survey base for the monthly and quarterly GDP estimates.

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

To the extent possible, the source data are made consistent with the requirements of national accounts estimation. The national accounts staff review all NSC questionnaires for suitability of content and coverage, timing of recording, reference periods and valuation conventions. However, the NSC survey system is only just completing the process of conversion from the Material Product System (MPS) to the NACE-based KCEA classification and its associated definitions. The survey content is still couched in terms of the old descriptive categories. For example, the respondents are requested to report on a cumulative basis and report the data at

the comparable prices of the previous year. This is due to several factors: (1) the business community has only partially adopted the accounting conventions of the international Generally Accepted Accounting Principles (GAAP), (2) because of lack of resources (paper shortages), the new questionnaires could not be printed for 2002, but will be mostly implemented for 2003, and (3) the NSC follows the very gradual conversion path recommended by the CIS Statistics Committee. The NSC plans to complete the conversion during 2003. As a result, a more suitable set of source data for estimating GDP should become available.

3.1.3 Source data are timely

The timeliness of the source data is adequate for compiling quarterly estimates for release within the recommended 90 days after the end of the reference quarter. However, some components, such as the trade in services data from the balance of payments, are not available in time for the release of the preliminary monthly and quarterly estimates according to the present national accounts release schedule of 17–25 days following the end of the reference period. Therefore, only the preliminary production-side estimates are routinely released within this tight schedule. The NSC plans to change its publication schedule for quarterly GDP to 85 days after the reference period as of 2003, once the changeover to the KCEA and the compilation of discrete quarterly estimates have been completed. This should provide the NSC with the opportunity to initiate more follow-up with recalcitrant respondents and to introduce time series analysis. The NSC also needs to monitor the timeliness of the compilation of the revised/final annual estimates, to ensure adherence to the nine-month dissemination schedule.

3.2 Statistical techniques

3.2.1 Data compilation employs sound statistical techniques

The output estimates for the production side are compiled and disseminated in sufficient detail, currently at the equivalent of the two-digit level, with some additional breakdown in selected areas. Intermediate consumption estimates are compiled in sufficient detail for the compilation of annual gross value added and the input-output tables. There is little or no reliance on fixed ratios. The NSC plans to compile the annual data at the three-digit level of the KCEA and publish at the two- and some three-digit levels after conversion in 2003.

Proper techniques are used to address specific issues of compilation, such as the measurement of work in progress. This concept is applied in construction but not as yet in agriculture. An inventory valuation adjustment is applied routinely. However, the perpetual inventory method is not used by the NSC to derive estimates of fixed capital consumption because these are calculated and reported directly by the respondents. Accrual reporting is used for all areas except government, but a partial adjustment is made by the national accounts division for arrears in government wages.

Proper procedures are used to the extent possible in compiling volume measures, using either detailed quantity indicators or deflation at a disaggregated level. Double deflation is employed in the annual estimates. However, the implicit price index of GDP is used to derive volume measures of taxes and subsidies.

The annual estimates of GDP using the expenditure approach are derived independently, by directly estimating each component. However, the production approach is considered to be more reliable and is used as the control total. The statistical discrepancy is reduced through iterative balancing within the input-output framework, and any residual is allocated to the inventory change component. In the quarterly estimates, reliable inventory change data are not available, so that the inventory change is derived as a residual.

Appropriate classifications are used at a detailed level to estimate the expenditure categories. There is little reliance on fixed ratios. In the case of annual data, proper techniques are used to address specific issues of compilation, including the estimation of valuables, such as jewelry. Appropriate deflators are used to compile volume measures.

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

For both the production and the expenditure estimates, appropriate adjustments are made to source data to adjust them to national accounts definitions. An example is the use of the commodity flow method to estimate production and value added for the shadow economy, in addition to the data derived from the special surveys for this area. Benchmarking techniques and seasonal adjustment will be introduced as of 2003 when the discrete quarterly series are compiled and disseminated.

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 NSC has a special program of verification of survey results as well as routine quality checks through procedures for editing raw data. In addition, the national accounts compilers perform routine edits of the source data before incorporation in the estimates. Any inconsistencies or outliers are referred to the survey areas and, if necessary, checked with the respondents. The same procedures are applied to data from administrative sources. The source data are reviewed in the light of revisions and the overall impact on national accounts aggregates is assessed.

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

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

Individual components are validated against related datasets.

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

The data are routinely reviewed for discrepancies or inconsistencies and corrected.

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

Statistical discrepancies are identified within the framework of commodity balances (supply and use tables) and corrective action initiated.

3.5 *Revision studies*

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

Revisions are analyzed by component and the impact on the aggregates shown in special tables and charts when the revised data are disseminated. The reviews are used to identify potential biases or persistent sources of error with a view to taking corrective action. More complete studies and analysis of revisions will be undertaken when a longer time series of data from survey sources on the new basis becomes available.

4. *Serviceability*

4.1 *Relevance*

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

All NSC publications contain a statement inviting user comments concerning their content and presentation of data, along with an address and telephone number. Regular quarterly press conferences also provide an opportunity for user feedback concerning the data being presented. The Annual Statistical Work Program is given wide circulation prior to adoption in order to ensure that emerging user needs are taken into account during the planning process. In addition, the Statistical Society of the Kyrgyz Republic, founded in 2002, is expected to provide a forum for discussion of statistical issues and articulation of user needs.

4.2 *Timeliness and periodicity*

4.2.1 *Timeliness follows dissemination standards*

The timeliness of release of the national accounts estimates exceeds the GDDS recommendation, and meets the SDDS timeliness requirements.

4.2.2 *Periodicity follows dissemination standards*

The national accounts estimates are compiled and disseminated on both an annual and a monthly and quarterly cumulative basis, thus exceeding the periodicity recommended by the GDDS (annual). However, to meet the SDDS requirements, quarterly national accounts estimates need to be compiled on a discrete (noncumulative) basis.

4.3 *Consistency*

4.3.1 *Statistics are consistent within the dataset*

The gross domestic product (GDP) estimates for the production and the expenditure side are derived independently. The NSC considers the production approach to be more reliable, so that the statistical discrepancy is shown on the expenditure side in the quarterly tables for the current year. The annual GDP estimates are subjected to the constraints of a balanced system within the input-output table framework, and the annual GDP tables do not show a statistical discrepancy. The implicit GDP deflator is compared with the CPI, and growth rates for components are reviewed to ensure consistency. The monthly and quarterly data for the current year are based on very preliminary data that are not revised during the current year until the annual data for the previous year become available.

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

Consistent annual time series of GDP are compiled and published according to the *1993 SNA* for the 1991–2001 period at current and at comparable prices.

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

The national accounts estimates incorporate the relevant components from government finance statistics and from the balance of payments estimates compiled by the National Bank of the Kyrgyz Republic (NBKR) without further adjustments.

4.4 Revision policy and practice

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

The national accounts revisions follow a stable pattern, which is indicated in the national accounts publication. The first estimates for the year are compiled only for the estimates of GDP by kind of economic activity at current and comparable prices and released within fifteen to twenty days after the end of the reference year. These estimates are based on partial data and are revised when the more complete data become available, which are then published as final annual GDP estimates nine months after the end of the reference year. At that time the expenditure estimates are also published. Thus, the preliminary monthly and quarterly data are not revised until the final annual estimates become available in September. This practice should be reconsidered as part of the conversion to the use of discrete quarterly data. New data sources are incorporated as soon as possible. Major methodological revisions, such as changes in classifications or definitions, are announced in advance in the NSC's Annual Statistical Work Program, published in *The Word in Kyrgyzstan*. Documentation of the changes in methodology accompanies the revised data.

4.4.2 Preliminary data are clearly identified

Preliminary data are clearly identified as such in the NSC monthly and quarterly publications as well as in the tables released on the website.

4.4.3 Studies and analyses of revisions are made public

At the time of publication of the revised estimates, an analytical table is also published, showing the preliminary estimates, the revised estimates and the change by major branch of industry. An explanation is also provided of the main reasons for the revisions.

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 are presented in the national accounts publication and in the NSC compendia in a clear manner, with explanatory notes and a methodological appendix. The analytical section presents charts and analytical tables to assist the user in interpreting the results. The estimates are disseminated at a detailed level with time series. At the present time seasonally adjusted data are not compiled, but there are plans to commence publication of seasonally adjusted GDP estimates during 2003.

5.1.2 Dissemination media and formats are adequate

The preliminary monthly national accounts estimates, covering the most recent five months, are first posted on the website within 15 days after the end of the reference period. This is followed by the release of the quarterly estimates in the NSC monthly Socio-Economic Conditions in the Kyrgyz Republic. The preliminary annual data are released in the NSC Statistical Bulletin which, along with the special annual national accounts publication, is also the release vehicle for the final annual data.

5.1.3 Statistics are released on a preannounced schedule

All NSC publications and the NSC website show the Advance Release Calendar for all NSC statistical series.

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

There is no advance release to the press and therefore no embargo. Early or “flash” estimates of total GDP are compiled and submitted to the Office of the President, all government ministries, and the NBKR at the end of the reference month.

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

Unpublished but nonconfidential data and special tabulations are made available to users upon request. There is a charge for special compilations. The terms and conditions under which the special requests can be made are announced in NSC publications and during press conferences.

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 annual national accounts publication and other relevant NSC publications contain descriptions of concepts, scope, classifications, compilation methodology, and data sources, and compliance with international standards. The publications also contain information on linkages with other relevant statistical programs. Metadata are also disseminated through the IMF’s GDDS website and the NSC website.

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

Concerted attempts are made to ascertain user requirements and, to the extent possible, to take these into account during the dissemination process. The detail disseminated is in line with international practice.

5.3 Assistance to users

5.3.1 Contact person for each subject field is publicized

The contact person for each statistical program, such as the national accounts, is clearly identified in all publications and on the website. A telephone number, fax number, e-mail address and mailing address are provided. A prompt and knowledgeable statistical support service is also available through the dissemination division that is responsible for compiling and disseminating the statistical compendia and for general user advisory services for the NSC. Special brochures and leaflets are prepared and distributed to inform users of major statistical programs. Quarterly press conferences are held to brief the press and other users on the latest statistical developments and results.

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

A catalogue of NSC statistical publications is compiled and disseminated each year on the website and in hard copy format. The English language edition lists prices, but the Russian language edition provides a contact number indicating that prices are available on request. Each NSC publication also provides a complete list of all other NSC publications as part of the Advance Release Calendar. Thus, the NSC has made commendable efforts to publicize the availability of statistical information concerning data availability.

Table 1. Kyrgyz Republic: Data Quality Assessment Framework—Summary of Results for National Accounts
(Compiling Agency: National Statistical Committee)

| 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 | | | | | | | |
|---|----|------------|----|-----|----|--|--|
| Element | NA | Assessment | | | | Comments on Assessment | Plans for Improvement and Target Dates |
| | | O | LO | LNO | NO | | |
| 0. Prerequisites of quality | | | | | | | |
| 0.1 Legal and institutional environment | | X | | | | Staff resources are adequate for ongoing work but not sufficient for developmental or additional analytical work. Additional computer resources are urgently required. | The NSC Statistical Development Program 2001–5 calls for training of staff in programming and computer applications as well as for acquisition of new computer technology, including database and LAN, and additional hardware and software. |
| 0.2 Resources | | | X | | | | |
| 0.3 Quality awareness | | X | | | | | |
| 1. Integrity | | | | | | | |
| 1.1 Professionalism | | X | | | | | |
| 1.2 Transparency | | X | | | | | |
| 1.3 Ethical standards | | X | | | | | |
| 2. Methodological soundness | | | | | | | |
| 2.1 Concepts and definitions | | X | | | | National accounts continue to use the CBNE classification. | NSC plans to complete the conversion to the NACE-based KCEA during 2003. |
| 2.2 Scope | | X | | | | | |
| 2.3 Classification/sectorization | | | X | | | | |
| 2.4 Basis for recording | | X | | | | | |

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|---|----|------------|----|-----|----|---|--|
| Element | NA | Assessment | | | | Comments on Assessment | Plans for Improvement and Target Dates |
| | | O | LO | LNO | NO | | |
| 3. Accuracy and reliability | | | | | | | |
| 3.1 Source data | | | X | | | Source data are collected on a cumulative basis and at comparable prices, partly using MPS classifications and the treatment of trade data for free economic zones is inconsistent. Reliable quarterly data on changes in inventories are not available; inventory change has to be estimated as a residual. | NSC plans to convert all surveys as soon as possible during the 2003–4 period, to the collection of discrete monthly and quarterly data and to encourage respondents to report in accordance with the conventions of the GAAP. Other inconsistencies will also be investigated and new data sources and surveys developed (see 3.3 below). |
| 3.2 Statistical techniques | | | X | | | The preliminary monthly and quarterly data will have to be subjected to intensive analysis in a time series context once discrete quarterly series have been developed, and brought into line with the annual data for the current period. The Implicit Price Index of GDP is used to derive indirect taxes and subsidies at constant prices. | National accounts have started the process of developing preliminary time series and are investigating analytical and statistical techniques. Implementation will be in phases, starting in 2003, but continuing through to 2004–5. The national accounts staff will be testing available data and the new surveys in order to improve the estimation of taxes and subsidies at constant prices. |
| 3.3 Assessment and validation of source data | | | X | | | Survey and questionnaire design and sample selection and estimation techniques need strengthening. | NSC is in the process of introducing redesigned surveys and questionnaires as resources permit during the 2003–5 period. |
| 3.4 Assessment and validation of intermediate data and statistical outputs | | X | | | | | |
| 3.5 Revision studies | | X | | | | | |
| 4. Serviceability | | | | | | | |
| 4.1 Relevance | | X | | | | | |
| 4.2 Timeliness and periodicity | | X | | | | | |
| 4.3 Consistency | | | X | | | Regular systematic reconciliation with other datasets should be formalized and improved. | The ad hoc technical working groups in NSC (and between ministries) should develop a regular quarterly work schedule to ensure that emerging data problems are dealt with consistently and promptly across datasets—starting with 2003. |
| 4.4 Revision policy and practice | | X | | | | | |

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|---|----|------------|----|-----|----|------------------------|--|
| Element | NA | Assessment | | | | Comments on Assessment | Plans for Improvement and Target Dates |
| | | O | LO | LNO | NO | | |
| 5. Accessibility | | | | | | | |
| 5.1 Data accessibility | | X | | | | | |
| 5.2 Metadata accessibility | | X | | | | | |
| 5.3 Assistance to users | | X | | | | | |

II. 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 legal framework for the collection, processing and dissemination of state or official statistics for the Kyrgyz Republic is specified in the Law of the Kyrgyz Republic on State Statistics, No. 1391 XII, 1994, as amended on July 1, 1995 and June 19, 2002 (Law on Statistics) and the associated Regulations which articulate the operational aspects of the Law, and by relevant international standards, regulations and agreements (Article 4).

Articles 1-3 of the Law on Statistics set out the scope of the Law and broad policy guidelines for implementation, designed to meet the needs of users for timely, accurate and comprehensive statistical information concerning economic and social developments in the Republic.

To achieve these goals, Article 7 of the Law establishes the National Statistical Committee of the Kyrgyz Republic (NSC) as an autonomous institution reporting to the President of the Kyrgyz Republic. The June 19, 2002 Amendment to Article 8 of the Law assigns to the Chairman of the NSC the authority to appoint or dismiss senior officials in the regional or local government statistical offices without agreement by heads of local governments or local state administrations, thus ensuring the complete autonomy and impartiality of the statistical process.

While some important areas of macroeconomic statistics are compiled by other agencies, such as the National Bank of the Kyrgyz Republic (NBKR) and the Ministry of Finance (MOF) under the authority of their respective legislation, Article 8 of the Law on Statistics assigns to the NSC the responsibility for setting statistical standards and coordinating and overseeing the methodology used in the compilation of official statistics (see 0.1.2 below). Article 8 also assigns to the NSC the responsibility for determining the minimal composition of governmental and departmental indicators (or core official statistics).

The Law does not entrench a list of mandatory statistical surveys or statistical compilations. The one exception is the requirement for the NSC to develop and maintain the State Business Register of the Kyrgyz Republic (Article 9). However, the Regulation lists a wide range of statistics that fall under the specific responsibility of the NSC, including national accounts and prices, and stipulates that the Annual Statistical Work Program of the NSC must articulate the requirements for these each year in the light of the longer term statistical priorities determined in the Five Year Statistical Development Plan.

0.1.2 Data sharing and coordination among data producing agencies are adequate

Article 8 of the Law on Statistics assigns to the NSC a coordinating role in respect of official statistics as well as the responsibility for overseeing the methodologies (e.g., classifications, definitions, duplication of surveys), and for endorsing the survey collection forms used by other compiling bodies in order to ensure quality standards. The NSC exercises these responsibilities with respect to the projects listed in its Annual Work Program, which is developed following a process of review and discussion with all relevant governmental and other statistical bodies and major users. The NSC also reviews survey content and methodology upon request from other departments and agencies.

An effective process is gradually evolving for ensuring the success of the coordinating function of NSC with respect to the determination of core statistics and oversight of methodology. In 2001, the Statistical Society of the Kyrgyz Republic was set up, under the chairmanship of the Chairman of the NSC, to provide a broad forum for discussion of statistical issues and emerging user needs.

Coordination is being carried out through ad hoc working groups but might benefit from a more structured and formal approach, supported by strengthened legislation designed to facilitate implementation.

Data sharing is based on formal agreements concerning specific datasets, which are incorporated in the Annual Statistical Work Program of the NSC. Various interagency ad hoc working groups have been established to coordinate the work.

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

Articles 10 and 13 of the Law on Statistics guarantee the confidentiality of data provided by individual reporting units. Strict procedures are in place to ensure that the confidentiality of individual respondents is safeguarded. Individual returns are stored in a secure area for a prescribed period and subsequently transferred to archives.

Access to individual records is restricted to a limited number of authorized personnel within NSC. The data are aggregated for publication and checked to avoid disclosure. NSC staff are required to sign a nondisclosure guarantee as part of their contract of employment and, in the event of disclosure of confidential data, are subject to a penalty ranging from a reprimand to dismissal.

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

Article 11 of the Law on Statistics provides the NSC with the legal authority to collect reliable and complete data on a timely basis. Article 14 further stipulates that any person or persons refusing to discharge their statistical reporting responsibilities shall be liable. The penalties for noncompliance, as specified in the Code of the Kyrgyz Republic on

Administrative Responsibility, are based on six–ten months of the person’s minimum monthly salary. Such penalties are rarely applied, as there is heavy reliance on respondent cooperation.

The provisions of Article 14 apply only to surveys that are carried out or endorsed by the NSC.

0.2 Resources

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

Funding of the NSC is sourced from a combination of budget allocations and contributions from donor countries and international agencies, which also provide valuable technical assistance.

Budget allocations essentially fund adequate staff resources for the basic CPI statistical work program. However, budget allocations are not sufficient to support development or analytical work on prices. Donor contributions support developmental work, computing enhancements, etc. The NSC has a policy of actively seeking donor contributions in order to permit statistical development work to continue.

For the CPI, there are four staff in the NSC central office in Bishkek (two in the Prices Division and two working on data processing) and 25 price collectors spread amongst the eight regions (including five collectors in Bishkek).

Staff remuneration is considered to be acceptable, and staff retention is not a major problem given the high rate of unemployment in the Kyrgyz Republic. Staff are adequately qualified and well trained in prices subject matter (through IMF training in Washington), computing, etc.

The situation is less satisfactory in relation to other resources. Personal computers are dated and one computer is shared between two people, on average. The situation is even worse in the regions. Restricted financial resources limit national prices training workshops to every two years. Ideally they would be conducted annually. Software for the CPI processing, provided by the IMF, is operating effectively. There is scope for further streamlining of the processes of data transfer.

0.2.2 Measures to ensure efficient use of resources are implemented

Effective measures are in place to ensure maximum use of available resources. In view of the limited number of staff and computing resources, strict priorities are set for work, and tasks reassigned as required to even the workload. During peak periods, staff work overtime voluntarily without pay. There is a good understanding of the requirements of the work program and the interdependence of statistical programs, so that efforts are made to streamline data flows and ensure consistency of data.

A number of initiatives have been taken in the Prices Division to ensure resources are used efficiently, including computerization of the clerical CPI compilation system, that resulted in a more accurate and timely index and the more effective use of staff resources. Also, electronic mail is increasingly being used for data transfer.

Given the decentralized nature of the prices programs, in which regional office prices staff are managed locally, particular attention has been given to providing clear processing instructions and directions to prices staff in all regions to help ensure uniformity and efficiency of practices. Workshops are conducted to reinforce best practice procedures.

A time recording system for price collectors is used to monitor their work.

Rigorous data checking is undertaken at different stages in the collection and compilation processes to detect errors.

It would be beneficial to undertake a detailed comparison with other comparable statistical agencies of the resources used on the collection, compilation and dissemination of price indices. Also, periodic reviews of working processes would assist in achieving efficiency improvements.

0.3 *Quality awareness*

0.3.1 Processes are in place to focus on quality

Within the NSC, there is recognition that quality constitutes a pillar of sound statistical work and managers are sensitive to all dimensions of quality. The NSC includes several measures to enhance the quality of its statistics in its government approved Program for Statistical Development for 2001–2005. In addition, the Annual Statistical Work Program lists all NSC projects, including research and methodological projects designed to enhance data quality.

Quality awareness is also demonstrated by the Kyrgyz Republic's participation in the IMF General Data Dissemination System (GDSS) and the development of plans for improvement posted on the IMF's GDSS website. The Integrated Macroeconomic Data System Project, included in the five-year development program, aims at improving national statistics to enable the Kyrgyz Republic to subscribe to the Special Data Dissemination Standards (SDDS).

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

Strict quality control procedures are applied at all stages in the collection and processing of price data, to help ensure the early detection and correction of errors. There are strict index clearance procedures, and credibility checks are applied to the data at commodity and regional level.

There is ongoing user contact through the Statistical Society of the Kyrgyz Republic, and the NSC works closely with the Anti-Monopoly Commission, the Ministry of Finance and the National Bank, all of whom provide feedback. However, no separate unit provides guidance on the quality of price statistics and strategies for improving statistical processes, and there are no regular user surveys.

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

The NSC appreciates the trade-off between the dimensions of data quality and timeliness, and a balanced approach is taken in the production and dissemination of the CPI.

The forward program heavily emphasizes developments aimed at achieving data quality improvements (e.g., maintaining representative price samples and weights). There is regular user contact during which feedback on data quality is provided.

1. Integrity

1.1 Professionalism

1.1.1 Statistics are compiled on an impartial basis

There is no external interference in relation to the compilation and dissemination of price statistics. The Law on Statistics defines the key principles, objectives and responsibilities in relation to the collection, processing and dissemination of statistics in the Kyrgyz Republic and requires the NSC to develop statistics according to international methodological recommendations and to ensure objectivity and impartiality in the preparation of statistics. The Program for Statistical Development, 2001–2005 aims to further develop strategic management of statistics, based on principles of independence and timeliness and the implementation of international standards, in order to meet the needs of a wide range of users.

Price statistics are collected and compiled in an impartial manner by professional NSC staff trained in statistical techniques. The collection and compilation of price statistics is undertaken in accordance with international standards and the application of objective statistical judgments.

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

Choices about data sources and statistical techniques are based on statistical considerations consistent with the philosophy of The Program of Statistical Development in the Kyrgyz Republic, 2001–2005. Specifically, the data sources for the price indices are soundly based household and business surveys. The price collections are customized and influenced by

considerations such as data accuracy and respondent burden. The statistical techniques used are consistent with international standards.

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

Quarterly media briefings are conducted during which statistical results are summarized. One of the objectives is to prevent any misunderstanding, or misinterpretation, of data by users. If data are misinterpreted in a media report, the NSC responds publicly, stating its position.

1.2 Transparency

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

The terms and conditions associated with the collection and dissemination of statistics are published in the Law on State Statistics of the Kyrgyz Republic. The authority for collection and the main conditions are summarized on collection forms for the surveys, which are endorsed by the NSC. Statistical publications and the NSC website provide information about the NSC and where the products can be found.

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

The Ministry of Finance is given access to an early version of each month's price indices prior to the finalization of the data and release to the public. This practice is identified in the IMF GDDS metadata, but currently authorized recipients are not specified. The prerelease does not result in the statistics being altered.

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

All NSC publications are presented in a similar format and are clearly identified as NSC products. In cases where non-NSC data are presented in an NSC publication, the source is clearly acknowledged. The NSC clearly states in its publications that attribution should be made to it when its statistics are used or reproduced.

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

The annual Work Program of the NSC, which is publicly available, shows all projects for the current year, including major revisions in methodology, concepts or data sources. Future development projects are presented in the five-year development program. Advance notice is provided to users prior to the introduction of changes to methodology, sources or techniques, including price index reweighting.

1.3 Ethical standards

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

The NSC operates under a clear legal framework in respect of the rights and obligations of the statistical agency, its staff and respondents. Staff are well-informed of their responsibilities. They have clear guidelines articulated in the Law on Statistics, and the associated Regulations, the Code of Ethics related to the Civil Service, the NSC employees' Code of Professional Ethics, and individual job descriptions. In addition, all staff members have to sign an undertaking not to disclose confidential data.

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 CPI is compiled according to international standards, and the basic concepts and definitions used for household consumption conform to the *1993 System of National Accounts (1993 SNA)*.

The CPI reflects price changes of goods and services consumed by resident households. Expenditure weights are based on the annual results of a quarterly Household Budget Survey (HBS). The prices recorded in the price collection relate, as far as possible, to goods and services fully specified in terms of product and transaction characteristics, that is, pricing is to constant quality consistent with the *Consumer Price Index Manual* (under development).

2.2 Scope

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

The geographic scope of the CPI is all urban resident households. Households in rural areas, which represent about two-thirds of the population of the Kyrgyz Republic, are not covered. Families of all sizes and income levels are included in the population coverage. The transactions covered by the index relate to final consumption expenditure including the consumption purchases of unincorporated businesses.

Prices are collected mainly from Bishkek and the major towns in each of the other seven oblasts (regions), as well as two other smaller urban centers. Prices are collected in both the center of the towns and in the suburbs. Future extension of the geographic scope of the CPI beyond urban households would involve expanding the price collection to cover important rural areas. The HBS already provides source data that would enable the calculation of expenditure weights covering rural households.

A separate index is published for Bishkek and each of the seven oblasts. The same national weighting pattern is used in compiling of the index for each oblast.

Own account production of market goods for own consumption is substantial in the Kyrgyz Republic and it is included in the index. Adjustments are made to reported expenditure on alcohol and tobacco expenditure in the HBS to correct for underreporting.

Owner-occupied dwelling services are included in the index.

2.3 Classification/sectorization

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

Consumption activity is classified according to international standards. The Classification of Individual Consumption by Purpose (COICOP) is the classification used for both the CPI and the HBS.

To ensure that identical products are priced each period, they are defined as rigorously as practicable in terms of all the price determining characteristics.

2.4 Basis for recording

2.4.1 Market prices are used to value flows and stocks

The valuation of the CPI prices and value weights is consistent with the *1993 SNA*. The weights used in the CPI are based on household expenditure estimates valued at purchasers' prices, which include trade and transport margins and taxes on products. The prices are based on well-defined product specifications. The prices are actual market transaction prices, including any discounts applied, and are also valued at purchasers' prices.

2.4.2 Recording is done on an accrual basis

The prices of most goods and services are collected weekly on each Wednesday between the 1st and the 25th of the month (i.e., either three or four sets of quotes each month) and are averaged for the month for the monthly index. The prices are reported on an accrual basis and are recorded at the time of purchase.

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

As secondhand goods are not included in the CPI, there are no transactions within the household sector that require the calculation of net weights.

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 collection unit for the HBS is the dwelling. The sample frame is the ten-yearly Population Census (the last one was in respect of 1999), with dwelling listings updated for additions and deletions of addresses, for the selected primary units (i.e., collection districts with 50–80 households).

The HBS was previously monthly, but will move to a quarterly basis from 2003 mainly to reduce respondent burden. It is conducted on a continuous basis with the sample spread over each of the three months of the quarter. The sample size will be 5,800 households with one-third reporting each month. All households are in scope for the survey, except for prisons, geriatric homes and homeless. The survey covers the whole country.

Multistage stratified sampling is used, classified by oblast, and rural and urban regions. Households within the strata are selected proportional to population. To ensure a good rural spread is obtained, a maximum of 60 households per village is included.

Initial nonrespondents are repeatedly approached by the head of the collection unit to try to obtain their cooperation. If unsuccessful, replacements are selected from the sample listings. The ultimate response rate is 95–97 percent.

Detailed expenditure data are classified by COICOP. The survey collects expenditure data on market goods and services at purchasers' prices, and the value of goods produced for own consumption valued at market prices. From 2001 onward, two questions are being asked in relation to owner-occupied dwellings: the rental value and the sales value. The HBS survey was designed with particular attention to CPI needs. Results are produced on a timely basis and are used for annual CPI reweighting.

Outlet samples for the price collection were previously selected by local field collectors based on local knowledge and instructions to select the retail outlets with the largest turnover. Future outlet sampling will be more scientific, drawing on the results from a new HBS question asking households where they purchased their goods and services, and retail sales data by enterprise from the Consumer Market Division of the NSC.

The consumer price survey is a personal price collection, conducted on a weekly basis. Some items such as rents, which change infrequently, are monitored quarterly.

The coverage of the price survey is comprehensive. Product specifications are as rigorous as practical, given market conditions. Unfortunately, it is not always possible to include detailed data (e.g., brand, model, grade) because it would create pricing continuity problems for field

collectors, and there often needs to be some flexibility to price on a more generic basis, particularly in informal markets.

There is an unanswered question as to how well the expenditure patterns, and price experience, of activities in the nonobserved, or shadow, economy are reflected in the weights and prices used in the CPI.

There is close liaison between the Prices Division and the Consumer Market and Services Statistics Division with extra source information being collected specifically to meet emerging CPI needs (e.g., detailed product data broken down into individual specifications in the Consumer Market Survey).

The press and other publications are monitored in relation to new products, markets, etc. Close contact is maintained with the Anti-Monopoly Committee, which provides valuable market intelligence to the NSC.

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

The HBS and the consumer price collections are customized to meet CPI needs. These source data are consistent with the definitions, scope, classifications and valuation and time of recording of the CPI.

3.1.3 Source data are timely

Detailed HBS data, classified by COICOP, are available in time for analysis and incorporation in an annual reweighting of the CPI, commencing with the index for July of each year. Consumer price data are available on a timely basis.

3.2 Statistical techniques

3.2.1 Data compilation employs sound statistical techniques

The CPI is compiled based on 40,000 product price quotations collected from the eight regions. The product specifications are grouped under 343 categories of goods and services (113 food items, 184 nonfood items and 46 services items), and then further aggregated to 12 subgroups, 35 groups and the total CPI.

Expenditure estimates from the quarterly and annual HBS, supplemented by detailed product data from the Consumer Market and Services Division and the Anti-Monopoly Committee, are sufficiently detailed to support the annual reweighting of the CPI. HBS estimates are produced under the COICOP classification, which forms the basis for the CPI structure.

The HBS measures household consumption expenditure as defined in the *1993 SNA*. Owner-occupied dwelling services are included in the CPI. Beginning in 2002, the HBS includes a

question on the estimated rental value of owner-occupied dwellings. Data was previously obtained on owner-occupied dwelling rental values from NSC living standard surveys.

Goods produced for own final consumption are included, valued at market prices at the time of production. These are an important source of consumption in the Kyrgyz Republic.

A common national weighting pattern is used in compiling each separate regional index, which could result in distorted indices in cases where the regional expenditure pattern varied significantly from the national average.

Since the mid-1990s, a modified form of the Laspeyres aggregation formula has been used for the CPI. Short-term price relatives (the current month's price as a ratio of the previous month's price) are calculated for specification prices averaged across outlets. The index for each geographic area is then calculated as the sum of the product of the base period weight (from the previous calendar year), the long-term price relative for the previous period, and the short-term price relative for the current period. Weights are updated each year to reflect the changing structure of the economy.

There are a number of approaches to the treatment of temporarily missing prices depending upon the circumstances. If observations are missing for one month, the previous month's price may be repeated, the missing observation imputed using the average movement for the next level of aggregation, or a matched sample approach taken. For out-of-season specifications, the average movement of the index at the next level of aggregation is used for imputation. Specifications that disappear from the market are replaced, and new products are introduced as they become established in the market.

The NSC lacks the resources and expertise to apply sophisticated quality adjustment techniques. The regional price collectors are relied upon to identify quality changes in the product specifications. Ideally a value would be placed on the change in the quality; however, in practice the changed specification is treated as a new product and spliced onto the old one often reflecting no price change. Alternative methods need to be considered.

Because of the reliance on the collectors to identify quality changes, training is particularly important although its availability is limited because of restricted financial resources.

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

The scope of the CPI coincides with that of the national accounts household final consumption expenditure.

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

HBS response rates are high and they are continually monitored. Special efforts are made to persuade unwilling households to cooperate. Standard errors are continually reviewed. Results from each HBS are compared with those from the previous survey and differences analyzed and rationalized.

Judgmental sampling is used for the consumer price collection; thus standard errors are not available. Nonresponse is not an issue because prices are collected in person. Individual price movements are compared with external data as far as possible. For example, the Anti-Monopoly Commission provides valuable background market intelligence and information on approved price increases and product specifications. Rigorous editing techniques are applied during the collection and compilation of the CPI with price changes confirmed and justified. Relationships between price movements within and between groupings are analyzed and any shifts investigated.

3.4 Assessment and validation of intermediate data and statistical outputs

3.4.1 Main intermediate data are validated against other information where applicable

Component CPI data are regularly compared with the PPI and import price indices. An analysis of the different measures is included in the thematic reports on the social and economic situation. The indices are compared and differences explained. Allowing for timing lags, the CPI and PPI display similar long-term trends. Imports have more than 50 percent of the weight in the CPI and have a major influence on movements in the aggregate measure. Changes in prices in imported goods are compared with exchange rate variations.

3.4.2 Statistical discrepancies in intermediate data are assessed and investigated

Large and inconsistent movements between different sectors, products and respondents are identified and investigated. Information from the Anti-Monopoly Commission is used to assist in data editing.

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

CPI results, particularly regional variations, are closely examined. There can be substantially different price experiences between regions because of the different sources of products (e.g., petrol). Outliers are examined, the main contributing respondents identified, price changes queried and confirmed, and reasons obtained.

3.5 Revision studies

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

Although designated as preliminary when first released, there has only been one instance of published data being subsequently revised, and this was a relatively minor change. As a result of the lack of revisions, revisions studies have not been conducted.

The weights are updated each July based on annual HBS estimates from the previous calendar year. The new short-term series are linked onto the long-term series to form a continuous time series.

4. Serviceability

4.1 Relevance

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

All NSC publications contain a statement inviting user comments concerning their content and presentation of the data, along with an address and telephone number. There is ongoing consultation and exchange of views with users. Meetings are held with major users such as the ministries, academics, etc. to discuss proposals and seek comment.

Quarterly press conference briefings are held, which provide the opportunity for feedback. The Annual Work Program is circulated widely before adoption to ensure that emerging needs are taken into account during the planning process. In 2002, the Statistical Society of the Kyrgyz Republic was founded to provide a forum for discussion of statistical issues and articulation of users' needs.

The NSC Methodological Council is also used as a forum to obtain views on prices developments.

4.2 Timeliness and periodicity

4.2.1 Timeliness follows dissemination standards

The CPI is released within two weeks of the reference period, which exceeds the GDDS recommendations and is well within the requirements of SDDS standards.

4.2.2 Periodicity follows dissemination standards

The periodicity of the CPI is monthly, thus meeting both dissemination standards.

4.3 Consistency

4.3.1 Statistics are consistent within the dataset

The CPI is internally consistent. The national CPI is calculated as the aggregate of regional average prices and is invariant to the geographic or commodity classifications.

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

Continuous monthly, quarterly and annual series are available through a process of annual chaining at the time of introducing new weights. The CPI is available back to 1993 with chained weights.

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

The CPI statistics are constructed on a consistent basis and, as they adhere to 1993 SNA concepts and methods, they are compatible with national accounts statistics.

4.4 Revision policy and practice

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

Although the monthly CPI is designated as preliminary when first released in the monthly bulletins, and final in the annual bulletin, in practice revisions are extremely rare and only result from errors in the collection and compilation processes. To describe the initially released data as preliminary is misleading for users, who are led to expect a cycle of subsequent revisions.

Weights are updated on an annual basis, and samples of products and respondents maintained to ensure that they continue to be representative. The index series are not recompiled and revised retrospectively to reflect the new weights or samples. The new indices are linked onto the previous series to form continuous time series.

4.4.2 Preliminary data are clearly identified

Preliminary data are clearly identified in the monthly prices publications and designated as final in the annual publication.

4.4.3 Studies and analyses of revisions are made public

Revisions are rare. When they occur, information is provided on the cause.

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)

Data are distributed in a coherent manner by a separate Dissemination Division of the NSC under a clearly articulated policy. CPI data are presented clearly in tables and charts at different levels of aggregation and include analyses of current period changes.

5.1.2 Dissemination media and formats are adequate

The CPI is first released in monthly, hard-copy specialist bulletins and on the NSC website. The indices are subsequently released in a quarterly prices bulletin, which includes brief methodological explanations.

5.1.3 Statistics are released on a preannounced schedule

An annual Advance Release Calendar, published in hard-copy form and on the NSC website, advertises the scheduled release dates for each publication. The schedule is always met. However, the Calendar does not specify the datasets to be released, and it is often unclear as to which of the publications listed serve as the vehicle for the release of particular statistics.

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

Release mechanisms support simultaneous release to the public.

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

Nonconfidential unpublished index numbers are available on request, for a charge. This service is publicized in the NSC Catalog of Publications and the news section of the NSC 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

Metadata on the CPI are published in summary form in thematic publications and in detail in “Metadata and Plans for Improvement” for 2001 and 2002. The GDDS metadata are reproduced in full on the NSC website. This is publicized in the Catalog of Publications. The metadata provide information on concepts, classifications, definitions, data sources, etc.

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

Broad, summary metadata are provided in brochures, thematic publications, etc., while detailed material is presented on the NSC website and the metadata publication (see 5.2.1 above).

5.3 Assistance to users

5.3.1 Contact person for each subject field is publicized

A contact point, telephone number, fax number, e-mail address and mailing address for inquiries about the CPI is provided in publications and specified in all correspondence. Specialist advice is provided on request. Related publications are listed in the price index publications.

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

A catalog of publications is published and updated each year. The price of each publication is listed in the English language edition, but the Russian language edition provides for a contact number indicating that prices are available on request.

Table 2. Kyrgyz Republic: Data Quality Assessment Framework—Summary of Results for Price Statistics (Consumer Price Index)
(Compiling Agency: National Statistical Committee)

| 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 | | | | | | | |
|---|----|------------|----|-----|----|--|--|
| Element | NA | Assessment | | | | Comments on Assessment | Plans for Improvement and Target Dates |
| | | O | LO | LNO | NO | | |
| 0. Prerequisites of quality | | | | | | | |
| 0.1 Legal and institutional environment | | X | | | | Staff, computing and financial resources are not adequate. There is insufficient review of processes and resources. | The NSC Statistical Development Program 2001–5 calls for training of staff in programming and computer applications as well as for acquisition of new computer technology, including database and LAN, and additional hardware and software. |
| 0.2 Resources | | | X | | | | |
| 0.3 Quality awareness | | X | | | | | |
| 1. Integrity | | | | | | | |
| 1.1 Professionalism | | X | | | | | |
| 1.2 Transparency | | X | | | | | |
| 1.3 Ethical standards | | X | | | | | |
| 2. Methodological soundness | | | | | | | |
| 2.1 Concepts and definitions | | X | | | | Households in rural areas are not covered. | |
| 2.2 Scope | | | X | | | | |
| 2.3 Classification/sectorization | | X | | | | | |
| 2.4 Basis for recording | | X | | | | | |
| 3. Accuracy and reliability | | | | | | | |
| 3.1 Source data | | | X | | | The impact of the nonobserved economy may not be adequately reflected in the index. The use of national weights to compile regional indices is questionable. Quality change techniques need improving. | |
| 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 | | | | | |
| 4. Serviceability | | | | | | | |
| 4.1 Relevance | | X | | | | | |
| 4.2 Timeliness and periodicity | | X | | | | | |
| 4.3 Consistency | | X | | | | | |

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|---|----|------------|----|-----|----|---|--|
| Element | NA | Assessment | | | | Comments on Assessment | Plans for Improvement and Target Dates |
| | | O | LO | LNO | NO | | |
| 4.4 Revision policy and practice | | | X | | | The revision policy and practice needs to be clarified for users. | |
| 5. Accessibility | | | | | | | |
| 5.1 Data accessibility | | | X | | | The Advance Release Calendar does not specify the dataset. | |
| 5.2 Metadata accessibility | | X | | | | | |
| 5.3 Assistance to users | | X | | | | | |

III. 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*

The legal framework for the collection, processing and dissemination of state or official statistics for the Kyrgyz Republic is specified in the Law of the Kyrgyz Republic on State Statistics, No. 1391 XII, 1994, as amended on July 1, 1995 and June 19, 2002 (Law on Statistics) and the associated Regulations which articulate the operational aspects of the Law, and by relevant international standards, regulations and agreements (Article 4).

Articles 1–3 of the Law on Statistics set out the scope of the Law and broad policy guidelines for implementation, designed to meet the needs of users for timely, accurate and comprehensive statistical information concerning economic and social developments in the Republic.

To achieve these goals, Article 7 of the Law establishes the National Statistical Committee of the Kyrgyz Republic (NSC) as an autonomous institution reporting to the President of the Kyrgyz Republic. The June 19, 2002 Amendment to Article 8 of the Law assigns to the Chairman of the NSC the authority to appoint or dismiss senior officials in the regional or local government statistical offices without agreement by heads of local governments or local state administrations, thus ensuring the complete autonomy and impartiality of the statistical process.

While some important areas of macroeconomic statistics are compiled by other agencies, such as the National Bank of the Kyrgyz Republic (NBKR) and the Ministry of Finance (MOF) under the authority of their respective legislation, Article 8 of the Law on Statistics, assigns to the NSC the responsibility for setting statistical standards and coordinating and overseeing the methodology used in compiling official statistics (see 0.1.2 below). Article 8 also assigns to the NSC the responsibility for determining the minimal composition of governmental and departmental indicators (or core official statistics).

The Law does not entrench a list of mandatory statistical surveys or statistical compilations. The one exception is the requirement for the NSC to develop and maintain the State Business Register of the Kyrgyz Republic (Article 9). However, the Regulation lists a wide range of statistics that fall under the specific responsibility of the NSC, including national accounts and prices, and stipulates that the Annual Statistical Work Program of the NSC must articulate the requirements for these each year in the light of the longer term statistical priorities determined in the Five Year Statistical Development Plan.

0.1.2 Data sharing and coordination among data producing agencies are adequate

Article 8 of the Law on Statistics assigns to the NSC a coordinating role in respect of official statistics as well as the responsibility for overseeing the methodologies (e.g., classifications, definitions, duplication of surveys), and for endorsing the survey collection forms used by other compiling bodies in order to ensure quality standards. The NSC exercises these responsibilities with respect to the projects listed in its Annual Work Program, which is developed following a process of review and discussion with all relevant governmental and other statistical bodies and major users. The NSC also reviews survey content and methodology upon request from other departments and agencies.

An effective process is gradually evolving for ensuring the success of the coordinating function of NSC with respect to the determination of core statistics and oversight of methodology. In 2001, the Statistical Society of the Kyrgyz Republic was set up, under the chairmanship of the Chairman of the NSC, to provide a broad forum for discussion of statistical issues and emerging user needs.

Coordination is being carried out through ad hoc working groups but might benefit from a more structured and formal approach, supported by strengthened legislation designed to facilitate implementation.

Data sharing is based on formal agreements concerning specific datasets, which are incorporated in the Annual Statistical Work Program of the NSC. Various interagency ad hoc working groups have been established to coordinate the work.

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

Articles 10 and 13 of the Law on Statistics guarantee the confidentiality of data provided by individual reporting units. Strict procedures are in place to safeguard the confidentiality of individual respondents. Individual returns are stored in a secure area for a prescribed period and subsequently transferred to archives.

Access to individual records is restricted to a limited number of authorized personnel within NSC. The data are aggregated for publication and checked to avoid disclosure. NSC staff are required to sign a nondisclosure guarantee as part of their contract of employment and, in the event of disclosure of confidential data, are subject to a penalty ranging from a reprimand to dismissal.

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

Article 11 of the Law on Statistics provides the NSC with the legal authority to collect reliable and complete data on a timely basis. Article 14 further stipulates that any person or persons refusing to discharge their statistical reporting responsibilities shall be liable. The penalties for noncompliance, as specified in the Code of the Kyrgyz Republic on

Administrative Responsibility, are based on 6-10 months of the person's minimum monthly salary. Such penalties are rarely applied, as there is heavy reliance on respondent cooperation. The provisions of Article 14 apply only to surveys that are carried out or endorsed by the NSC.

0.2 Resources

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

Funding of the NSC is sourced from a combination of budget allocations and contributions from donor countries and international agencies, which also provide valuable technical assistance.

The PPI program is fragmented between several different divisions of the NSC, and in different regions, making it difficult to assess the adequacy of the available aggregate budget resources for basic PPI statistical work. Budget allocations are not sufficient to support development or analytical work on prices. Donor contributions support developmental work, computing enhancements, etc. The NSC has a policy of actively seeking donor contributions in order to permit statistical development work to continue.

For the industrial PPI, there is one staff member in the central office, 0.5 staff in the main computer center, and 0.5 staff in each of the eight regions, totaling 5.5 staff. Note that, in addition to these resources, there are eight staff working on an agriculture producer price index, four staff on a construction producer price index, 1.5 staff on a freight transport producer price index, and one staff on a telecommunications producer price index. (As explained later, at this stage these latter four indices are not integrated with the traditional industrial producer price index.)

Staff remuneration is considered to be acceptable, and staff retention is not a major problem given the high rate of unemployment in the Kyrgyz Republic. Staff are adequately qualified and well trained in prices subject matter (through IMF training in Washington), computing, etc.

The situation is less satisfactory in relation to other resources. Personal computers are dated and one computer is shared between two people, on average. The situation is even worse in the regions. Restricted financial resources limit national prices training workshops to every two years. Ideally they would be conducted annually. Software for the PPI processing, provided by the IMF, is operating effectively. There is scope for further streamlining of the processes of data transfer.

0.2.2 Measures to ensure efficient use of resources are implemented

Effective measures are in place to ensure maximum use of available resources. In view of the limited number of staff and computing resources, strict priorities are set for work, and tasks reassigned as required to even the workload. During peak periods, staff work overtime

voluntarily without pay. There is a good understanding of the requirements of the work program and the interdependence of statistical programs, so that efforts are made to streamline data flows and ensure consistency of data.

A number of initiatives have been taken in the Prices Division to ensure resources are used efficiently, including the increased use of electronic mail for data transfer.

Given the decentralized nature of the prices programs, in which regional office prices staff are managed locally, particular attention has been given to providing clear processing instructions and directions to prices staff in all regions to help ensure uniformity and efficiency of practices. Workshops are conducted to reinforce best practice procedures.

A time recording system for price collectors is used to monitor their work.

Rigorous data checking is undertaken at different stages in the collection and compilation processes to detect errors.

It would be beneficial to undertake a detailed comparison with other comparable statistical agencies of the resources used on the collection, compilation and dissemination of price indices. Also, periodic reviews of working processes would assist in achieving efficiency improvements.

0.3 Quality awareness

0.3.1 Processes are in place to focus on quality

Within NSC, there is recognition that quality constitutes a pillar of sound statistical work and managers are sensitive to all dimensions of quality. The NSC includes several measures to enhance the quality of its statistics in its government approved Program for Statistical Development for 2001–2005. In addition, the Annual Statistical Work Program lists all NSC projects, including research and methodological projects designed to enhance data quality.

Quality awareness is also demonstrated by the Kyrgyz Republic's participation in the IMF General Data Dissemination System (GDDS) and the development of plans for improvement posted on the IMF's GDDS website. The Integrated Macroeconomic Data System Project, included in the five-year development program, aims at improving national statistics to enable the Kyrgyz Republic to subscribe to the Special Data Dissemination Standards (SDDS).

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

Strict quality control procedures are applied at all stages in collecting and processing price data, to help ensure the early detection and correction of errors. There are strict index clearance procedures, and credibility checks are applied to the data at commodity and regional level.

There is ongoing user contact through the Statistical Society of the Kyrgyz Republic, and the NSC works closely with the Anti-Monopoly Commission, the Ministry of Finance and the National Bank, all of whom provide feedback. However, no separate unit provides guidance on the quality of price statistics and strategies for improving statistical processes, and there are no regular user surveys.

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

The NSC appreciates the trade-off between the dimensions of data quality and timeliness, and a balanced approach is taken in producing and disseminating the PPI.

The forward program heavily emphasizes developments aimed at achieving data quality improvements (e.g., maintaining representative price samples and weights). There is regular user contact during which feedback on data quality is provided.

1. Integrity

1.1 Professionalism

1.1.1 Statistics are compiled on an impartial basis

There is no external interference in relation to the compilation and dissemination of price statistics. The Law on Statistics defines the key principles, objectives and responsibilities in relation to the collection, processing and dissemination of statistics in the Kyrgyz Republic and requires the NSC to develop statistics according to international methodological recommendations and to ensure objectivity and impartiality in the preparation of statistics. The Program for Statistical Development, 2001–2005, aims to further develop strategic management of statistics, based on principles of independence and timeliness and the implementation of international standards, to meet the needs of a wide range of users.

Price statistics are collected and compiled in an impartial manner by professional NSC staff trained in statistical techniques. The collection and compilation of price statistics is undertaken in accordance with international standards and the application of objective statistical judgments.

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

Choices about data sources and statistical techniques are based on statistical considerations consistent with the philosophy of The Program of Statistical Development in the Kyrgyz Republic, 2001–2005. Specifically, the data sources for the price indices are soundly based household and business surveys. The price collections are customized and influenced by considerations such as data accuracy and respondent burden. The statistical techniques used are consistent with international standards.

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

Quarterly media briefings are conducted during which statistical results are summarized. One of the objectives is to prevent any misunderstanding or misinterpretation of data by users. If data are misinterpreted in a media report, the NSC responds publicly, stating its position.

1.2 Transparency

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

The terms and conditions associated with collecting and disseminating of statistics are published in the Law on State Statistics of the Kyrgyz Republic. The authority for collection and the main conditions are summarized on collection forms for the surveys, which are endorsed by the NSC. Statistical publications and the NSC website provide information about the NSC and where the products can be found.

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

The Ministry of Finance is given access to an early version of each month's price indices prior to the finalization of the data and release to the public. This practice is identified in the IMF GDDS metadata, but currently authorized recipients are not specified. The prerelease does not result in the statistics being altered.

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

All NSC publications are presented in a similar format and are clearly identified as NSC products. In cases where non-NSC data are presented in an NSC publication, the source is clearly acknowledged. The NSC clearly states in its publications that attribution should be made to it when its statistics are used or reproduced.

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

The annual Work Program of the NSC, which is publicly available, shows all projects for the current year, including major revisions in methodology, concepts or data sources. Future development projects are presented in the five-year development program. Advance notice is provided to users prior to the introduction of changes to methodology, sources or techniques, including price index reweighting.

1.3 Ethical standards

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

The NSC operates under a clear legal framework in respect of the rights and obligations of the statistical agency, its staff and respondents. Staff are well informed of their responsibilities. They have clear guidelines articulated in the Law on Statistics, and the associated Regulations, the Code of Ethics related to the Civil Service, the NSC employees' Code of Professional Ethics, and individual job descriptions. In addition, all staff members have to sign an undertaking not to disclose confidential data.

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 PPI is compiled using the 1993 *System of National Accounts (1993 SNA)* concepts and definitions for the output weights and the producer prices.

The index is a gross sector output index, with weights based on the value of industry gross output from the *Annual Statistical Report*, which is an annual census of the mining, manufacturing and electricity, gas and water industries, valued at basic prices. The prices recorded in the price collection are market transaction prices valued at basic prices, therefore excluding trade and transport margins and taxes on products, consistent with the *Producer Price Index Manual* (under development).

2.2 Scope

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

The NSC produces several partial producer price indices. The scope of the main index, known as the industrial PPI, relates to the output of the core mining, manufacturing and

electricity, gas and water sectors of the economy. It is this main PPI that is the subject of this assessment.

However, it is important to recognize the other producer price indices that are compiled or under development. These are the indices of the output of the agriculture industry, construction industry, freight transport services industry, and telecommunications services industry (under development). There is also an index of purchases of raw materials in manufacturing industry (an input index).

These indices provide a basis for substantially extending the scope of the traditional industrial PPI. Given that the agriculture sector is the major contributor to GDP, and that prices of agricultural products are likely to be more volatile than those of other sectors, and construction prices may have unique trends, the industrial PPI would benefit by broadening its base to include at a minimum the agricultural sector.

Following the *1993 SNA*, all resident market enterprises are included. The gross output weights relate to total sales (domestic and exports) and changes in output inventories. However, prices of exports are generally excluded, although selected exports by enterprises with no domestic sales are included (e.g., exports of nonferrous metals).

2.3 Classification/sectorization

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

International standards are followed in classifying output. In the PPI, commodities are classified according to the State Product Classification (SPC), which is based on the Central Product Classification (CPC). For higher-level index aggregations, there is a dual compilation following two separate classifications. Firstly, the General Classification of Economic Sectors, an old Soviet classification, is used. Then, since 2002 the NSC has used the State Classification of Economic Activities, derived for the Kyrgyz Republic from the Statistical Classification of Economic Activities in the European Communities (NACE).

Product specifications are designed for collecting of prices of transactions in the same products from period to period. The specifications can be uniquely classified to a single CPC category.

2.4 Basis for recording

2.4.1 Market prices are used to value flows and stocks

The valuation of the PPI prices and value weights is consistent with the *1993 SNA*, and they are valued at basic prices, excluding trade and transport margins and taxes on products. The prices collected are actual market transaction prices, including any discounts. Transfer prices are not included.

2.4.2 Recording is done on an accrual basis

Output prices are reported on an accrual basis in the period in which the products are produced. The PPI collection seeks prices of goods produced in the month with a pricing point of the 25th of the month.

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

As the PPI is a gross sector index, and there is no stage-of-production index, transactions between enterprises are recorded on a gross basis, and no netting procedures are required.

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 NSC statistical business register includes all Kyrgyz operating businesses. It is continually kept up-to-date by adding new business registrations with the Ministry of Justice, and deleting nonoperating businesses as advised by sectoral collection areas of the NSC. The register forms the frame for both the producer price collection and the *Annual Statistical Report*.

The price sample of industrial enterprises is drawn for enterprises that are “stable,” with a stability criterion that they must have been operating for two years. Cut-off sampling is the technique used to select the respondent sample.

The upper-level PPI industry weights are derived from the *Annual Statistical Report* gross output data, classified by industry class, aggregated into groups, subsections, sections and total. The *Annual Statistical Report* is a census of about 1,900 enterprises in the sectors covered by the industrial PPI. Commencing with the 2002 reference year, a derivation of NACE is used for the classification of the *Annual Statistical Report*.

The response rate to the Annual Statistical Report is virtually 100 percent. Each enterprise reports the volume of aggregate industry output, broken down into broad commodities. The report provides the data source for the upper-level industry group, subsector, and sector weights.

The PPI monthly price collection covers about 120 enterprises. Each January, in addition to asking for prices, collectors request output information by product specification in relation to the previous calendar year. This is the data source for the annual update of the lower-level

CPC classified weights, which dovetail into the higher-level industry-based weights. The updated weights are introduced each July in respect of the previous calendar year.

The price collection relates to basic prices and currently covers 60 percent of the output of the industrial sector, which is inadequate. Despite an increase in the number of respondents, overall coverage has in fact fallen from 66 percent in the last two to three years because some of the largest enterprises have ceased production. Coverage for a number of index categories is well below 50 percent, and further attention is required to achieve acceptable coverage levels. This will not be easy in the case of smaller firms, and special efforts will be required in that experience indicates that they tend to be less cooperative, and continuity of pricing is more difficult.

It is difficult to assess how well the activities of the nonobserved, or shadow, economy are reflected in the weights and prices used in the PPI.

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

The definitions, scope, classifications, valuation and time of recording of the weighting data sources—the *Annual Statistical Report* and the monthly PPI price collection for the month of January—and the prices from the monthly PPI price collections are consistent with the index requirements.

3.1.3 Source data are timely

The source data are timely. The due date for the return of the Annual Statistical Report forms is March 15, with final results available by May 10 in time for the annual weight update.

3.2 Statistical techniques

3.2.1 Data compilation employs sound statistical techniques

A total of 246 prices are collected each month and are aggregated into commodity indices for 193 CPC commodities. The upper-level structure of the index is as follows: (1) under the General Classification of Economic Sectors there are 49 groups, 31 subsectors and 13 sectors of industry; while (2) under NACE there are 106 classes and subclasses, 22 groups, 17 sections and three parts.

The *Annual Statistical Report* data are produced by NACE industry and match the detail of the upper-level index industry structure. The lower-level CPC-based commodity weighting pattern is updated using the commodity output data reported on the January PPI price collection forms. The *Annual Statistical Report* relates to industrial output as defined in the 1993 SNA.

Individual price indices are calculated for each specification as a ratio of current period prices to base period prices. Indices for commodity groups are calculated as the weighted average of the individual indices, aggregated under the CPC classification. Short-term price indices for each of the specifications are calculated from the index series as a ratio of the current period to the previous period. The modified Laspeyres formula—i.e., the same as currently used for the CPI—is in the process of being introduced for the PPI to replace the current approach.

Temporarily missing prices are normally repeated for two–three months if there are no direct substitutes. If production ceases, the indices for the rest of the group are used to impute the price movement for the missing item, or a replacement item is found for pricing. For out-of-season production (e.g., processing preserves), the prices are repeated until processing of the next season’s crops commence, at which time the price changes from the previous season are reflected. Specifications that are permanently discontinued are replaced. New products are introduced as they are established in the market.

The NSC lacks the resources and expertise to apply sophisticated quality adjustment techniques. Quality changes are detected during a query of sharp price increases, or the respondent indicates a specification change on the collection form. Ideally a value would be placed on the quality change. However, in practice, the changed specification is treated as a new product and spliced onto the old one, reflecting no price change.

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

The scope of the industrial PPI relates to mining, manufacturing and electricity, gas and water, which represent a relatively small proportion of the economy. However, the other producer price indices compiled by the NSC for the agriculture, construction, freight services, and telecommunications industries provide a substantial increase in economic coverage.

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 response to the *Annual Statistical Report* census is virtually 100 percent, in part helped by of the very low reporting burden. Results are compared with those from previous years and differences analyzed and rationalized.

Rigorous editing techniques are applied during the collection and compilation of the PPI. Price changes are immediately queried and confirmed and reasons for changes obtained.

Judgmental sampling is used for the producer price collection so standard errors are not available. Response is generally high. Individual price changes are checked against external sources as far as possible. For example, the Anti-Monopoly Commission provides valuable background information and information on approved price increases and product specifications.

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

3.4.1 Main intermediate data are validated against other information where applicable

Component PPI data are regularly compared with the CPI and import and export price indices. An analysis of the different measures is included in the thematic reports on the Social and Economic Situation. The indices are compared and differences explained. Allowing for timing lags, the CPI and PPI display similar long-term trends. Three to four years ago the PPI was heavily influenced by major declines in output of certain sectors.

3.4.2 Statistical discrepancies in intermediate data are assessed and investigated

Large and inconsistent movements between different sectors, products and respondents are identified and investigated. Information from the Anti-Monopoly Commission is used to assist in data editing.

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

PPI results are closely examined, with outliers identified and the main contributing respondents queried and confirmed and reasons obtained.

3.5 *Revision studies*

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

Although noted as preliminary when first released, revisions to PPI index numbers are extremely rare and they are effectively final when first released.

The weights are updated each July based on annual industry census from the previous calendar year. The new series are linked onto the long-term series to form a continuous time series.

4. Serviceability

4.1 *Relevance*

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

All NSC publications contain a statement inviting user comments concerning their content and presentation of the data, along with an address and telephone number. There is ongoing consultation and exchange of views with users. Meetings are held with major users such as the ministries, academics, etc. to discuss proposals and seek comment.

Quarterly press conference briefings are held, which provide the opportunity for feedback. The Annual Work Program is circulated widely prior to adoption to ensure that emerging needs are taken into account during the planning process. In 2002, the Statistical Society of the Kyrgyz Republic was founded to provide a forum for discussion of statistical issues and articulation of users' needs.

The NSC Methodological Council is also used as a forum to obtain views on prices developments.

4.2 *Timeliness and periodicity*

4.2.1 Timeliness follows dissemination standards

The PPI is released within two weeks of the reference period, which exceeds the GDDS recommendations and is well within the requirements of SDDS standards.

4.2.2 Periodicity follows dissemination standards

The periodicity of the PPI is monthly, thus meeting both dissemination standards.

4.3 *Consistency*

4.3.1 Statistics are consistent within the dataset

The PPI is internally consistent. The PPI is initially aggregated under a commodity classification, and then under two separate industrial classifications, with consistent results.

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

Continuous monthly, quarterly and annual series are available through a process of annual chaining at the time of introducing new weights. The PPI is available back to 2000 with chained weights. The PPI is available back to 1993 with fixed weights.

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

The CPI and PPI statistics are constructed on a consistent basis and, as they adhere to 1993 SNA concepts and methods, they are compatible with national accounts statistics.

Revision policy and practice

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

Although the monthly PPI is designated as preliminary when first released in the monthly bulletins, and final in the annual bulletin, in practice revisions are extremely rare and only result from errors in the collection and compilation processes. To describe the initially released data as preliminary is misleading for users, who are led to expect a cycle of subsequent revisions.

Weights are updated on an annual basis, and samples of products and respondents maintained to ensure that they continue to be representative. The index series are not recompiled and revised retrospectively to reflect the new weights or samples. The new indices are linked onto the previous series to form continuous time series.

4.4.2 Preliminary data are clearly identified

Preliminary data are clearly identified in the monthly prices publications and designated as final in the annual publication.

4.4.3 Studies and analyses of revisions are made public

Revisions are rare. When they occur, information is provided on the cause.

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)

Data are distributed in a coherent manner by a separate Dissemination Division of the NSC under a clearly articulated policy. PPI data are presented clearly in tables and charts at different levels of aggregation and include analyses of current period changes.

5.1.2 Dissemination media and formats are adequate

The PPI is first released in monthly, hard-copy specialist bulletins and on the NSC website. The indices are subsequently released in a quarterly prices bulletin, which includes brief methodological explanations.

5.1.3 Statistics are released on a preannounced schedule

An annual Advance Release Calendar, published in hard-copy form and on the NSC website, publicizes the scheduled release dates for each publication. The schedule is always met. However, the Calendar does not specify the datasets, and it is often unclear as to which publications listed serve as the vehicle for the release of particular statistics.

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

Release mechanisms support simultaneous release to the public.

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

Nonconfidential unpublished index numbers are available on request, for a charge. This service is advertised in the NSC Catalog of Publications and the news section of the NSC 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

Metadata on the PPI are published in summary form in thematic publications and in detail in “Metadata and Plans for Improvement” for 2001 and 2002. The GDDS metadata are reproduced in full on the NSC website. This is publicized in the Catalog of Publications. The metadata provide information on concepts, classifications, definitions, data sources, etc.

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

Broad, summary metadata are provided in brochures, thematic publications, etc while detailed material is presented on the NSC website and the metadata publication (see 5.2.1 above).

5.3 Assistance to users

5.3.1 Contact person for each subject field is publicized

A contact point, telephone number, fax number, e-mail address and mailing address for inquiries about the PPI is provided in publications and specified in all correspondence. Specialist advice is provided on request. Related publications are listed in the price index publications.

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

A catalog of publications is published and updated each year. The price of each publication is listed in the English language edition, but the Russian language edition provides for a contact number indicating that prices are available on request.

Table 3. Kyrgyz Republic: Data Quality Assessment Framework—Summary of Results for Price Statistics (Producer Price Index)
(Compiling Agency: National Statistical Committee)

| 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 | | | | | | | |
|---|----|------------|----|-----|----|---|--|
| Element | NA | Assessment | | | | Comments on Assessment | Plans for Improvement and Target Dates |
| | | O | LO | LNO | NO | | |
| 0. Prerequisites of quality | | | | | | | |
| 0.1 Legal and institutional environment | | X | | | | Staff, computer and financial resources are not adequate. There is insufficient review of processes and resources. | The NSC Statistical Development Program 2001–5 calls for training of staff in programming and computer applications as well as for acquisition of new computer technology, including database and LAN, and additional hardware and software. |
| 0.2 Resources | | | X | | | | |
| 0.3 Quality awareness | | X | | | | | |
| 1. Integrity | | | | | | | |
| 1.1 Professionalism | | X | | | | | |
| 1.2 Transparency | | X | | | | | |
| 1.3 Ethical standards | | X | | | | | |
| 2. Methodological soundness | | | | | | | |
| 2.1 Concepts and definitions | | X | | | | Most export prices are excluded from the scope of the index, although the weights include exports. | |
| 2.2 Scope | | | X | | | | |
| 2.3 Classification/sectorization | | X | | | | | |
| 2.4 Basis for recording | | X | | | | | |
| 3. Accuracy and reliability | | | | | | | |
| 3.1 Source data | | | X | | | The impact of the nonobserved economy may not be adequately reflected in the index. The coverage of industry output by the price collection is inadequate. Quality change assessment techniques need improving. | |
| 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 | | | | | |

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|---|----|------------|----|-----|----|---|--|
| Element | NA | Assessment | | | | Comments on Assessment | Plans for Improvement and Target Dates |
| | | O | LO | LNO | NO | | |
| 4. Serviceability | | | | | | | |
| 4.1 Relevance | | X | | | | The revision policy and practice needs to be clarified for users. | |
| 4.2 Timeliness and periodicity | | X | | | | | |
| 4.3 Consistency | | X | | | | | |
| 4.4 Revision policy and practice | | | X | | | | |
| 5. Accessibility | | | | | | | |
| 5.1 Data accessibility | | | X | | | The Advance Release Calendar does not specify datasets. | |
| 5.2 Metadata accessibility | | X | | | | | |
| 5.3 Assistance to users | | X | | | | | |

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*

In performing its data collecting and disseminating functions, the Ministry of Finance (MOF) and, in particular, the Treasury are governed by the Law on the Budget System, the Law on the Annual Budget, the Law on Statistics, the Law on the Treasury and the Law on the State Debt. The Law on the Budget System (Article 13) and the Law on the Treasury (Articles 12 and 13) require the reporting of statistics on budget execution (including government debt and borrowing). MOF statistical activities are also governed by the Law on Statistics, namely as regards the right to obtain information from any legal entity or physical person in receipt of budget funds, the obligation to ensure the confidentiality of individual data and the dissemination of aggregated statistical data following internationally accepted recommendations. The responsibility for disseminating data is shared with NSC, and the Treasury provides the NSC with detailed monthly information.

The Law on the Principles of Treasury (The Treasury Law, 1994) (Articles 13 and 14) gives the Treasury the responsibility for monitoring and reporting on the progress of budget execution. It provides for reporting budget execution data to the authorities, but does not specifically require dissemination of fiscal statistics² to the general public. However, data are provided monthly to the NBKR and the NSC for publication, and the MOF has introduced from the first quarter of 2002 a quarterly bulletin that disseminates data on both government operations and outstanding debt.

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

Data are provided monthly to the NBKR and the NSC. As well as publishing the data itself, the NSC compiles the annual GFS submission to the IMF. There is a formal agreement under which the Treasury supplies the NSC with all the data it needs.

² The term “fiscal statistics” refers to statistics on the finances of the government in general. The use of the terms “government finance statistics” or “GFS” indicates fiscal statistics that are compiled and disseminated following the guidelines of the IMF’s *A Manual of Government Finance Statistics 1986 (GFSM 1986)*, or the *Government Finance Statistics Manual 2001 (GFSM 2001)*. The current practice of the Kyrgyz Republic broadly follows the *GFSM 1986*. The Fund is encouraging members to report data using the classification in the *GFSM 2001* starting with the year 2003, and to prepare plans to report more completely in accord with this new methodology over time.

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 Statistics governs the operations of the MOF. The Law on Statistics (Articles 10 and 13) guarantees the confidentiality of primary statistical information on individuals and legal entities. Data are aggregated at an early stage in the statistical compilation process, so that no transactions of an individual or single entity can be separately identified.³

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

Statistical reporting is ensured by the provisions of the Treasury Law. Timing is agreed with the regional and district officers of the Treasury, and backed up by Treasury regulation. Regular workshops ensure that respondents are aware of the uses made of the statistics.

0.2 Resources

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

There are ten staff at Treasury Headquarters dedicated to the collection, analysis and processing of data for fiscal statistics reports. One of these, the Head of the Report Analysis Division, has received training in the *GFSM 1986* methodology. In-house training comprises twice-yearly workshops for regional and district staff. Computing resources are sparse, particularly in the regions. In a typical oblast there are around ten employees dedicated to data collection and processing who share one or two personal computers. These resources are barely sufficient for current work. Recruitment and retention is not a problem. The Treasury hopes to modernize and computerize the accounting and reporting process, including the expected transition to *GFSM 2001*. These plans heavily depend on the receipt of international aid in the form of additional computers, system development and installation, and training. The management of the MOF recognizes the importance of staff development and strives to provide training opportunities to their staff.

0.2.2 Measures to ensure efficient use of resources are implemented

There is no evidence of inefficient use of resources. The allocation of resources to various activities of the MOF is part of the overall management and budgetary control processes. The priority given by the MOF to the development and implementation of the Treasury system is an

³ Figures of tax arrears of individual taxpayers are disseminated by the Customs Department and the Taxation Department under their tax collection responsibilities, and therefore are outside the purview of the Statistics Act.

indication of the agency's commitment to adopting measures to promote the efficient use of resources. This system resulted in more efficient and streamlined processes for data recording, collection, and processing. Fiscal statistics are a by-product of the data collected for monitoring budget execution. Although there is no separate cost information, the marginal cost of producing reports for public dissemination is viewed as minimal.

0.3 Quality awareness

0.3.1 Processes are in place to focus on quality

There is at present no formal quality program, but concern for quality is evidenced by the participation of the Kyrgyz Republic in the GDDS and recent improvements. These include the development of a website and the introduction in January 2002 of the quarterly *Financial and Economic Bulletin* with subsequent progressive improvements. Audit checks are performed during the year, and a full audit of the annual accounts is carried out by the Chamber of Auditors of the Kyrgyz Republic.

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

The following processes are in place at the various stages of reporting:

- Districts report their revenue and expenditure to the regions.
- Regions summarize these with their own accounts; check, where relevant, for inconsistencies with other regions; and report to respective divisions within the central Treasury, and to the Report Analysis Division and Information Processing Division.
- Divisions check the figures for which they are responsible.
- The Report Analysis Division and Information Processing Division correct their figures for any errors picked up by Departments, do their own checks, and produce summary data for internal reports and publication.

At each of these stages, checks against bank statements are made, and comparisons with budget provisions are undertaken. At any time during the year, internal audit may be performed, and a full audit of the annual accounts is carried out by the Chamber of Auditors of the Kyrgyz Republic.

The quality of dissemination in the Quarterly Bulletin is being monitored.

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 requirement to conform to international standards is embedded in the Treasury Law. The primary objective of the reporting system is complete accuracy, which it achieves with a creditable timeliness given the constraints of a semi-manual system. Fiscal statistics have traditionally served the policy makers within government and the Parliament. Until recently, not much attention has been paid to the needs of outside users, with the exception of the IMF. This is beginning to change with the introduction of the new quarterly publication and the appointment of a Press Secretary, whose work will raise the profile of the MOF and, in doing so, will widen public awareness of fiscal statistics.

1. Integrity

1.1 Professionalism

1.1.1 Statistics are compiled on an impartial basis

The Civil Service Code enjoins the adherence to high professional standards. The Budget Law and the Treasury Law also require impartial compilation of reports on the budget execution. Participation in international conferences is restricted by lack of finance. However, many staff enhance the development of the professional ethos by their association with academic institutions as part time lecturers and researchers. Staff also participate in refresher courses and seminars, although these are rarely dedicated solely to Treasury matters.

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

The source of fiscal statistics is the Treasury accounting system, and the methodology involves simple aggregation.

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

The Treasury is free to respond to incorrect interpretation or misuse of the fiscal statistics.

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 on the principles of the Treasury and the Budget, and the annual budget law are disseminated to the public. The documentation of the Treasury sources and methods is available to the public in the “Instructions on accounts and budget execution” produced by MOF and certified by the Justice Department for publication. Also published is “Collection of Regulatory

and legal Acts, methodology, and materials on local budgets in the Kyrgyz Republic” published in 2002.

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

The GDDS metadata indicate that there is prior governmental access to data. However, according to the Treasury, the access is given only as part of the compilation and validation process.

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

The monthly publication of the NSC (“Socio-economic Situation of the Kyrgyz Republic”), which contains monthly summary data on government operations, is identified as a statistical publication. However, the MOF Quarterly Bulletin is not a purely statistical publication, as it includes articles on government policy, and on the management of tax collection. Ideally, the regular tables setting out the fiscal statistics should be identified as such to indicate that they are compiled and presented in accordance with the principles of the Law on Statistics.

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

Major changes in methodology are normally described when they are implemented, but the Treasury appreciates the importance of giving early briefing of changes of considerable magnitude, such as the adoption of *GFSM 2001*.

1.3 Ethical standards

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

Staff are subject to the regulations set out in the Civil Service Law, which prescribe rigorous standards of professional and ethical behavior. Staff are well informed of their responsibilities.

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 fiscal statistics in general follow the concepts and definitions of the *GFSM 1986*. The Treasury intends to migrate to *GFSM 2001* within the context of general plans for modernization of the Treasury system; more specific plans depend on the availability of external technical assistance.

2.2 Scope

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

Data cover only the budgetary units of the Republican (central) government and the State (general) government, and exclude data on the Social Fund, the externally financed Public Investment Program (PIP), and financing from domestic banks.⁴ Data on the Social Fund and the PIP estimates are published separately. A new budgetary institution is being set up, the State Committee on Revenue, with responsibilities for taxes and social contributions. Ultimately, but not before 2004, social contributions may be brought into government revenue.

2.3 Classification/sectorization

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

The economic classification of revenue and expenditure follows in detail the *GFSM 1986*. The functional classification of expenditure is the United Nations “Classification of the Functions of Government” (COFOG). Outstanding debt is allocated between domestic and external debt by reference to the residence of the creditor. Domestic debt is classified by Kyrgyz type of instrument. These may be aggregated into the GFS headings. External debt is classified into concessional and nonconcessional debt. Multilateral debt is classified by the individual international organizations. Bilateral debt is classified by creditor country. This does not coincide with the GFS requirement for a breakdown into loans from governments, banks, and other. However, the Debt Management Department database records each individual loan agreement, so data collection for GFS categories is practicable.

The Budget Law now prohibits the guaranteeing of borrowing by the government. The MOF is aware of only three guarantees existing from before the ban. The failure provisions for these guarantees have been met and the data for these are now, in accord with the revised categorization, included in government debt.

2.4 Basis for recording

2.4.1 Market prices are used to value flows and stocks

The Kyrgyz Republic follows the *GFSM 1986* methodology and records the cash price paid in government spending. Foreign exchange transactions are revalued in domestic currency using the actual exchange rate of the transaction. Domestic debt is recorded at nominal values, in accord with the *GFSM 1986* (the *GFSM 2001* calls for market prices). External debt, which

⁴ The Fiscal Transparency ROSC report recommended the inclusion in the quarterly bulletin of reporting on budget execution, PIP and the Social Fund.

also should be based on nominal amounts, is measured on the basis of commitments, and is revalued in soms using the exchange rate at the date of valuation.

2.4.2 Recording is done on an accrual basis

The Kyrgyz Republic follows the *GFSM 1986* and records cash flows. Statistics are available on outstanding arrears of tax receipts, which would assist in estimating transactions on an accrual basis (at the time the event takes place), as recommended in the *GFSM 2001*.

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

Article 10 of the Treasury Law effectively prohibits netting in government accounts, apart from the refunds of taxes, consistent with *GFSM 1986* and *GFSM 2001* guidelines. The Fiscal Transparency ROSC (March 2002) noted that it had been common practice to make offsets for payments due among budgetary organizations, energy companies, and telecommunications providers. By 2001, such offsets had been eliminated at central government level, but still existed at local level, accounting for about two percent of revenues. From 2002, the offsets have been eliminated also at the local government level.

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 Treasury Law authorizes the Treasury to collect data on a comprehensive basis. The Treasury accounts cover both central and local government. The MOF Department of Investment Policy and Debt Management does not collect data on government borrowing from domestic banks. These data can be obtained from the banks, which also disseminate data on the outstanding level of lending to government.

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

The source data are compiled in exactly the format specified in Section 2.3 above.

3.1.3 Source data are timely

As indicated above (Section 0.3.2), source data are timely.

3.2 *Statistical techniques*

3.2.1 *Data compilation employs sound statistical techniques*

Data compilation is based on aggregating accounting data, and no special statistical techniques are required.

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

No transformations or adjustments are made to the data collected and aggregated.

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*

Treasury data are complete and are thoroughly assessed at the collection stage, and by the Chamber of Auditors. Errors such as sample error, response error, and nonsampling error are not applicable to the government finance statistics compiled.

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 Treasury compares its data with bank account information, and with Tax Department and Customs Department information.

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

Any discrepancies arising from these checks are investigated and eliminated.

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

The discrepancies between government accounting records of transactions above the line, and monetary records on government domestic and external financing presented below the line are significant and are the subject of ongoing discussions between the Treasury, the MOF Budget Policy Division, and the NSC.

3.5 Revision studies

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

Data for the budget execution subsector are derived from Treasury records of cash flows, and are produced on a cumulative basis within the year. As a consequence, revisions are minuscule, and within the year are not visible, and no studies are carried out. Data on operations undertaken outside the budget (the Social Fund and externally financed PIP) are derived from reports provided by the Social Fund and the Investment Policy Division of the MOF. Revisions to these are not studied on a regular basis. When the scope of the data is expanded to meet international standards, the quality of the initially published data will be greatly improved. However, they may be subject to more revision, and it will be important to monitor the revisions, analyze their causes and use the results to improve early estimates,

4. Serviceability

4.1 Relevance

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

There are no formal surveys of users, but the Treasury is in frequent contact with main official users.

4.2 Timeliness and periodicity

4.2.1 Timeliness follows dissemination standards

Annual accounts are available within six months; monthly detailed statistics within 20 days; and outstanding debt within 45 days. These time lags meet the timeliness requirements for both the GDDS and the SDDS.

4.2.2 Periodicity follows dissemination standards

Central and general government operations (albeit with partial coverage with regard to the general government) are published monthly, and statistics of outstanding debt are disseminated quarterly. These exceed the periodicity recommendations for the GDDS and meet the SDDS requirements.

4.3 Consistency

4.3.1 Statistics are consistent within the dataset

There are discrepancies between the above the line deficit and the sum of domestic and external financing below the line. These discrepancies are the subject of ongoing discussions between the Treasury, the MOF Budget Policy Division, and the NSC. From the brief investigation undertaken during the mission, contributory causes are likely to be the absence of data on some changes in bank deposits and bank borrowing in the Treasury records, and the impact of the ten day complementary period in budget execution.

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

Data published each year relate to the budget coverage in that year. The coverage changes have been relatively small. The Treasury has details on the time series changes, and can provide them upon request.

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

In principle, the derivation system ensures that budget execution data are consistent with banking information. However, data on government transactions with banks are missing from the reported financial accounts, and there are apparent inconsistencies between government and bank records on transactions of Treasury bills and in the definitions of government used in fiscal and monetary statistics.

4.4 Revision policy and practice

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

Published fiscal statistics currently relate to the budget execution, and are published on a cumulative basis within the year. Data for the budget execution are derived from Treasury records of cash flows, and are produced on a cumulative basis within the year. As a consequence, revisions are minuscule. Data on operations undertaken outside the budget (for the Social Fund and externally financed PIP) are derived from reports provided by the Social Fund and the Investment Policy Division of the MOF. These data may be subject to more revision, and it will be important to follow a regular transparent schedule for implementing the revisions, so that publication users are aware of the quality and reliability of the data.

4.4.2 Preliminary data are clearly identified

Monthly data are regarded as preliminary when first issued, but such identification is not provided to users.

4.4.3 Studies and analyses of revisions are made public

No analyses of revisions are currently carried out, as revisions of budgetary data have been negligible, and revisions to data on the Social Fund and externally financed PIP have not been monitored.

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 commentary published monthly is comprehensive, but there is ample room for improvement in the data layout, and no charts are presented.

The publicly disseminated tables show monthly data that are cumulative from the beginning of the year, a presentation which, while appropriate for budget monitoring, is not helpful for more general use, such as time series analysis. No discrete (noncumulative) data are disseminated.

The quarterly bulletin is a new publication and the quality of its presentation is still developing. Further improvements in the presentation of this publication could usefully include a comprehensive summary table on government finance statistics, and some time series analysis, illustrated by charts and specific summary tables to draw out key features.

5.1.2 Dissemination media and formats are adequate

Much has been done to extend the dissemination of fiscal statistics, but there are still improvements to be made. The introduction of the website will provide rapid and simultaneous release of data to the public. The quarterly bulletin will provide scope for the publication of data within the GFS framework, and for medium to long term analysis of trends in the data. Both of these dissemination media can still be improved considerably.

5.1.3 Statistics are released on a preannounced schedule

There is no prearranged schedule. However, in general, monthly data are made available to the public on the 20th of the following month. Annual data are released five months after the end of the fiscal year.

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

Monthly fiscal data are circulated to recipients and updated on the internet at the same time.

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

The full range of available data is provided by the Treasury to the NSC monthly. These data are made available to other users on 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

Brief documentation is published in the annual “*Socio-Economic Development of the Kyrgyz Republic.*” Summary metadata are also disseminated through the IMF’s GDDS website. More comprehensive information is contained in the Treasury Law and the Law on Government and Nongovernment Debt, and in the “Manual on the Charter of the Treasury of the Kyrgyz Republic.”

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

The brief notes are aimed at the general public. The other documents provide more detailed information on compilation processes for more expert users, but a dedicated manual of procedures and methodology that would facilitate the better interpretation of the data is not available.

5.3 Assistance to users

5.3.1 Contact person for each subject field is publicized

Contact telephone numbers and addresses are shown at the end of the Quarterly Bulletin, and in NSC publications.

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

No catalog of publications is produced by the MOF.

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

| 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 | | | | | | | |
|---|----|------------|----|-----|----|---|--|
| Element | NA | Assessment | | | | Comments on Assessment | Plans for Improvement and Target Dates |
| | | O | LO | LNO | NO | | |
| 0. Prerequisites of quality | | | | | | | |
| 0.1 Legal and institutional environment | | X | | | | Require more resources for essential development. Quality considerations dealt with, but not in a formal documented manner. | |
| 0.2 Resources | | | X | | | | |
| 0.3 Quality awareness | | | X | | | | |
| 1. Integrity | | | | | | | |
| 1.1 Professionalism | | X | | | | Statistical products in the <i>Quarterly Bulletin</i> not identified. | |
| 1.2 Transparency | | | X | | | | |
| 1.3 Ethical standards | | X | | | | | |
| 2. Methodological soundness | | | | | | | |
| 2.1 Concepts and definitions | | X | | | | Omission of Social Fund, externally financed PIP, and financing from domestic banks. GFS economic classification of expenditure, and GFS classifications of debt not published. | |
| 2.2 Scope | | | | X | | | |
| 2.3 Classification/sectorization | | | X | | | | |
| 2.4 Basis for recording | | X | | | | | |
| 3. Accuracy and reliability | | | | | | | |
| 3.1 Source data | | | X | | | MOF does not compile data on bank borrowing and deposits. Discrepancies between government and bank records on financing are significant. No revisions studies, but revisions to budget execution data are small. | |
| 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 | | | | |
| Reconciliation discussions are ongoing. | | | | | | | |

Table 4. Kyrgyz Republic: Data Quality Assessment Framework—Summary of Results for Government Finance Statistics
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|---|----|------------|----|-----|----|--|---|
| Element | NA | Assessment | | | | Comments on Assessment | Plans for Improvement and Target Dates |
| | | O | LO | LNO | NO | | |
| 4. Serviceability | | | | | | | |
| 4.1 Relevance | | | X | | | There are no formal surveys of users. | |
| 4.2 Timeliness and periodicity | | X | | | | | |
| 4.3 Consistency | | | | X | | Discrepancies between budget deficit and financing data are significant. Revisions to budget execution data are very small, but revisions outside this area are not monitored. | Ongoing discussions to remedy discrepancies. |
| 4.4 Revision policy and practice | | | X | | | | |
| 5. Accessibility | | | | | | | |
| 5.1 Data accessibility | | | | X | | Ample room for further improvement in presentation; no advance release calendar. Need for a dedicated manual with details on procedures and methodology. No catalog of publications. | Debt statistics to be disseminated in a uniform format, and put on MOF website. |
| 5.2 Metadata accessibility | | | X | | | | |
| 5.3 Assistance to users | | | X | | | | |

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*

The National Bank of the Kyrgyz Republic (NBKR) collects, processes, and disseminates monetary statistics for the Kyrgyz Republic. These activities are implicitly carried out under the Law on the National Bank of the Kyrgyz Republic (Law on the NBKR) of July 1997, according to which the NBKR is responsible for, among other tasks, implementing monetary policy (Article 4). Article 11 of this Law contains a general statement that data on major directions of the NBKR's activities shall be published in the mass media. While there is no explicit formal provision assigning responsibility for the dissemination of the monetary statistics, there is a clear recognition, through established practice, that this responsibility resides with the NBKR.

With the purpose of performing its functions, the NBKR has the right to request balance sheets, statements and other documents or information about the activities of the banks, as stated in the Law on Bank and Banking Activity in the Kyrgyz Republic" (Law on Bank and Banking Activity) of July 1997 (Article 39).

Within the NBKR, the Monetary Policy Division (MPD) of the Economic Department (ED) is responsible for compiling the monetary statistics of the Kyrgyz Republic. The responsibility for disseminating monetary statistics is assigned to the ED's Economic Analysis Division. However the MPD is responsible for posting monetary statistics on the NBKR's website.

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

Data sharing and coordination among the data producing agencies (namely the NSC and the MOF) is generally adequate. The NBKR has formal data sharing agreements with these agencies and undertakes regular informal consultations with the major data producing agencies. A joint working group has been set up by the NBKR and the MOF to address specific statistical issues, including those related to monetary statistics compilation and dissemination (e.g., the coverage and source data for nonbank institutions will be discussed during its next monthly meeting).

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

The confidentiality of respondents' data is regulated by the Law on Banks and Banking Activity, the Law on the NBKR, and the Law on Banking Secrecy. Article 54 of the Law on

Banks and Banking Activity states that the banks (including the NBKR), its founders, shareholders, members of the Council of Directors and Board of Directors, executive officers, employees, and persons who work for the bank are prohibited from disclosing to third persons or using for any purpose any information entrusted to them or to which they had access in their relationships with the bank's clients, except for the cases specified in Article 55 of this Law. According to the Law on the NBKR, transaction-specific information received from banks and other financial institutions licensed by the NBKR cannot be disclosed without their consent, except for the cases specified by the laws of the Kyrgyz Republic (Article 30). In addition, the confidentiality of respondents' data is reinforced by Article 49 according to which no employee is allowed to disclose confidential information on the activities of the NBKR or any other information obtained while discharging his/her duties, except for the cases specified by existing laws. The Law on Banking Secrecy, ratified by Parliament in June 2002, reinforces the legislative basis for storage, protection, publication, and presentation of banking information.

To prevent disclosure of information, access to individual institutions' data by NBKR staff is password protected (passwords are changed on a monthly basis) and reported data are secured in lockable file cabinets. The NBKR security division is charged with the prevention of unauthorized access to NBKR information systems and NBKR buildings. The Kyrgyz Republic's monetary statistics do not disclose data on individual institutions.

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

The Law on the NBKR empowers the NBKR to establish standards, issue directives, and to require the information deemed necessary with a view to exercising its functions (Article 30). This Law entitles the NBKR to outline rules for reporting by the banking system (Article 4). The Law on Banks and Banking Activity stipulates that the NBKR determine the nature, volume, and list of forms and deadlines for submission of reports and that the banks are liable for authenticity and completeness of submitted information and reports (Article 58).

Noncompliance with the reporting schedules and accounting standards set by the NBKR is governed by the Law on the NBKR, which prescribes measures and sanctions on the reporting entity (bank and other financial institutions licensed by the NBKR) in cases of failure to submit information or submission of untruthful and/or incomplete information (Article 32).

Within the NBKR, the Commission for Sanctions has been set by the NBKR Resolution No. 26/3 of December 24, 1997 to identify and take decisions on sanctions with respect to commercial banks and other financial institutions licensed by the NBKR, which violate the bank legislation and normative acts.

0.2 Resources

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

As of November 2002, the MPD comprises five professional staff, the acting head and four economists, of which three have recently joined the division. The Data Administrator, a separate post within the ED, is actively involved in the compilation and dissemination of monetary statistics. The MPD has a high rate of turnover of staff; during the latest months, two experienced staff members left the division. The management of the division is concerned about the staff resources of the MPD and considers that, at present, they are inadequate to meet the operational needs.

In 2002, and to address the significant rate of turnover of the NBKR staff, particularly in 1999-2000, the Board approved the Strategy of NBKR Personnel Administration and the Code of NBKR Personnel Official Service Ethics. It is expected that the principles formulated in these documents will allow conducting a long-term consistent personnel policy, encompassing all levels of management of the NBKR.

The NBKR staff receive on-the-job training and attend training courses offered by the bank training center and training centers of other central banks. However, no employee of the current MPD staff has participated in IMF courses on monetary and financial statistics.

Computing resources are adequate and are well utilized in achieving efficient data collection and compilation procedures. All staff members of the MPD have personal computers connected to the NBKR network. However, that there are temporary problems in improving and developing the NBKR's software arising from difficulties in staffing the Information Systems Department (ISD).

It appears that there are currently no budgetary constraints impeding data collection and compilation of monetary statistics.

0.2.2 Measures to ensure efficient use of resources are implemented

NBKR strives to improve its working methods, undertaking consultations whenever necessary between units involved in compiling monetary statistics, primarily the MPD, Accounting Reporting Department (ARD), Monetary Operations Department (MOD), Banking Supervision Methodology Department (BSMD), and Bank Supervision Department (BSD). These units work in concert, particularly in relation to large-scale projects such as reforming the charts of accounts for the NBKR and the commercial banks (1997).

The NBKR recently improved recently its organizational structure so as to assign the optimum number of staff for the completion of its objectives and functions. As result, a new organization structure was set up in October 2001.

The MPD prepares its annual action plan, with project responsibilities assigned to each staff member, and discusses it with the Director of the ED and the First Deputy Governor (as supervisor of the ED). However, a medium- and long-term plan for fully implementing the *Monetary and Financial Statistics Manual (MFSM)* and improving monetary statistics methodology and compilation practices is yet to be developed.

Data procedures are managed to minimize processing errors and the MPD seeks outside expert assistance to evaluate the monetary statistics methodology and compilation procedures.

0.3 Quality awareness

0.3.1 Processes are in place to focus on quality

Within the NBKR, there is recognition that quality constitutes a pillar of sound statistical work and managers are sensitive to all dimensions of quality. This awareness is also demonstrated by the Kyrgyz Republic's participation in the GDDS and the development of plans for improvement posted on the IMF's GDDS website.

The Law on the NBKR provides for the audit of the NBKR in accordance with international auditing procedures (Article 9), and the NBKR's annual financial statements have been audited by an international audit firm⁵. Monthly financial statements are audited by auditors of the Internal Audit Division (IAD).

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 MPD to identify any problems during data collection, processing and dissemination of monetary statistics. The ISD, which collects monthly balance sheets from the banks, verifies the data (basic accounting identities such as the equality between assets and liabilities). The BSD, the Cash Department (CD), and the MOD are also involved in the process of data verification for possible misclassifications. Control over data consistency is automated, and the banks are asked for clarification as required (e.g., clarification on unusual reporting).

The Public Relations Office of the NBKR aims at establishing and broadening the feedback from the public. This office undertakes consultations and information exchanges with the public, organizes meetings, and replies to the written inquires. Existing plans to facilitate user access to statistics on the NBKR website also demonstrate awareness of the need to monitor the quality of dissemination.

⁵ The NBKR's financial statements for 2001 have been audited by PricewaterhouseCoopers.

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

Tradeoffs between quality and other considerations are not explicitly acknowledged, but there is strong emphasis on the timeliness of monetary statistics.

There are no users' surveys to obtain feedback on data quality issues. However, the NBKR actively conducts consultations with users that facilitate identification of emerging information needs. For instance, the NBKR organizes round tables to discuss its goals, functions, and programs, including statistical activities, with the participation of parliament members, government officials, and representatives of the financial system, nongovernment organizations, international organizations, and other interested parties.

1. Integrity

1.1 Professionalism

1.1.1 Statistics are compiled on an impartial basis

The monetary statistics are compiled on an impartial basis by the NBKR; the NBKR is not required to submit these statistics to any government minister or official for approval prior to their dissemination and the decision to disseminate is made entirely within the NBKR. The Law on the NBKR provides for its independence. According to this Law, the Chairman of the NBKR shall be appointed and dismissed by the President of the Kyrgyz Republic by consent of the Jogorku Kenesh (Parliament) of the Kyrgyz Republic for a period of seven years (Article 39) and no interference in the management of the NBKR is allowed (Article 6). The appointment of the head of the bank's Economic Department is not subject to governmental approval.

Staff are selected on a competitive basis or by invitation in the case of well known specialists. Internal competition is based on performance and vacancies are announced in the mass media to attract experts and select the most qualified staff.

Professionalism of NBKR staff is promoted by encouraging participation in meetings with other professional compilers, other central banks, and international organizations. Staff of the NBKR and commercial banks are also encouraged to publish research papers in the newspapers such as "Banker" and "Banking Herald" and in other economic publications (also see section 4.1.1).

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

The choice of sources and statistical techniques is based solely on statistical considerations.

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

The NBKR has a proactive approach to prevent misinterpretation or misuse of monetary statistics. An informational newspaper column entitled “Public Relations Office of the National Bank Answers to Your Questions” was organized jointly with the editorial boards of several newspapers to provide answers to, and comments on, the questions most frequently asked by the public.

The NBKR participates in a weekly TV program “The National Bank Informs,” which is aimed at informing the general public about the major decisions, changes in relevant legislation, and events taking place in the NBKR and the country’s banking system. The weekly NBKR press releases contain comments on events taking place at the NBKR and basic data on the financial market.

The MPD also seeks to prevent misinterpretation or misuse of monetary statistics mainly by providing explanatory materials. Brief methodological notes are included in the monthly *Bulletin* and explanatory notes are appended to the tables.

1.2 Transparency

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

The Law on the NBKR is widely available and is posted on the NBKR website. This law stipulates, *inter alia*, that data on major directions of the NBKR are to be published in the mass media (Article 11). However, the Law on the NBKR and the information posted on the website do not contain specific provisions governing the collection, processing and dissemination of monetary statistics. These terms and conditions are summarized in the GDDS metadata on the DSBB and on the NSC website.

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

Prior to public release, data compiled by the NBKR are provided in preliminary form to government agencies and legislative bodies on request. This procedure is regulated under the Law on Statistics (Article 12) which states that the statistical agencies should provide the government agencies with the statistical and analytical information requested. This practice is acknowledged in the Kyrgyz Republic’s GDDS metadata, but not in a domestic publication, and the currently authorized recipients are not listed publicly.

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

The monetary statistics are released in publications of the NBKR (monthly bulletin and annual report) under its name and with explicit reference to it. Statistics from other statistical producers are explicitly identified if they are included in publications of the NBKR. Further,

the NBKR's statistics are clearly attributed to the Central Bank when they are reproduced by other institutions.

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

Users are generally notified of major changes in methodology, data sources, and statistical techniques 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

The NBKR staff's conduct is mainly guided by the provisions of the Law on the NBKR (Article 46) and the Law on Banks and Banking Activity (Article 55), which specify that the staff members are liable for disclosure of secrets received while performing their duties. New NBKR staff members sign a commitment not to disclose information accessed while performing their duties as employees of the NBKR and for five years after resignation.

In 2000, the Board of the NBKR approved the Code of NBKR Personnel Official Service Ethics. This document specifies a code of conduct promoted within the NBKR as well as the ethics norms that guide the NBKR's staff when interacting with colleagues and other agencies.

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 NBKR in compiling monetary statistics reflects concepts and principles recommended in the IMF's *MFSM*. The monetary survey ("balance sheet of banking system, on primary rates") is analogous in scope and concept to the Depository Corporations Survey recommended by the *MFSM*. However, the residency criterion is not uniformly applied; currency is used to classify some transactions with foreign and domestic units (see 2.3 ahead). The NBKR is aware of this deviation from international best practice; as stated in the GDDS metadata, the NBKR is considering uniformly using the residency criterion to distinguish domestic and external accounts in the medium term.

The monetary survey is a consolidation of the accounts of the NBKR and the commercial banks. The NBKR compiles and disseminates a wide range of monetary data including (1) the balance sheet of the NBKR, (2) the consolidated balance sheet of the commercial banks, and (3) the broad monetary survey which is referred to as the balance sheet of the banking system. The monetary aggregates identified in the broad monetary survey are

(1) M1 (currency in circulation and demand deposits); (2) M2 (M1 plus time deposits, savings deposits, and certificate of deposits), and (3) M2x (M2 plus foreign currency deposits), which coverage corresponds to broad money. Deposits at banks in liquidation are included in the monetary aggregates. However, the *MFSM* explicitly recommends the exclusion of all deposits in these banks (restricted deposits) from broad money.

The counterparts to M2x identified in the broad monetary survey are: net foreign assets (NFA) and net domestic assets (NDA), which comprise the domestic credit (claims on government less government deposits, credit to the economy, and the balance of other items). Claims on and liabilities to government refer to positions of central, local, and social security fund.

Since October 1, 2001, reserve money (monetary base) includes deposits of commercial banks in foreign currency, facilitating the interpretation of developments in the relationship between reserve money and broad money (M2x).

2.2 Scope

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

The banking system (or depository corporations subsector) of the Kyrgyz Republic is broadly consistent with the principles discussed in the *MFSM*. It comprises the NBKR, 19 licensed and operating domestic commercial banks, seven banks in liquidation, and one branch of a foreign bank (as of November 2002).

According to the Law on Banks and Banking Activity, a “bank” is a financial institution created to attract deposits and other funds from individuals and legal entities, and allocate them, based on terms of collectibility, payability, maturity and implementation of settlements in accordance with the clients’ instructions. The scope of the broad monetary survey compiled by the NBKR includes all financial institutions issuing broad money liabilities in the Kyrgyz Republic, in line with the *MFSM*.

The Other Depository Corporations (ODCs) subsector, as defined by the *MFSM*, consists of all resident financial corporations (except the central bank) and quasi-corporations mainly engaged in financial intermediation, whose liabilities consist of deposits or financial instruments that are included in the national definition of broad money. The *MFSM* does not contain prescriptions for national definition of broad money, which is left to the discretion of the national authorities. However, regardless of the national definition of broad money that is chosen, such definition is fundamental as it is used in determining the institutional units classified as ODCs. In the Kyrgyz Republic, the ODCs subsector includes all resident commercial banks and all financial institutions issuing liabilities meeting the definition of broad money, M2x, are included in the depository corporations survey, which is in line with the *MFSM*.

The financial system of the Kyrgyz Republic (or financial corporations sector) also encompasses a number of other financial corporations such as specialized credit institutions and credit unions, which currently do not issue liabilities included in the national definition of broad money for the Kyrgyz Republic. The specialized credit institutions and credit unions currently existing fall into the definition of Other Financial Intermediaries. However, the Law on Micro-Finance Institutions in Kyrgyz Republic (No. 124, of July 23, 2002) stipulates that a micro-finance institution can issue liabilities in the form of time deposits (Article 16). When these micro-finance institutions start issuing depository liabilities, these liabilities will need to be included in the coverage of broad money.

The reported balance sheets of the NBKR and commercial banks include the accounts of headquarters and branches located in the Kyrgyz Republic. The balance sheet of the NBKR covers the consolidated accounts of the bank's headquarters in Bishkek and its five branches. The balance sheet of the ODCs covers the accounts of all resident commercial banks (their headquarters and all their branches).

2.3 Classification/sectorization

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

The monetary statistics methodology stipulated in the *MFSM* is based on the classification and sectorization systems adopted in the 1993 *SNA* and *BPM5*. Therefore, to distinguish residents from nonresidents, the *MFSM* uses concepts identical to those recommended in these manuals. However, in the monetary statistics compiled by the NBKR, there are some transactions with foreign and domestic units that are classified on the basis of the currency denomination, and not the residency criterion (e.g., classification of the domestic currency denominated deposits of nonresidents in other domestic liabilities). Furthermore, the legal definition of residency specified in the Law on Operations in Foreign Currency (of June 5, 1995) provides for the classification of the subsidiaries of legal entities of the Kyrgyz Republic located abroad as residents (Article 1), which deviates from the residency criterion recommended for statistical purposes. Currently, this deviation does not affect the monetary statistics because there are no domestic banks with branches operating outside the Kyrgyz Republic.

The sectorization of the domestic economy by the NBKR is principally in line with the *MFSM*. The information in the reported commercial banks' balance sheets (based on the new charts of accounts introduced in 1997) permits claims on and liabilities to the resident (domestic) units of the economy to be grouped into sectors as follows (1) the NBKR (which corresponds to the central bank in the *MFSM*) (2) banks (which correspond to other depository corporations in the *MFSM*); (3) public nonfinancial institutions (which correspond to public nonfinancial corporations in the *MFSM*); (4) central government; (5) local government; (6) social security (which corresponds to the social security funds in the *MFSM*); and, (7) private sector (which corresponds to the other nonfinancial corporations and other financial corporations in the *MFSM*). However, the broad monetary survey

compiled and disseminated by the NBKR presents a more aggregated sectorization of the domestic economy, as follows (1) government (central, local, and social security); (2) central bank; (3) banks; (4) nonbank financial institutions, and, (5) other residents sectors. Depository corporations' (NBKR and the commercial banks) claims on and liabilities to the central government are not separately identified in the data compiled and published. In addition, private and public nonfinancial corporations are not separately identified in the monetary survey.

The classification of financial instruments in the monetary survey and sectoral balance sheets is largely consistent with the *MFSM* recommendations. Deviations from these recommendations are as follows (1) in the broad monetary survey, repurchase and reverse repurchase agreements with resident institutions are included in other items net; however, in the reported balance sheets these agreements are recorded separately (as deposits on the liabilities side and loans on the assets side), as recommended by the *MFSM*; (2), financial derivatives with nonresidents are classified as other foreign assets and those with residents are included as part of other assets/other liabilities, while the *MFSM* recommends that financial derivatives be presented as a separate category in the sectoral balance sheet of the depository corporations disaggregated according to counterparts/sectors—however, at present, the transactions in financial derivatives are not significant in the Kyrgyz Republic; (3) the information on insurance technical reserves is not available in order to permit the separate identification of these data as recommended; and, (4) securities other than shares include nonnegotiable instruments, which the *MFSM* does not recognize as securities (the *MFSM* recommends classification of nonmarketable securities as loans).

2.4 Basis for recording

2.4.1 Market prices are used to value flows and stocks

The general recommendation of the *MFSM* is that the valuation of financial assets and liabilities should be done on the basis of market prices or market-price equivalents. Valuation according to market-price equivalent (or fair value) is necessary for valuing financial instruments that are not traded in financial markets. The valuation of loans is an exception to this principle and loan values should be based on creditors' outstanding claims without adjustment for expected loan losses. This amount comprises the outstanding principal plus any accrued interest and is referred to as the book value of a loan. Monetary gold should be valued on the basis of the market price of gold. Holding gains and losses arising from changes in market values (or fair values) of financial assets and of outstanding liabilities should be recorded separately in a revaluation account.

Valuation of financial instruments follows, with few exceptions, the *MFSM* principles. For end-of-month NBKR balance sheet, the NBKR revalues its holdings of securities at market prices on a monthly basis in accordance with international guidelines, with the exception of the government securities intended to be held to maturity or held for investment purposes, which are valued at book value. The NBKR was aware that this practice deviates from

international best practice and had agreed with the MOF that these securities will be valued at market prices by the end of 2002.

In the broad monetary survey, loans are valued at book value, without adjustment for expected loan losses arising from anticipated defaults by borrowers (classified in the capital account) and without accrued interest (also classified in the capital account) while the *MFSM* recommends that interest accrued be incorporated into the outstanding amount of the loan.

Monetary gold held by the NBKR is revalued only on a quarterly basis using the gold price on the second London fixing of the last working day of the quarter and the official exchange rate⁶ of the last week of the quarter, which does not conform to the *MFSM*.

While valuation adjustments (including holding gains and losses on financial instruments) are separately identified in the reported balance sheets, they are not separately identified in the monetary survey as recommended (being classified in other items net).

End-of-month positions in foreign currency denominated assets and liabilities are converted to som equivalents in the reported balance sheet using the end-of-month official exchange rate, which largely conforms to the *MFSM*.

The *MFSM* also recommends that data be compiled on stocks and on each of the three flow components: transactions, revaluation, and other changes in volume of assets. However, at present, these data are not compiled.

2.4.2 Recording is done on an accrual basis

The *MFSM* specifies the use of accrual accounting and that interest accrued but not yet due on financial instruments be incorporated into the outstanding amount of the financial asset or liability, rather than being treated as part of other accounts receivable/payable. In the Kyrgyz Republic's monetary accounts, financial transactions are not systematically recorded on an accrual basis, and, except for some government securities, accrued interest is not incorporated into the underlying financial instrument but included in other items net in the broad monetary survey.

In conformity to the *MFSM*, transactions in financial instruments are recorded at the time of the change of ownership.

⁶ The official exchange rate is the weekly average weighted market exchange rates.

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

In line with the general principle of the *MFSM*, assets and liabilities of the NBKR and banks are collected and compiled on a gross basis. However, data in the monetary survey are presented on a net basis for foreign assets and foreign liabilities and for claims on and liabilities to government, and the underlying gross data for net foreign assets are not presented. This is not consistent with the *MFSM* recommendation according to which, whenever data are presented on a net basis, the underlying gross data should also be shown.

The monetary survey is obtained by consolidating all outstanding claims and liabilities between the NBKR and banks and among the banks, as recommended.

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 primary data source for the analytical accounts of the NBKR is its balance sheet, produced by the ARD. The data sources for the commercial banks are the respective monthly returns (balance sheets, income statements, statements on the off-balance sheet items, and various other supplementary forms).

The accounting records of the NBKR and commercial banks are maintained in accordance with the respective charts of accounts, introduced in 1997. The source data provide sufficient detail to enable the classification of financial instruments and economic sectors as defined in the *MFSM*. However, as noted above, more detailed data are required to enable a finer breakdown of nonbank institutions in the subsectors recommended by the *MFSM*.

The source data are exhaustive; no sampling or estimation techniques are applied. Accounting records are supplemented with the records on the off balance sheet items (e.g., financial derivatives classified under the account 919006 “Other NBKR Commitments”).

The MPD maintains close contact with the other NBKR departments as well as with the State Commission for Securities Market, 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

Source data provide a reasonable approximation to the required definitions, scope, valuation, and timing of recording for compiling sound monetary statistics, with the exception that more

detailed data are needed to separately identify the financial intermediaries and financial auxiliaries subsectors of the economy.

The NBKR is making an effort to ensure accurate classification of accounts on the commercial banks' monthly returns used in compiling monetary statistics and, through the BSMD, provides advice on the classification of accounts when particularly difficult classification issues arise. However, no guidance notes on the sector classification of institutional units have been prepared by the MPD for distribution to the banks.

Transactions that cannot be classified by sector or by financial instrument are treated as "other assets" and "other liabilities" in the monetary statistics. The "other assets" represented about five percent and 19 percent of total assets of the NBKR and commercial banks, respectively, during June-August 2002.

3.1.3 Source data are timely

Source data are timely. The end-of-month NBKR balance sheet is prepared by the ARD no later than 10 a.m. on the following day after the last day of the month and transmitted electronically to the MPD no later than 11 a.m. of the following day. Commercial banks are required to submit their end-of-month balance sheets to the NBKR by the tenth day of the following month. The same requirements are applied to the banks in liquidation.

After checking and validation undertaken by the ISD, MOD, CD, and BSD, the balance sheets of the commercial banks are transmitted electronically by the ISD to the MPD within 15 working days after the end of the reference month.

3.2 Statistical techniques

3.2.1 Data compilation employs sound statistical techniques

Data compilation procedures are sound. The banks' balance sheets are standardized and they are designed for computer processing. The potential for processing errors is minimized by the use of electronic reporting and processing procedures for the compilation of the surveys from the reported balance sheets. The commercial banks submit their monthly returns to the ISD in hard copy and electronic format. In the process of compiling monetary statistics, the MPD uses computer modules developed on Excel for detecting processing errors.

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

The disseminated monthly monetary surveys do not include estimates or adjusted data. The NBKR calculates seasonally adjusted monetary aggregates for internal purposes only.

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 quality of the source data is monitored throughout the compilation process, which is fully automated. The ISD undertakes the initial validation of the banks' reported balance sheet accounts (the basic accounting identities) and ensures full coverage of the banks. The banks' balance sheets are transmitted electronically to the MPD only after the BSD, CD and MOP have also validated them. Any queries on the reported data by individual banks are addressed by the BSMD. The reported balance sheet accounts of the NBKR are checked for inter-temporal consistency and any data queries are dealt with by the ARD and IAD.

The staff members of the MPD have a good understanding of the charts of accounts and the underlying accounting and classification guidelines used by the NBKR and commercial banks.

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 MPD does not routinely validate its data against other internal sources as the reported balance sheets data of commercial banks are cross-checked and validated by the MOD, BSD, CD, and BSMD. Deposits of and credit to the central government are not regularly compared with governmental statistics to check their consistency. Relevant monetary data are only partially compared with the corresponding balance of payments information (e.g., foreign assets/liabilities of commercial banks are not compared and checked for their consistency).

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 ARD and BSMD.

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 MPD.

3.5 Revision studies

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

Monetary data are final when first released. Studies or analyses of the revisions carried out due to methodological changes or other revisions are not undertaken.

4. Serviceability

4.1 Relevance

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

The contents of the monetary statistics broadly meet the authorities' needs for economic and financial analysis. The NBKR's Public Relations Office contacts users through the "Public Relations Office of the NBKR: Answers to Your Questions" aiming at seeking feedback from users other than government agencies and providing answers and comments to the questions most frequently asked by the public. However, there is no formal system to monitor if the needs of a broader spectrum of users are being met by the monetary data presently disseminated.

The NBKR regularly participates in meetings and seminars organized by international and regional institutions. In 2001, the NBKR cooperated with foreign central banks on both a bilateral and a multilateral basis, including those in the framework of the CIS, Eurasian Economic Community, and Central Asian Economic Community. These fora provide exposure to the evolving statistical needs and standards in other countries (also see 1.1.1).

4.2 Timeliness and periodicity

4.2.1 Timeliness follows dissemination standards

The monthly analytical accounts of the banking system are disseminated two-three weeks after the end of the month, which is more timely than the recommendations of the GDDS (two-three months) and is in line with the SDDS timeliness requirements (30 days). The analytical accounts of the NBKR with a breakdown of claims on public and private sectors, as well as data on the external position, are disseminated within two-three weeks after the end of the reference month, which is close to meeting the SDDS timeliness requirement (two weeks).

4.2.2 Periodicity follows dissemination standards

Monetary statistics are disseminated monthly, which is consistent with the SDDS periodicity requirements.

4.3 Consistency

4.3.1 Statistics are consistent within the dataset

Monetary statistics are internally consistent. The source data are collected in a balance sheet framework; consequently, the basic accounting identities are maintained. The bank deposits included in reserve money (monetary base) in the NBKR survey are consistent with bank reporting of deposits placed with the NBKR. The NBKR data on claims on the commercial banks show small differences from the corresponding data on commercial banks' liabilities to the NBKR, due to differences in the time of recording.

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

Monetary statistics compiled from the current charts of accounts for the NBKR and commercial banks are available from 1997 onwards. Brief footnotes to the published data describe some of methodological changes (e.g., change in reserve money to include foreign currency deposits of commercial banks) but breaks in data series arising from reclassification of accounts, changes in the number of reporting banks, or assets write-offs are not always identified.

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

Differences exist between the monetary statistics and the BOP data due to differences in valuation and coverage of financial instruments (e.g., foreign securities are not recorded in BOP). The MPD provides data only on gross foreign assets/liabilities for the NBKR to the BOP compilers; no data on gross foreign assets/liabilities for commercial banks are provided by the MPD to the BOP compilers. Therefore, no consistency checks are conducted for commercial banks data on foreign assets/liabilities. Differences also exist between net credit to government in the monetary statistics and bank financing of the central government in the fiscal accounts.

4.4 Revision policy and practice

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

Monetary data are considered final when first released and are not subject to regular revisions based on a preestablished schedule. New source data that lead to revisions are incorporated as early as possible in the monetary data. Users are typically alerted to revisions due to methodological changes but not to other revisions.

4.4.2 Preliminary data are clearly identified

Monetary data are final when first released to the public.

4.4.3 Studies and analyses of revisions are made public

No preliminary data are disseminated; monetary statistics published by the NBKR are final. The NBKR does not revise the monetary and credit aggregates on a routine basis and this policy is not announced to the 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)

The central bank and the commercial banks' accounts are presented in a balance sheet format and are published in the NBKR monthly *Bulletin* (370 copies in Kyrgyz and Russian and 150 in English) and in its *Annual Report*. The *Bulletin* and the *Annual Report* also contain a table of monetary aggregates showing different measures of money. The monthly NBKR's balance sheet and the broad monetary survey are posted on the NBKR's website.

The monthly *Bulletin* contains charts and brief methodological explanations for the tables related to monetary statistics. Although the tables of the monthly *Bulletin* present the information in a clear form, a greater level of disaggregation by institutional sector would be desirable.

The most recent bulletin from the NBKR (No. 9 of 2002) contains time series for the monetary aggregates on an annual basis (1995 through 2001) and on a monthly basis (August 2001 through August 2002).

5.1.2 Dissemination media and formats are adequate

The dissemination media and format are generally adequate although could be improved, for example, by posting on the NBKR website longer and more detailed time series on broad money and its components, credit aggregates and their components, and on depository corporations' foreign assets and liabilities. Longer time series data are made available to users upon request.

5.1.3 Statistics are released on a preannounced schedule

There is no preannounced schedule for the release of monetary statistics. However, the internal production schedules provide reasonably predictable release dates for monetary statistics published in the monthly *Bulletin*.

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

Data are released simultaneously to all users. However, some government agencies and legislative bodies have access, on request, to the monetary data before they are disseminated to the public via the NBKR's website or the monthly *Bulletin*. This practice is acknowledged in the Kyrgyz Republic's GDDS metadata (see 1.2.2).

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

Users are provided with subaggregates upon request. However, the general public is not informed of the terms and conditions of this service.

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

GDDS metadata for the Kyrgyz Republic posted on the IMF's GDDS website describe the broad scope, main concepts, and definitions used in compiling the banking system and related surveys. The metadata are updated annually via the NSC (last update: February 2002). Brief methodological notes are also provided in the NBKR *Bulletin*. Key differences from international standards are highlighted in the metadata posted on the IMF's GDDS website. The NBKR does not re-disseminate information posted on this website. Detailed methodological notes are not made available to the public.

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

The NBKR currently does not have a complete document on sources and methods for compiling monetary statistics to be regularly updated and disseminated to users.

5.3 Assistance to users

5.3.1 Contact person for each subject field is publicized

The GDDS metadata for the financial sector posted on DSBB contain contact information. The telephone and fax numbers of the Economic Research and Analysis Division are listed in the NBKR's *Bulletin*.

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

Information on the NBKR's publications is posted on its website. They are distributed free of charge to a list of main users such as the government offices and ministries, the press, research centers, universities, and foreign embassies. The users that are not on the NBKR's list for free distribution can buy the NBKR's publications through the publishing house.

Table 5. Kyrgyz Republic: Data Quality Assessment Framework—Summary of Results for Monetary Statistics
(Compiling Agency: National Bank of the Kyrgyz Republic)

| 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 | | | | | | | |
|---|----|------------|----|-----|----|---|--|
| Element | NA | Assessment | | | | Comments on Assessment | Plans for Improvement and Target Dates |
| | | O | LO | LNO | NO | | |
| 0. Prerequisites of quality | | | | | | | |
| 0.1 Legal and institutional environment | | | X | | | The NBKR's responsibility for compiling and disseminating monetary statistics is not explicitly stipulated. Further efforts to reduce substantial staff turnover and retain trained staff in MPD are required. | |
| 0.2 Resources | | | X | | | | |
| 0.3 Quality awareness | | X | | | | | |
| 1. Integrity | | | | | | | |
| 1.1 Professionalism | | X | | | | Terms and conditions (other than the NBKR Law) under which monetary statistics are collected, compiled, and disseminated are not available to public. Advance notice of major changes in methodology, source data, and definitions generally are not provided. | |
| 1.2 Transparency | | | X | | | | |
| 1.3 Ethical standards | | X | | | | | |
| 2. Methodological soundness | | | | | | | |
| 2.1 Concepts and definitions | | | X | | | For some transactions, the residency criterion is not uniformly applied. Deposits liabilities at banks in liquidations are included in broad money. Insufficient level of disaggregation of financial instruments by resident institutional sectors. Classification of some securities deviates from the <i>MFSM</i> | |
| 2.2 Scope | | X | | | | | |
| 2.3 Classification/sectorization | | | X | | | | |
| | | | | | | <i>MFSM</i> is to be fully implemented (medium-term). Uniformly apply the residency criterion to distinguish domestic and external accounts. See 2.1 | |

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|---|----|------------|----|-----|----|---|---|
| Element | NA | Assessment | | | | Comments on Assessment | Plans for Improvement and Target Dates |
| | | O | LO | LNO | NO | | |
| 2.4 Basis for recording | | | X | | | Market valuation is not always applied (valuation of government securities held to maturity and for investment deviates from the <i>MFSM</i>). Accrual accounting is not strictly followed. Gold is revalued only on quarterly basis. | See 2.1 Valuation of government securities held to maturity and for investment purposes at market prices by the end of 2002. |
| 3. Accuracy and reliability | | | | | | | |
| 3.1 Source data | | | X | | | Information not sufficient to support sectoral breakdown in conformity with the <i>MFSM</i> (e.g., subsectorization of nonbank institutions) Relevant monetary data are not validated against BOP and GFS data. No studies and analyses of revisions are undertaken on a routine basis; data are final when first released. | Reporting forms and compilation procedures will be revised (medium 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 | | | | |
| 4. Serviceability | | | | | | | |
| 4.1 Relevance | | | X | | | No formal system to monitor if the needs of a broad spectrum of users are met. | |
| 4.2 Timeliness and periodicity | | X | | | | Breaks in data series are not always identified. Discrepancies with BOP and GFS data. | |
| 4.3 Consistency | | | | X | | | |
| 4.4 Revision policy and practice | | | X | | | Monetary data are final when first released and are not subject to regular revisions. Users are typically alerted to revisions due to methodological changes but not to other revisions. | |

Table 5. Kyrgyz Republic: Data Quality Assessment Framework—Summary of Results for Monetary Statistics
(Compiling Agency: National Bank of the Kyrgyz Republic)

| 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 | | | | | | | |
|---|----|------------|----|-----|----|---|--|
| Element | NA | Assessment | | | | Comments on Assessment | Plans for Improvement and Target Dates |
| | | O | LO | LNO | NO | | |
| 5. Accessibility | | | | | | | |
| 5.1 Data accessibility | | | X | | | Longer and more detailed data series (broad-money liabilities and their counterparts) could be posted on the NBKR website. No preannounced schedule of statistical releases. Detailed methodological notes are not available to the public. | |
| 5.2 Metadata accessibility | | | X | | | | |
| 5.3 Assistance to users | | X | | | | | |

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*

The legal environment for compiling the balance of payments statistics in the Kyrgyz Republic is sound. The Law on the National Bank of Kyrgyz Republic (Law on the NBKR) designates the NBKR as the compiling agency for the balance of payments statistics (Article 51) and provides for the compilation of the balance of payments to be undertaken jointly with the NSC (Article 4). This law has been supplemented by Government Resolution No. 645 of November 3, 2000 on "Measures to Strengthen the Balance of Payments Statistics in the Kyrgyz Republic," which gives the NBKR the authority to collect information required for the purposes of compiling and forecasting the balance of payments. The NBKR's statistical activities are also governed by the Law on Statistics, namely with regard to the provision stating that statistical policy should ensure transparency, consistency of methodology, and comparability of statistics with international standards (Article 2).

The Law on the NBKR contains a general statement that data on major directions of activities of the NBKR are to be published in the mass media (Article 11). While there is no explicit formal provision assigning responsibility for the dissemination of the balance of payments statistics, there is a clear recognition, through established practice, that this responsibility resides with the NBKR. The balance of payments statistics are compiled and disseminated by the Balance of Payments Division (BOPD) of the NBKR's Economic Department.

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

Data sharing and coordination between the data producing agencies are generally adequate. The Law on the NBKR stipulates that ministries, state committees, and administrative departments shall provide the NBKR with information required for a compilation of the balance of payments in the form and within the time frame determined by the NBKR in agreement with the NSC (Article 51). Arrangements are in place to ensure an efficient and timely flow of data between the NBKR, the NSC, the MOF, the State Customs Inspectorate (SCI), the Ministry of Transport and Communications (MTC), the Ministry of Foreign Affairs (MFA), the National Commission on Securities Market (NCSM), other administrative departments, commercial banks, and enterprises.

To avoid duplication of effort and ensure proper understanding of data requirements, the Law on Statistics provides the NSC with the responsibility for setting statistical standards and coordinating and overseeing the methodology used in the compilation of official statistics

(Article 8), while allowing ministries and other government agencies to conduct statistical surveys independently, following the procedures established by the NSC (Article 5). In practice, however, the NBKR does not submit any survey questionnaires for approval by the NSC and has not consulted with it on the development or conduct of surveys. This practice can potentially lead to duplication of effort. Measures to ensure that data producing agencies obtain information in the most efficient manner and to avoid duplication of effort with regard to balance of payments compilation, are implemented in the framework of the Balance of Payments Interagency Working Group, established in 1997 (Government Resolution No.645). It is headed by the Deputy Minister of the MOF and consists of representatives from the NBKR, the NSC, the MOF, Ministry of Foreign Trade and Industry.

The NBKR has formal data sharing agreements and undertakes regular informal consultations with the major data producing agencies, notably the NSC and the MOF. These formal agreements specify terms and conditions for data exchange and outline the following four basic principles of interagency cooperation (1) transparency, (2) regular data exchange, (3) avoidance of duplication of effort, and (4) clear statement of mutual obligations. A joint working group has been set up by the NBKR and the MOF. The working group meets once a month to address various issues, including those related to the balance of payments statistics, e.g., to the external debt data provision. Within the NBKR, there are internal procedures approved through resolutions of the NBKR's Board to ensure timely flow of source data between various departments.

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

The confidentiality of respondents' data is regulated by the Law on Banks and Banking Activity, the Law on the NBKR, the Law on Banking Secrecy, and the Law on Statistics. Article 54 of the Law on Banks and Banking Activity states that the banks (including the NBKR), its founders, shareholders, members of the Council of Directors and Board of Directors, executive officers, employees, and persons who work for the bank are prohibited from disclosing to third persons or using for any purpose any information entrusted to them or to which they had access in their relationships with the bank's clients, except for the cases specified in Article 55 of this Law. According to the Law on the NBKR, transaction-specific information received from banks and other financial institutions licensed by the NBKR cannot be disclosed without their consent, except for the cases specified by the laws of the Kyrgyz Republic (Article 30). In addition, the confidentiality of respondents' data is reinforced by Article 49 according to which no employee has the right to disclose confidential information on the activities of the NBKR or any other information obtained while discharging its duties, except for the cases specified by existing laws. The Law On Banking Secrecy, ratified by Parliament in June 2002, reinforces the legislative basis for storage, protection, publication, and presentation of banking information. Article 13 of the Law on Statistics provides for the confidentiality of statistical information on individuals, and of information defined as the commercial secret of an institutional unit, and includes penalties for noncompliance.

Instructions to the International Transaction Reporting System (ITRS) and survey forms used by the NBKR contain a statement that the data provided by respondents will be used for statistical purposes to compile balance of payments statistics. However, no special aggregation rules have been developed by the NBKR to ensure that residual disclosure does not occur when aggregations of confidential data are disseminated. While theoretically residual disclosure is possible with regard to the nonmonetary gold exports and FDI transactions, no breaches of confidentiality of data have been identified to date. All data subject to publication are reviewed and approved by the high-level Editorial Board for statistical data.

To prevent disclosure of information, the electronic files in which the balance of payments statistics are compiled are password-protected and accessible only by staff of the BOPD. Time series for the last ten years are sent to the NBKR server for proper storage. Only managers at the division level are entitled to send data via electronic mail. The NBKR security division is responsible for preventing the unauthorized access to NBKR information systems and NBKR buildings.

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

The Law on the NBKR stipulates that enterprises, institutions, and organizations, regardless of the ownership form, as well as nonresidents located in the territory of the Kyrgyz Republic, shall furnish the NBKR with information required for the compilation of the balance of payment in the form and within the time frame determined by the NBKR in agreement with the NSC (Article 51). This Law entitles the NBKR to determine rules for reporting in the banking system (Article 4). The Law on Banks and Banking Activity stipulates that the NBKR shall determine the nature, volume, and list of forms and deadlines for submission of information and that banks are liable for the accuracy and completeness of the information and reports submitted, in accordance with the existing legislation (Article 58).

Despite this solid legal background, in practice conflicts between the legal authority of the NBKR to collect data and the interpretation of the secrecy provisions by compilers and respondents are yet to be entirely resolved. For example, ITRS data by individual transactor are not provided to the NBKR because of alleged confidentiality, rendering the NBKR unable to check the accuracy of high-value transactions. The confidentiality issue has also arisen with respect to the NBKR's access to unit records of customs declarations.

Moreover, while Article 51 of the Law on the NBKR states that nonsubmission or untimely submission of information required for compilation of the balance of payments shall entail liability as established by laws of the Kyrgyz Republic, BOP compilers consider that the quality of data from the enterprise surveys conducted by the NBKR is affected adversely by limitations to the ability of the NBKR to impose penalties on nonreporting enterprises.

The Law on the NBKR (Article 32) sets out preventive measures and sanctions in cases of failure to submit or submission of unreliable and/or incomplete information by commercial banks and other financial institutions, e.g., to issue binding instructions to rectify violations immediately or within a specified period, suspend or revoke the license, and to impose a penalty at the rate of not more than one percent of paid-up ownership capital for each case of a breach in accordance with existing procedures. The NBKR can also revoke the license of the bank or financial credit institution, among others, when doubtful information is regularly submitted (Article 32 (4)). In 1997, the Commission for Sanctions was set up within NBKR to impose sanctions on commercial banks and other financial institutions that violate the bank's legislation and normative acts (NBKR Resolution No.26/3 of December 24, 1997).

To secure the cooperation of respondents and to create goodwill, the NBKR has organized respondent education programs, and has become directly involved with some respondents, including through personal visits. For new respondents, extensive individual consultations on completing and submitting report forms are provided. This has resulted in improved cooperation and a closer relationship between major respondents and the NBKR. However, it appears that the NBKR needs to develop more awareness of the need to keep respondent burden under review.

0.2 Resources

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

Staff resources are not entirely commensurate with current statistical programs and are not sufficient to support development work. In addition to compiling and disseminating the balance of payments and international investment position, the BOPD staff are responsible for: analyzing and interpreting balance of payments data in official publications; preparing the balance of payments forecast, calculating the nominal and real effective exchange rates, and registering residents that conduct transactions with nonresidents through foreign bank accounts and residents borrowing abroad. There is a substantial staff turnover. Recently, two experienced staff left the BOPD for a long-term study abroad, and the six economists comprising the BOPD have, on average, only three-four years of experience in the balance of payments statistics.

In 2002, and to address the significant rate of turnover of the NBKR staff, particularly in 1999-2000, the Board approved the Strategy of NBKR Personnel Administration and the Code of NBKR Personnel Official Service Ethics. It is expected that the principles formulated in these documents will allow conducting a long-term consistent personnel policy, encompassing all levels of management of the NBKR.

As regards training, during the first two years, new staff are provided with on-the-job training in the balance of payments methodology and compilation methods and training provided by the Bank Training Center, and then are entitled to training abroad. Four of the BOPD staff members have received training at the IMF balance of payments courses. The staff serve as

back-ups to each other and management considers that staff resources at present are commensurate with operational needs.

The BOPD is equipped with personal computers connected in a local network. ORACLE is used for data capture, while data processing and analysis is carried out primarily in EXCEL. There is no information technology officer dedicated to working with the BOPD. In general, considering relatively short time-series, computer resources are adequate to perform existing tasks.

Owing to NBKR's centralized budgeting system, the financial resources available to the BOPD could not be assessed. It appears, however, that there are no budgetary constraints impeding the collection, compilation, and dissemination of the balance of payments statistics.

0.2.2 Measures to ensure efficient use of resources are implemented

The NBKR focused recently on improving its organizational structure and determining an optimum number of staff for the completion of its objectives and functions. As result, a new organization structure was set up in October 2001 aimed at ensuring the availability of adequate staff.

The BOPD prepares its annual action plan, with project responsibilities assigned to each staff member. The plan is discussed with the Director of the ED and with the First Deputy Governor. However, a medium- and long-term plan for improvement of the balance of payments methodology and compilation practice has yet to be developed. Efficiency gains are ensured by the use of a consistent methodology across the NBKR Divisions involved in the balance of payments compilation.

The ED seeks outside expert assistance to evaluate statistical methodologies and compilation systems. Over past few years, BOPD staff visited Ukraine and Kazakhstan to exchange experience in balance of payments compilation.

0.3 Quality awareness

0.3.1 Processes are in place to focus on quality

Within the NBKR, there is recognition that quality constitutes a pillar of sound statistical work and managers are sensitive to all dimensions of quality. This awareness is also demonstrated by Kyrgyz Republic's participation in the GDDS and the development of plans for improvement posted on the IMF's GDDS website. The Action Plan for Improvement of the Balance of Payments Statistics, endorsed by the Government Resolution No.58 of February 8, 2002, focuses on quality improvements in the short term.

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

The quality of the balance of payments statistics is overseen by the Balance of Payments Interagency Working Group. However, more could be done monitor the quality of some data sources, using the provisions of Article 11 of the Law on Statistics which entitles statistical agencies to collect accounting data from public authorities and business entities irrespective of their ownership, and use data from financial institutions, tax, customs and other records to validate the accuracy of statistical returns.

On-going consultations are conducted with the MOF to ensure that data quality is commensurate with its needs. Also, the BOPD staff maintain contacts with a broader group of users (mainly students) to incorporate suggestions into improvements to the data collection system. Also, the Public Relations Office of the NBKR aims at establishing and broadening the feedback from the public. This office undertakes consultations and information exchanges with the public, organizes meetings, and replies to written inquires. Existing plans to facilitate user access to statistics on the NBKR website also demonstrate awareness of the need to monitor the quality of dissemination.

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 Law on Statistics assign responsibility to the statistical agencies to ensure that statistics are accurate and timely (Article 3). Although the tradeoffs between quality considerations are not explicitly acknowledged with regard to the balance of payments statistics, in practice there is a strong emphasis on the timeliness of the statistics compiled and disseminated.

There are no users surveys to obtain feedback on data quality issues. However, the NBKR actively consults with users to facilitate the identification of emerging information needs. For instance, the NBKR organizes round tables to discuss the goals, functions, and programs of the NBKR, including statistical activities, with the participation of parliament members, government officials, and representatives from the financial system, nongovernment organizations, international organizations, and other interested parties. The BOPD monitors economic developments in Kyrgyz Republic closely to identify any emerging data requirements.

1. Integrity

1.1 Professionalism

1.1.1 Statistics are compiled on an impartial basis

The balance of payments statistics are compiled on an impartial basis and the NBKR is not required to submit the balance of payments statistics to any government authorities for approval prior to their dissemination, and the decision to disseminate is made entirely within

the NBKR. According to this Law, the Chairman of the NBKR shall be appointed and dismissed by the President of the Kyrgyz Republic by consent of the Jogorku Kenesh (Parliament) of the Kyrgyz Republic for a period of seven years (Article 39) and no interference in the management of the NBKR is allowed (Article 6). The appointment of the head of the bank's Economic Department is not subject to governmental approval.

Professionalism of the balance of payments compilers is promoted by encouraging participation in lectures, conferences, seminars, and training courses, including those organized by the IMF. There is a competitive recruitment procedure that ensures high level of professionalism.

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

Decisions about the methodology and data sources to be used to compile the balance of payments statistics are made entirely within the ED.

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

The NBKR has taken a proactive stance to prevent misinterpretation or misuse of statistics. An informational newspaper column entitled "Public Relations Office of the NBKR: Answers to Your Questions" was organized jointly with editorial boards of several newspapers to periodically provide answers to the questions frequently addressed by the public.

The NBKR participates in a weekly TV program "The National Bank Informs," which is aimed at informing the general public on the major decisions, changes in relevant legislation, and events taking place in the NBKR and the country's banking system. The Chairman of the NBKR organizes briefings and press conferences for the mass media on a regular basis. The weekly NBKR press releases contain comments on events taking place at the NBKR and basic data on the financial market.

The BOPD seeks to prevent misinterpretation or misuse of statistics by providing explanatory materials. Methodological notes are included in the annual publication the *Balance of Payments of the Kyrgyz Republic* and explanatory notes are presented adjacent to the tables.

1.2 Transparency

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

The Law on the NBKR stipulates data on major directions of activities of the Bank of Kyrgyzstan are to be published in the mass media (Article 11). The laws and regulations

governing the collection of the balance of payments data are posted on the NBKR's website. However, this site does not contain provisions governing the processing and dissemination of the balance of payments statistics. These terms and conditions are summarized in the GDDS metadata on the DSBB and on the NSC website.

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

Prior to public release, data compiled by the NBKR are provided in preliminary form to government agencies and legislative bodies on request. This procedure is regulated under the Law on Statistics (Article 12) which states that the statistical agencies should provide the government agencies with the statistical and analytical information requested. This general policy is made public in the GDDS metadata, but not in a domestic publications, and the currently authorized recipients are not listed publicly.

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

The NBKR annual and quarterly publications the *Balance of Payments of the Kyrgyz Republic* are clearly identified as a product of the NBKR. All the NBKR statistical publications clearly identify sources of information and contain the request to provide the source reference when statistics compiled by the NBKR are used or reproduced.

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

Prior notice of significant changes in methodology is generally not provided, but some explanations are provided when the changes occur.

1.3 Ethical standards

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

The NBKR staff's conduct is mainly guided by the provisions of the Law on the NBKR (Article 46) and by the Law on Banks and Banking Activity (Article 55) which state that employees shall be liable for disclosure of secrets received while performing their duties. New NBKR staff members sign a commitment not to disclose information accessed in performing their duties while employed in the NBKR and within five years after resignation.

In 2000, the Board of the NBKR approved the Code of NBKR Personnel Official Service Ethics. This document specifies a code of conduct promoted within the NBKR as well as the ethics norms that guide the NBKR's staff when interacting with colleagues and other agencies.

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 overall structure of the balance of payments statistics is in broad conformity with the guidelines presented in the *BPM5*. However, the concepts and definitions set out in *BPM5* are not currently followed in several areas:

Economic territory: The definition of the economic territory does not strictly follow the recommendations outlined in the *BPM5*. In general, and as recommended, the economic territory is defined as consisting of the Kyrgyz Republic and its embassies abroad, excluding foreign embassies and the military base located in Kyrgyz Republic. However, in the definition used to compile trade statistics by the SCI, the four Free Economic Zones (FEZ) are excluded from the country's economic territory and, therefore, the merchandise flows between the FEZ and the Kyrgyz Republic are treated as part of the SCI external trade data. To account for this inconsistency in the definition of economic territory, the NSC adjusts the external trade data used for balance of payments compilation purposes to exclude the transactions between the FEZ and the rest of economic territory of the Kyrgyz Republic.

Residency: The treatment of residency for the affiliates of the Kyrgyz enterprises abroad and for the long-term foreign workers follows the legal definition of residency (Article 1 of the Foreign Exchange Law), which is inconsistent with the statistical definition outlined in the *BPM5*. The legal definition defines as residents the subsidiaries and representatives of legal entities of the Kyrgyz Republic abroad, and stipulates that foreign individuals permanently residing in the Kyrgyz Republic become residents only after presenting notification of immigration to the relevant agencies. Thus, the long-term foreign workers in the Kyrgyz Republic (including technical staff working in the Kyrgyz Republic as a part of the technical assistance and humanitarian projects sponsored by foreign official and private institutions and foreign employees of commercial enterprises) are treated as nonresidents in the balance of payments compiled.

Reserve assets: Securities under repo agreements are excluded from the reserve component.

2.2 Scope

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

The overall scope and coverage of the balance of payments statistics are broadly consistent with the guidelines presented in the *BPM5*.

Geographic Coverage: The balance of payments data cover the whole territory of Kyrgyz Republic and its embassies abroad.

Unit Coverage: In general, all resident institutional units engaged in transactions with nonresidents are covered. However, the ITRS does not include enterprises whose transactions are conducted via accounts abroad. Recently, coverage was broadened by surveying the enterprises that attracted loans from nonresidents without government guarantee.

Transaction Coverage: In principle, all transactions with nonresidents are covered. However, there are some exceptions as follows:

- Monetary gold and foreign securities transactions, government bonds transactions, and repairs on goods (mainly from Kazakhstan) are not yet covered by the balance of payments statistics;
- Statistical reports containing new information on private external debt do not include liabilities with a maturity less than 180 days, thereby understating the country's external liabilities;
- Imports of government services that comprises all budget expenditures of the Kyrgyz embassies abroad are overstated by the amount of the embassies' staff income that is not spent abroad;
- Because the SCI does not process data on goods in transit between other countries, substantial volumes of goods procured in ports by foreign-owned truck transport through the country are not measured.

Moreover, some transactions are not identified separately within the scope of the balance of payments statistics. These are goods for processing (gold, raw sugar, raw cotton, oil refinery), loan liabilities by maturity, and subcomponents of reserve assets, such as special drawing rights (SDRs) and the Reserve Position in the Fund.

2.3 Classification/sectorization

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

Overall the balance of payments classification/sectorization is in broad conformity with the BPM5. The current account records transactions in goods (exports and imports of goods), services (transportation, travel, construction, other business services), income (direct and other investment income, compensation of employees), and current transfers (with a breakdown by general government and private sector). The capital account records general government and other sectors transfers. The financial account is compiled with a breakdown by direct investment, portfolio investments, including derivatives, and other investment.

Other investment is disaggregated by trade credits, loans of the monetary authorities, general government, banks and other sector, currency and deposits.

Under the current ITRS arrangements, banks are to classify transactions in accordance with instructions modeled along the classification framework recommended by *BPM5*. However, all cash transactions are included in the currency and deposits component and are not properly classified according to the nature of the balance of payments transaction.

Rental for real estate (buildings and land) received from the military base are classified under the other business services and not under the income on equity component as recommended by the *SNA93*.

At present, certain components of capital transfers, such as technical assistance associated with long-term investment projects, appear to be recorded under current transfers. According to *BPM5*, any transaction relating to grants for purposes of a long-term project or fixed assets capital formation should be classified under capital transfers.

Data on loans received refer mostly to loans received by the government sector and by various state-owned enterprises under guarantee of the Government. Although the government guaranteed loans should be attributed to the sector of borrower (other sectors), these loans are presently classified in the government sector.

2.4 Basis for recording

2.4.1 Market prices are used to value flows and stocks

The data are compiled in terms of U.S. dollars. Transactions denominated in national and other currencies are converted into U.S. dollars at the official exchange rate for the prevailing week. The weekly exchange rate is determined and announced by the NBKR on the basis of market spot-exchange and other market rates (Article 7 of the Foreign Exchange Law).

The reserve assets component is derived from balance sheets of the NBKR, and converted into U.S. dollars at the exchange rate used for monetary programming purposes.

2.4.2 Recording is done on an accrual basis

Transactions are mainly recorded on a cash basis, although data on both accrual and cash basis are available for some transactions from the accounting records (e.g., the MOF system for the management of external debt).

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

Following the recommendations of the *BPM5*, current and capital account transactions are recorded on a gross basis while financial account transactions are recorded on a net basis, separately for the individual asset and liability components.

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 NBKR employs an elaborate data collection program that is comprised of the ITRS and survey of enterprises with external loan liabilities. For balance of payments compilation, data from these sources are supplemented with information from the NSC on the international merchandise trade statistics, trade in services, FDI, information from the MOF on the government and government guaranteed external debt, from the NCSM on portfolio investment transactions, and from the Ministry of Foreign Affairs on other external transactions of government. The data sources are broadly sufficient to compile the balance of payments statistics.

In general, the ITRS, introduced by the NBKR in 1997, is dependable. The banks report every transaction between residents and nonresidents that passes through their accounts. Presently, the process covers approximately 10,000 transactions per month received from 18 banks. However, no data are compiled from the enterprises with regard to the transactions through their accounts with the banks abroad.

In general, the balance of payments survey framework is also dependable. The NSC surveys are based on the business register and a system of interlinked classifications that includes an automated classifications base, and the survey forms are well designed. The NBKR surveys are based on a list of enterprises with accounts abroad provided by the State Tax Inspection, and the list of enterprises that borrowed abroad provided by the NCS. These lists are to be updated and provided to the NBKR on a quarterly basis (Government Resolution No. 645 of November 3, 2000 on "Measures to Strengthen the Balance of Payments Statistics in the Kyrgyz Republic"). However, some enterprises, especially those in the FEZ, were not captured in these lists or do not respond to the surveys. While the lack of coverage of the enterprises in the FEZ is not statistically significant at this stage, it may be a source of error in the future.

The source data for each balance of payments component are as follows:

Goods: The primary source for data on merchandise trade is the SCI. The SCI transmits data to the NSC at the level of customs declaration. The NSC compiles data on exports f.o.b., and

imports c.i.f., supplementing customs data with information on trade in natural gas, electricity, and goods procured in ports that the NSC collects from enterprise surveys. The results are provided electronically to the NBKR.

Transportation: The NSC collects data from domestic airlines, railway, and road transportation companies that provide transportation services. In 1996, the survey of foreign airlines was implemented, and specific estimation techniques are applied to define the share of resident passengers. These data are supplemented with information that the NBKR collects from enterprises and ITRS.

Travel: The NSC conducts surveys of hotels and tourist firms. In addition, the SCI provides data on the number of travelers, country of origin (for foreign travelers), country of destination (for domestic travelers), and types of travel (private, business, etc.).

Communications: The NBKR collects data on communication services from the Ministry of Transport and Communications.

Construction: The NSC collects data on construction services from enterprises contracting with nonresident construction companies and from resident construction organizations doing work abroad. The NSC should make greater efforts to ensure that all construction companies provide information with the detail required in the questionnaires.

Insurance: Insurance on imports provided by nonresidents is derived from the estimated insurance included in the c.i.f. value of imports and from the ITRS. The NBKR collects data from the ITRS on insurance provided by residents.

Financial: The NBKR collects data from the ITRS and enterprises.

Other business services: The NSC collects data from enterprises. The NBKR collects data through the ITRS and uses rough estimates on technical assistance.

Government, not included elsewhere: Data on expenditures of the Kyrgyz Republic's embassies abroad are derived from the NBKR records and information from the Ministry of Foreign Affairs. Data on expenditures of foreign embassies located in the country are derived from the ITRS.

Compensation of employees: Information on compensation of employees is obtained from joint ventures and foreign-owned enterprises that report to the NSC.

Investment income: Data on direct investment income are derived from the survey of joint ventures and foreign-owned enterprises conducted by the NSC. Data on direct investment income in the banking sector are derived from commercial banks' reports to the NBKR. Data on portfolio investment income are derived from the SCSM and from the ITRS. Data on other investment income are collected from internal sources of the NBKR (interest on

international reserves), the MOF (interest on government and government guaranteed external debt), and enterprises (interest on private external debt).

Current transfers: For current transfers receivable by general government sector, sources of data are trade statistics, and data from nonprofit organizations. The debit entries cover contributions to international organizations, as reported by the MOF. Current transfers of other sectors comprise workers' remittances received from and remitted abroad, as reported by the MTC.

Capital transfers: The credit entries mainly cover offsets to imports of capital goods under aid programs. The NBKR calculates respective amounts by identifying capital goods within the total volume of grants in the form of goods registered by the NSC in the trade statistics. The NSC estimates migrants' transfers on the basis of the number of migrants and the average value of assets exported by migrants.

Direct investment: Data are derived from the survey of joint ventures and foreign-owned enterprises conducted by the NSC. Data on direct investment in the banking sector are derived from the ITRS. No survey is conducted to compile data for the FDI abroad.

Portfolio investment: These data are derived from the financial statement of the NBKR, the ITRS, the NCSM, and joint-venture enterprises.

Financial derivatives: These data refer mostly to hedging of gold prices, provided by major gold exporting enterprises.

Other investment: The Ministry of Finance provides data on drawings and repayments on loans received by the government and enterprises with government guarantee. Information on foreign borrowing by the NBKR is obtained from its internal records. Data on foreign assets and liabilities of commercial banks are derived from commercial banks' reports to the NBKR. The NSC collects (through enterprise surveys) data on other investment transactions of the private nonbank sector (trade credits). Data on loans, and other assets and liabilities are compiled by the NBKR.

Reserve assets: The data are derived from balance sheets of the NBKR.

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

The source data are generally adequate to compile balance of payments statistics. Procedures have been developed to improve main source data as follows:

Goods: The SCI data are supplemented with adjustments made by the NSC to improve the coverage, classification, and valuation of the trade statistics. The NSC estimates data on the "shuttle trade" (goods transported by individual travelers), not covered by customs in trade

statistics. Coverage of the merchandise trade data is also improved by estimates of humanitarian aid goods and smuggling of goods. Import data are converted to f.o.b. basis by deducting an estimate of transportation and insurance costs, which is reclassified under transportation and services (see below).

Transportation: Freight on imports provided by nonresidents is derived from the estimated freight included in the c.i.f. value of imports and adjusted to exclude transportation provided by resident carriers.

Travel: The NSC estimates the travel component on the basis of data from the SCI. Travel services are currently based on data models using both estimated and heuristic parameters. Such models are appropriate for the measurement of travel services, although heuristic parameters should be replaced with estimated parameters whenever feasible, e.g., by using data from small focused samples of travelers and the providers of travel services.

Capital transfers: The NBKR estimates capital transfers by identifying capital goods within the total volume of grants in the form of goods registered by the NSC in the trade statistics. The NSC estimates migrants' transfers on the basis of the number of migrants and the average value of assets exported by migrants. Migrants' transfers (debit) are estimated by the NSC, on the basis of the number of migrants leaving the Kyrgyz Republic.

With regard to financial derivatives, it appears that the distinction between the financial derivative transactions and the fixed gold sale transactions is not being appropriately recorded. (The premium received in quarterly gold sales recorded amounts to up to ten percent of sales.)

3.1.3 Source data are timely

The timeliness of source data is adequate. Merchandise trade data are provided monthly by the SCI to the NSC, on the 12th day for preliminary data, and within 22 days after the reference month for the final data. After processing and verification, the NSC transmits data to the NBKR within 35-40 days after the end of the reference month. Service trade data are provided quarterly, within 60 days after the end of the reference quarter. The data received from the ITRS are very timely. Data are required to be reported within ten days after the end of the reference month. External debt data are submitted quarterly by MOF (on a cumulative basis), approximately one month after the end of the reference period. International reserves data are compiled monthly, ten days following the reference month. The compilers follow up late respondents via telephone.

3.2 Statistical techniques

3.2.1 Data compilation employs sound statistical techniques

An outdated software is affecting the quality of data processing at SCI, namely as regards valuation procedures. Processing of external trade data at NCS was improved with the

installation of the EUROTRACE software in 1997 to supplement the NCS software. The ITRS data are all transmitted to the NBKR electronically. However, the ITRS data electronic verification and processing systems are yet to be fully developed.

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

The NSC conducts a quarterly sample survey to estimate shuttle trade. In addition, it uses customs data on the number of people crossing the border by groups of countries (Commonwealth of Independent States (CIS) and nonCIS countries) to support and verify its estimates. However, despite the Government Regulation No.347 mandating shuttle traders to submit customs declarations, the high value limits applied for the free import of goods by individuals have resulted in the proliferation shuttle trade activities and made estimates more difficult.

The NBKR estimates the freight and insurance component, based on a survey of major importers (246 enterprises) conducted by the NSC in 2001. On average, the adjustment is 9.43 percent for freight and 0.1 percent for insurance.

The NSC makes an estimates of travel services on the basis of an estimated average per diem expenditure, number of residents traveling abroad and nonresidents traveling in the Kyrgyz Republic, and an estimated duration of stay.

A data model has been developed by the NSC to estimate the migrants transfer data. These data are estimated using data on the number of migrants, multiplied by an average value of assets exported by migrants based on the value of sold real estate, car, and stocks. These estimates are augmented by the value of possessions accompanying migrants upon entry to new economies, when available.

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 NSC employs an elaborate source data verification program. It routinely reviews customs declarations that are transmitted by the SCI for correctness, consistency, and price control, returning doubtful records with questions. The declared export and import values are verified by using the available information on average international prices for traded items available from the indicative valuation database developed by the NSC.

As a result of this verification procedure, the NSC uncovered an error in air passenger service export data for the first two quarters of 2002 amounting to almost US\$11 million (15 percent of total export of services), which was corrected during the period of the mission. However,

further validation procedures should be developed for the NSC surveys on foreign trade in services. Temporal consistency checks are yet to be employed for external trade data.

The NBKR collects report forms from large enterprises to verify major goods and services transactions. The ITRS data are received from 18 of the 19 licensed banks. Since 1999, the BOPD has participated in the inspections performed by the Banking Supervision Department to review the accuracy of the reporting process. However, because of legal obstacles regarding to secrecy provisions, high value transactions cannot be verified with respondents.

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

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

There is no evidence of cross checking or validation of intermediate data.

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

In the ITRS, the discrepancies between merchandise trade and the associated financial flows are not reviewed. Other investment assets and liabilities transactions are not reconciled with stock data from money and banking statistics.

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

The NBKR and the NSC monitor merchandise trade data for major trading partners. To provide comparability of external trade data, international classifiers were introduced into the statistical practice: the International Standard Trade Classifier (ISTC) and the Classifier of European Union Products (CEUP). Bilateral data reconciliation is conducted with Russia, Kazakhstan, Tajikistan, Uzbekistan, China, Turkey, and Euro area countries. However, to date no comparisons of data on selected external debt transactions were made with the Joint BIS-IMF-OECD-World Bank Statistics on External Debt or the BIS locational international banking statistics. The data compiled by the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD) on foreign assistance to individual countries are not used to cross-check the accuracy of estimates on foreign aid provided to the Kyrgyz Republic.

3.5 *Revision studies*

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

Studies and analyses of revisions are not routinely performed.

4. Serviceability

4.1 Relevance

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

One of the objectives of the Balance of Payments Interagency Working Group is to ensure that the existing statistics are meeting the needs of users, specifically from government. The BOPD has established consultation processes with government agencies and the Jogorku Kenesh. The NBKR Public Relations Office contacts users through the “Public Relations Office of the NBKR: Answers to Your Questions” aiming at seeking feedback from users other than government. Although queries on the balance of payments statistics are frequently received there is no formal system for monitoring and reviewing these queries to determine whether they indicate that users' needs are not being met by the data presently disseminated. When opportunities arise, staff of the BOPD participate in regional and international meetings with balance of payments statistics compilers.

4.2 Timeliness and periodicity

4.2.1 Timeliness follows dissemination standards

The preliminary quarterly balance of payments statistics are disseminated in the NBKR monthly *Bulletin* within three months following the reference quarter, which is more timely than the recommendations of the GDDS (six to nine months for the annual data) and is in line with the SDDS timeliness requirement (three months).

4.2.2 Periodicity follows dissemination standards

The BOPD disseminates quarterly balance of payments statistics, which exceeds the annual periodicity recommended by the GDDS, and meets the SDDS periodicity requirement.

4.3 Consistency

4.3.1 Statistics are consistent within the dataset

Annual balance of payments statistics are derived as the sum of the four quarters, therefore quarterly and annual statistics are consistent. Consistency between balance of payments components, e.g., between import of goods and transportation services are monitored and explained in publications. However, an important indicator of consistency—net errors and omissions—is quite variable and up to eight percent of gross merchandise trade transactions.

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

Data are consistent and reconcilable over a reasonable period of time. Annual balance of payments statistics dating from 1996 and quarterly data for 2000-2002 are available in time series format.

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

The balance of payments statistics are broadly consistent with data obtained from other data sources and statistical frameworks. The detailed quarterly balance of payments worksheet is provided to the NSC for national accounts purposes ensuring consistency. Data are consistent with merchandise trade statistics, which are used as a data source.

However, there are discrepancies with monetary and financial statistics. Other investment liabilities for the monetary authorities and general government sector are not consistent with the public external debt data published in the *Quarterly Economic Bulletin* of the MOF. There are also discrepancies between several components of the international investment position and the relevant components of the balance of payments statistics, namely for the foreign direct investment in reporting economy, portfolio investment assets, and other investment assets and liabilities. The BOPD is working towards consistency of balance of payments data and international investment position data.

4.4 Revision policy and practice

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

Revisions policy is not stated publicly, but new source data are incorporated as soon as they become available during the year. After publication of annual the balance of payments statement data are considered final.

4.4.2 Preliminary data are clearly identified

Provisional balance of payments data published in the monthly *Bulletin* of the NBKR are labeled preliminary.

4.4.3 Studies and analyses of revisions are made public

Publications of the statistical series do not include any documentation of revisions. No public explanation is provided for differences between preliminary and final estimates. Systematic procedures for the analysis of revisions in the balance of payments, including the dissemination of these analysis to public, need to be introduced.

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)

Quarterly and annual issues of the serial publication *Balance of Payments of the Kyrgyz Republic* are available in Kyrgyz, Russian, and English (350 copies of each). The publication consists of a review of recent developments in the balance of payments, a large section of tables and charts that facilitate proper interpretation and analysis, and sections on the methodology and sources associated with the data provided. The publication includes both an analytic presentation and a detailed standard presentation of the balance of payments, the structure of trade, exchange rates and indices, external debt, and the international investment position. Balance of payments data are also published in the monthly *Bulletin* and the *Annual Report of the NBKR*.

5.1.2 Dissemination media and formats are adequate

The dissemination media are generally adequate. The serial publication *Balance of Payments of the Kyrgyz Republic* is a professionally printed large format publication. Balance of payments data are also available at the NBKR's website <http://www.nbkr.kg>.

5.1.3 Statistics are released on a preannounced schedule

Information on release calendars is included in the publications of the NBKR. Data are released in accordance with preannounced release schedule.

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

Some government agencies may have access, on request, to the preliminary balance of payments data before they are made public through press releases and/or in official publications. The dissemination media and format could be improved, for example by posting longer and more detailed time series on the NBKR website.

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

On request, special tabulations of nonpublished, nonconfidential data are provided to users, mainly from government. However, the general public is not informed of the terms and conditions of this service.

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

Quarterly and annual issues of the *Balance of Payments of the Kyrgyz Republic* contain sections on the methodology and sources associated with the data provided. However, no information is provided about response rates to the main surveys, main linkages with other statistics data sets, or deviations from internationally accepted standards.

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

The NBKR currently does not have a complete document on sources and methods for compiling balance of payment monetary statistics to be regularly updated and disseminated to users.

5.3 Assistance to users

5.3.1 Contact person for each subject field is publicized

The NBKR's statistical publications provide the address, e-mail, telephone and fax numbers for the BOPD contact person and press service. A contact person is also identified on the GDDS metadata for the external sector posted on DSBB. Arrangements have been established within the NBKR to ensure that queries received on balance of payments statistics are directed to the relevant person in the BOPD.

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

Hard-copy catalogs of publications and other services are not produced by the NBKR, but information on published documents is available on the NBKR website and on the DSBB.

Table 6. Kyrgyz Republic: Data Quality Assessment Framework—Summary of Results for the Balance of Payments Statistics
(Compiling Agency: National Bank of Kyrgyz Republic)

| 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 | | | | | | | |
|---|----|------------|----|-----|----|--|--|
| Element | NA | Assessment | | | | Comments on Assessment | Plans for Improvement and Target Dates |
| | | O | LO | LNO | NO | | |
| 0. Prerequisites of quality | | | | | | | |
| 0.1 Legal and institutional environment | | | X | | | Conflicts in the interpretation of secrecy provisions and the statistics law yet to be resolved affect data accuracy. Responsibility for disseminating the balance of payments statistics not clearly stated. Substantial staff turnover; staff resources are not entirely adequate to perform existing tasks. | |
| 0.2 Resources | | X | | | | | |
| 0.3 Quality awareness | | X | | | | | |
| 1. Integrity | | | | | | | |
| 1.1 Professionalism | | X | | | | No advance notice on major changes in methodology is provided to the public. | |
| 1.2 Transparency | | | X | | | | |
| 1.3 Ethical standards | | X | | | | | |
| 2. Methodological soundness | | | | | | | |
| 2.1 Concepts and definitions | | | X | | | Deviations from residency criteria and definitions of some transactions. Some transactions are not covered. Loans guaranteed to by the government and rent on land are misclassified. Reserves assets are not converted into U.S. dollars using market exchange rate. Accrual accounting is not strictly followed. | |
| 2.2 Scope | | | X | | | | |
| 2.3 Classification/sectorization | | | X | | | | |
| 2.4 Basis for recording | | | X | | | | |

Table 6. Kyrgyz Republic: Data Quality Assessment Framework—Summary of Results for the Balance of Payments Statistics
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|---|----|------------|----|-----|----|--|---|
| Element | NA | Assessment | | | | Comments on Assessment | Plans for Improvement and Target Dates |
| | | O | LO | LNO | NO | | |
| 3. Accuracy and reliability | | | | | | | |
| 3.1 Source data | | X | | | | An efficient data processing system for the SCI is yet to be developed. No temporal consistency checks of trade data. Limited studies on statistical discrepancies. Studies and analysis of revisions carried out on an occasional basis. | Create a system of statistical accounting of technical assistance provided to the Kyrgyz Republic. |
| 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 | | | | |
| 4. Serviceability | | | | | | | |
| 4.1 Relevance | | X | | | | Net errors and omissions are significant and quite volatile. Discrepancies with monetary statistics No explanation is provided for differences between preliminary and final estimates | |
| 4.2 Timeliness and periodicity | | X | | | | | |
| 4.3 Consistency | | | | X | | | |
| 4.4 Revision policy and practice | | | X | | | | |
| 5. Accessibility | | | | | | | |
| 5.1 Data accessibility | | X | | | | More comprehensive metadata are yet to be developed | Improving metadata, including information on statistical techniques, and main linkages with other statistical datasets. |
| 5.2 Metadata accessibility | | | X | | | | |

Data Quality Assessment Framework (DQAF)-Generic Framework (July 2001 Vintage)

| Quality Dimensions | Elements | Indicators |
|--|---|--|
| <p>Prerequisites of quality¹</p> | <p>0.1 Legal and institutional environment—<i>The environment is supportive of statistics.</i></p> <p>0.2 Resources—<i>Resources are commensurate with needs of statistical programs.</i></p> <p>0.3 Quality awareness—<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.</p> <p>0.1.2 Data sharing and coordination among data producing agencies are adequate.</p> <p>0.1.3 Respondents' data are to be kept confidential and used for statistical purposes only.</p> <p>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.</p> <p>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.</p> <p>0.3.2 Processes are in place to monitor the quality of the collection, processing, and dissemination of statistics.</p> <p>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>1. Integrity</p> <p><i>The principle of objectivity in the collection, processing, and dissemination of statistics is firmly adhered to.</i></p> | <p>1.1 Professionalism—<i>Statistical policies and practices are guided by professional principles.</i></p> <p>1.2 Transparency—<i>Statistical policies and practices are transparent.</i></p> <p>1.3 Ethical standards—<i>Policies and practices are guided by ethical standards.</i></p> | <p>1.1.1 Statistics are compiled on an impartial basis.</p> <p>1.1.2 Choices of sources and statistical techniques are informed solely by statistical considerations.</p> <p>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.</p> <p>1.2.2 Internal governmental access to statistics prior to their release is publicly identified.</p> <p>1.2.3 Products of statistical agencies/units are clearly identified as such.</p> <p>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 (DQAF)-Generic Framework (July 2001 Vintage)

| Quality Dimensions | Elements | Indicators |
|--|--|--|
| <p>2. Methodological soundness</p> <p><i>The methodological basis for the statistics follows internationally accepted standards, guidelines, or good practices.</i></p> | <p>2.1 Concepts and definitions—<i>Concepts and definitions used are in accord with internationally accepted statistical frameworks.</i></p> <p>2.2 Scope—<i>The scope is in accord with internationally accepted standards, guidelines, or good practices.</i></p> <p>2.3 Classification/sectorization—<i>Classification and sectorization systems are in accord with internationally accepted standards, guidelines, or good practices.</i></p> <p>2.4 Basis for recording—<i>Flows and stocks are valued and recorded according to internationally accepted standards, guidelines, or good practices.</i></p> | <p>2.1.1 The overall structure in terms of concepts and definitions follows internationally accepted standards, guidelines, or good practices: see dataset-specific framework</p> <p>2.2.1 The scope is broadly consistent with internationally accepted standards, guidelines, or good practices: see dataset-specific framework.</p> <p>2.3.1 Classification/sectorization systems used are broadly consistent with internationally accepted standards, guidelines, or good practices: see dataset-specific framework.</p> <p>2.4.1 Market prices are used to value flows and stocks.</p> <p>2.4.2. Recording is done on an accrual basis.</p> <p>2.4.3 Grossing/netting procedures are broadly consistent with internationally accepted standards, guidelines, or good practices.</p> |

Data Quality Assessment Framework (DQAF)-Generic Framework (July 2001 Vintage)

| Quality Dimensions | Elements | Indicators |
|--|---|--|
| <p>3. Accuracy and reliability</p> <p><i>Source data and statistical techniques are sound and statistical outputs sufficiently portray reality.</i></p> | <p>3.1 Source data—<i>Source data available provide an adequate basis to compile statistics.</i></p> <p>3.2 Statistical techniques—<i>Statistical techniques employed conform to sound statistical procedures.</i></p> <p>3.3 Assessment and validation of source data—<i>Source data are regularly assessed and validated.</i></p> <p>3.4 Assessment and validation of intermediate data and statistical outputs—<i>Intermediate results and statistical outputs are regularly assessed and validated.</i></p> <p>3.5 Revision studies—<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 nonsampling 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 (DQAF)-Generic Framework (July 2001 Vintage)

| Quality Dimensions | Elements | Indicators |
|---|---|--|
| <p>4. Serviceability</p> <p><i>Statistics are relevant, timely, consistent, and follow a predictable revisions policy.</i></p> | <p>4.1 Relevance—<i>Statistics cover relevant information on the subject field.</i></p> <p>4.2 Timeliness and periodicity – <i>Timeliness and periodicity follow internationally accepted dissemination standards.</i></p> <p>4.3 Consistency—<i>Statistics are consistent within the dataset, over time, and with major datasets.</i></p> <p>4.4 Revision policy and practice—<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> |

Data Quality Assessment Framework (DQAF)-Generic Framework (July 2001 Vintage)

| Quality Dimensions | Elements | Indicators |
|--|--|--|
| <p>5. Accessibility</p> <p><i>Data and metadata are easily available and assistance to users is adequate.</i></p> | <p>5.1 Data accessibility—<i>Statistics are presented in a clear and understandable manner, forms of dissemination are adequate, and statistics are made available on an impartial basis.</i></p> <p>5.2 Metadata accessibility—<i>Up-to-date and pertinent metadata are made available.</i></p> <p>5.3 Assistance to users—<i>Prompt and knowledgeable support service is available.</i></p> | <p>5.1.1 Statistics are presented in a way that facilitates proper interpretation and meaningful comparisons (layout and clarity of text, tables, and charts).</p> <p>5.1.2 Dissemination media and formats are adequate.</p> <p>5.1.3 Statistics are released on the preannounced schedule.</p> <p>5.1.4 Statistics are made available to all users at the same time.</p> <p>5.1.5 Nonpublished (nonconfidential) subaggregates are made available upon request.</p> <p>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.</p> <p>5.2.2 Levels of detail are adapted to the needs of the intended audience.</p> <p>5.3.1 Contact person for each subject field is publicized.</p> <p>5.3.2 Catalogs of publications, documents, and other services, including information on any charges, are widely available.</p> |

Note: The elements and indicators included here bring together the “pointers to quality” that are applicable across the five identified dimensions of data quality.

Summary of Results of the Users' Survey

With the assistance of the authorities, and to complement the Fund staff's own assessment of the quality of the Kyrgyz Republic's macroeconomic statistics, the mission that visited Bishkek during November 5-21, 2002 conducted an informal survey of academics, media, business associations, banks, nonprofit organizations, and public sector agencies. The survey asked users to evaluate nine different aspects of national accounts, prices, labor market, fiscal, monetary, and balance of payments statistics. Also, the mission had discussions with a selection of these users while in Bishkek. The comments summarized below are from the users surveyed.

Respondents' views were largely positive. In general, the majority of the respondents (evenly distributed among public agencies, private sector and academics) considered official statistics to be "good" and some "very good," and only a few respondents considered some of the statistics "unsatisfactory." Most users viewed the overall quality of the Kyrgyz Republic's statistics comparable or, in the case of price statistics and national accounts estimates, better than those of the countries in the region. Users were particularly satisfied with the overall quality of price statistics, and relatively less satisfied with the overall quality and lack of detail of government finance statistics.

Users were generally satisfied with the coverage and frequency of the statistics, which they regularly use for a wide range of purposes. While in general users were also satisfied with the access to the data, some users, mainly those from the media and nonprofit organizations, emphasized difficulties in accessing data on a regular basis. On the timeliness of the data, users' responses were mixed across all data sets, with satisfaction and dissatisfaction levels evenly distributed among users. Some concerns were expressed with regard to the timeliness of comprehensive national accounts and government finance data.

While some researchers were satisfied with the easy access to detailed information on methodologies upon request, the majority of users had little clarity about the methodology used in preparing main macroeconomic statistics. Nonetheless, the majority of the users surveyed believed that the methodology of official statistics was sound and considered these statistics to be unbiased and accurate. Two users expressed concerns about the truthfulness and reliability of official statistics. The existence of advance release calendars for some data categories was not widely known by users.

Many respondents took the opportunity to provide comments and suggestions on official statistics. Users expressed the need to produce more disaggregated and more frequent statistics, for example, on the poverty level, labor market indicators, and foreign direct investment. Some users indicated a need for a target effort to communicate more frequently with users and to provide free access to a wider range of statistical publications and datasets, particularly by the media.