



OECD Assessment of the Statistical System and Key Statistics of the Russian Federation

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INTRODUCTION

On 16 May 2007, the OECD Council decided to open discussions with the Russian Federation on accession to the Organisation and, on 30 November 2007, an Accession Roadmap, setting out the terms, conditions and process for accession was adopted [C(2007)103/FINAL]. In the Roadmap, the OECD Council requested a number of OECD Committees to provide it with a formal opinion. The Committee on Statistics was requested to review the statistical system and statistics of the Russian Federation in order to provide a formal opinion on the degree of coherence with those of OECD member countries. In light of the formal opinions received from OECD Committees and other relevant information, the OECD Council will decide whether to invite the Russian Federation to become a member of the Organisation.

This document was prepared for the purposes of the accession review by the Committee on Statistics and presents an assessment of the statistical system and statistics of the Russian Federation undertaken by the OECD. It covers key statistical domains.

Chapter 1 provides a summary assessment of the legal and institutional framework for statistics. Chapters 2 to 13 provide reviews of Russian economic, labour and trade statistical domains covering: National Accounts, Population, Business Register, Business Statistics, Financial Statistics, International Trade in Goods and Services, Balance of Payments, Prices and Purchasing Power Parities, Labour and Labour Compensation, Indexes of Production and Demand, Short-term Financial Statistics and Business Tendency and Consumer Opinion Surveys.

Each of the data domain chapters assesses the quality of the data available from the Russian Federation, their comparability with data available from OECD member countries. The fundamental criteria for measuring quality and comparability are coverage, compliance and interpretability. In that context, the assessments consider Russia's capacity to provide data and metadata, in one of the official languages of the OECD, on an ongoing basis.

The OECD Secretariat's main point of contact during this review was the Russian Federal State Statistics Service (Rosstat). Without Rosstat's help this review could not have proceeded. The OECD publishes this review trusting that it will be helpful for discussions in Russia and contribute to a better understanding of the Russian statistical system abroad.

Important note: This document is <i>time bound</i> in that the assessment presented corresponds to the state of information available to the OECD Secretariat on 31 January 2013. The OECD acknowledges that the Russian Statistical System is constantly developing and as such some information contained in this report may have since been surpassed.

CHAPTER 1: THE LEGAL AND INSTITUTIONAL FRAMEWORK FOR STATISTICS

Introduction

1. This chapter provides a summary review of the legal and institutional framework (LIF) for statistics in the Russian Federation, and their conformity with the principles and practices applied in OECD countries. A review of the evolution of the legal basis for Russia's national statistical system precedes an assessment of the country's adherence to certain fundamental principles for official statistics. A list of key references cited throughout the chapter is included on at the end of this chapter.

2. A strong and comprehensive legal basis for statistics and solid administrative arrangements to ensure the proper functioning of the statistical system provide the necessary framework for development of official statistics not only at a national, but also at an international level.

3. The basis for the assessment of Russia's legal and institutional framework for statistics is adherence to the United Nations Fundamental Principles of Official Statistics developed by the United Nations Statistical Commission in 1994¹.

4. The Fundamental Principles of Official Statistics contain basic universal standards that inspire the development and harmonisation of official statistics at national and global levels. They provide a framework for passing laws and regulations on statistics. The Fundamental Principles can also play a useful role in clarifying the role and strengthening the position of the National Statistics Office (NSO) within the overall structure of government. The UN Fundamental Principles are formulated in a flexible way in order to leave countries free to decide on the most suitable way to implement each of them within any particular national system. However, the implementation approach chosen by a country should cover the whole system of official statistics and not be limited to the status and activities of the NSO or other selected institutions.

5. In assessing the legal and institutional framework (LIF), the OECD Secretariat considers the pertinent laws, regulations and policies that govern the activities of all the major producers of statistics in the National Statistics System and endeavours to examine how they are actually implemented in practice. The goal is to determine whether the national statistical laws are comprehensive and coherent, periodically revised and amended, and respect international principles and practices for official statistics. Using the ten fundamental principles as a guide, the legal and institutional framework assessment identifies numerous sub-elements that permit reviewers to determine whether and how Russia adheres to a given principle. The Ten Principles and all of the sub-elements formed a detailed template applied to all accession countries.

6. The compilation of documentation for the LIF Assessment involved the provision of information by the Federal State Statistics Service (Rosstat) and other Russian Ministries and Agencies. The OECD Secretariat also conducted extensive research using Russian and English language resources from official publications and websites. The LIF Assessment also refers to the observations of other international organisations including the World Bank, Eurostat and the International Monetary Fund (IMF). The IMF Report on the Observance of Standards and Codes (ROSC) for Russia, published in February 2011 is particularly relevant.

Evolution of the legal basis for Russia's national statistical system

7. In November 2007, the Russian Federation enacted a new, comprehensive statistical law, Federal Law No. 282 on "Official statistical accounting and the state statistics system in the Russian Federation", (hereinafter "Statistics Law") that is similar to those in OECD member countries. It

¹ <http://unstats.un.org/unsd/methods/statorg/FP-English.htm>

provides a legal basis for a unified state policy on official statistical accounting and comprises a framework for the state statistics system. The new Statistics Law embodies internationally recommended principles and practices for official statistics. Resolution 420 on the “Federal State Statistics Service”, adopted in June 2008, formally established the legal status of the National Statistical Office and identified its functions, rights and responsibilities. Other Laws, Decrees, Resolutions and Orders, cited throughout this chapter and summarised at the end of this chapter, complete the legal framework.

8. Significant improvements in the Russian statistical system have been observed, beginning with the Statistical Law of 2007:

- For the first time, legislation clearly and properly established the status of Federal State Statistics Service (Rosstat).
- The Statistics Law of 2007 established a legal basis for the use of administrative records to produce Russian statistics, which facilitates the collection and processing of data and reduces the burden on respondents and on regional statistical bodies.
- The comprehensive, annual Federal Plan of Statistical Works, in place since 2008, provided an official mechanism to effect coordination.
- The Methodological Council, established by authorities in 2010, strengthens scientific capacities and ensures greater methodological consistency.
- In May and June 2012, the Russian Government changed the reporting relationship for Rosstat and adopted a number of amendments to the relevant Statute authorising the Statistics Service to exercise the functions of legal regulation and to develop state policy in the field of national official statistics.

Summary assessments of Russia's legal and institutional framework for statistics

9. This section examines each of the ten fundamental principles for official statistics to determine whether Russia complies with the principle. While it concludes that partial or full compliance exists in all cases there are nevertheless areas where further improvements could be made. These are identified and recommendations are offered.

Principle 1

Official statistics that meet the test of practical utility are to be compiled and made available on an impartial basis by official statistical agencies to honour citizens' entitlement to public information.

10. This is perhaps the most fundamental of the fundamental principles. It comprises several important elements or sub-principles including the basic existence of “official statistics”, impartiality (independence), relevance (practical utility), availability (dissemination) and equal access. However, while important, these elements are often difficult to assess directly. For example, impartiality cannot be established by legislation alone. Laws may establish the fundamental basis for impartiality but numerous other factors will determine the ability of statistical authorities to act in accordance with the principle.

11. Therefore, in assessing compliance with this broad principle 1, the OECD Secretariat has considered a large number of factors including laws, appointment procedures, user consultation activities and planning systems.

12. Furthermore, compliance with this broad principle 1 is often informed by consideration of many of the other ten fundamental principles. An impartial statistical office must have the discretion

to make decisions about statistical methodologies on scientific grounds, without intervention by higher or political authorities and must be transparent and open about those choices. The freedom to choose statistical methods is principle 2 and the openness about concepts sources and methods is principle 3.

Legal and regulatory basis for statistics

13. As noted above, the Statistics Law of 2007 and Resolution 420 of 2008 provide the foundation for the Russian statistical system, though numerous other Laws, Decrees, Resolutions and Orders complete the legal framework. Overall Russia has a legal and regulatory basis for statistics that is similar to that of OECD countries.

14. Article 29.4 of the 1993 Constitution of the Russian Federation (Constitution 1993), stipulates, “everyone shall have the right to freely look for, receive, transmit, produce and distribute information by any legal way. The list of data that may include state secret shall be determined by the federal law”. In accordance with this provision of the Constitution, article 5.10 of the Statistics Law provides for “general availability” of the official statistical information in Russia, except where access is limited by federal laws.

15. The General Provisions of the Statute of Rosstat state that Rosstat is a federal executive body discharging the functions of developing state policy and legal regulation in the field of official statistical accounting and compiling official statistical information on social, economic, demographic, ecological and other social processes in the Russian Federation. The Statute clearly establishes the mandate of Rosstat to collect, produce and disseminate official statistics. According to the Government Resolution No. 601 of 19 June 2012, which introduced amendments to the Statute of Rosstat, the Statistics Service is no longer under the responsibility of the Ministry of Economic Development of the Russian Federation (MED) but it reports directly to the Government of the Russian Federation. Rosstat carries out its activity directly and through its territorial bodies in co-operation with other federal bodies, local self-government bodies, public associations and other organisations.

16. Federal Law 86 on the “Central Bank of the Russian Federation” provides a mandate for the Central Bank of Russia (CBR) to collect information for the purposes of production and dissemination of banking and financial statistics.

17. Under the Statute of Rosstat, the Government of the Russian Federation appoints and dismisses the Head of Rosstat. There are no specific or special procedures for the appointment or dismissal of the Head of Rosstat. Officials confirmed that the Government appoints the Head of Rosstat in accordance with the Russian Public Service Law, like any other civil service official.

18. There is no specific “term of office” so, in a sense, the Rosstat Head is appointed indefinitely. At the same time, Rosstat officials indicated that certain statistical officials, such as the Heads of the territorial statistical bodies, are appointed for fixed terms, usually for 5 years.

19. The OECD Secretariat sought information on the relative status or seniority of the Head of Rosstat within the national administration. Neither the Statute nor other administrative documents explicitly mention the seniority of the Head of Rosstat.

20. According to legislation, Rosstat does not have the status of an “Administration” or “Ministry”. Article 1 of the Statute of Rosstat designates it as a “federal body of executive power”. The system of federal bodies of executive power in Russia includes Federal Ministries, Federal Services and Federal Agencies. Federal Ministries can report to the President or to the Government of the Russian Federation. Federal Services and Federal Agencies can report to the appropriate Federal Ministries or can be under the direct supervision of the President or the Government of the Russian Federation. According to an official Decree, Rosstat is a Federal Service. Moreover, the Decree states

that a “Federal Service carries out monitoring and supervision functions in the area determined by the law. A Federal Service adopts individual legal acts within the limits of its competence and under the authority of the Constitution of Russia, federal constitutional laws, federal laws, legal acts of the President and the Government, and regulations of the Federal Ministry that supervises the activities of the Federal Service”. According to the Presidential Decree No. 636 of 21 May 2012 (hereinafter Decree 636), Rosstat is currently under the direct supervision of the Government of the Russian Federation.

21. The legal status of Rosstat is clearly identified by the national legislation. Before the recent changes within the system of executive power in Russia in May 2012, Rosstat was under the responsibility of the MED and the perception that MED could exercise supervisory authority on a day-to-day basis had been questioned by the OECD Secretariat. However, since June 2012, Rosstat is under the “Government of the Russian Federation”. The OECD considers this a positive development in the legal status of the Statistics Service and its implementation in practice is discussed further, below.

Independence of the Statistical Authorities

22. The Statistics Law and the Statute of Rosstat do not make explicit mention of the independence of Rosstat or other agencies within the national statistical system. However, the amendments to the Statute of Rosstat adopted by the Government in June 2012 modify the reporting relationship of the Statistics Service and provide for the extension of its authorities and the reinforcement of its technical independence. According to the Statute of Rosstat (article 2), the Federal State Statistics Service is under the responsibility of the Government of the Russian Federation. Henceforth Rosstat has the right and authority to develop state policy in the field of official statistics (article 1 of the Statute) and to adopt legal acts independently in the appropriate field of activity (article 5.1(2). of the Statute).

23. An important determinant of “independence” is the authority of the statistical body to decide on statistical methods on its own. In the European Statistics Code of Practice, this is articulated as one of the indicators of “professional independence” as follows “The heads of the National Statistical Institutes ... and, where appropriate, the heads of other statistical authorities have the sole responsibility for deciding on statistical methods, standards and procedures, and on the content and timing of statistical releases.”

24. Even though Russian statistical legislation does not explicitly mention the *sole* responsibility of the Head of Rosstat to decide on statistical methods, standards and procedures, it does refer to the “*personal responsibility*” of the Head (Statute of Rosstat, article 8). Furthermore, since June 2012 the legal basis for Rosstat's technical independence has been improved. The Statute of Rosstat (article 9.9) gives the Head of Rosstat the right to adopt on his own individual legal acts “under the authority of the Constitution of Russia, federal constitutional laws, federal laws, legal acts of the President and the Government of the Russian Federation”. In addition, as it follows from the article 3 of the Statute, Rosstat no longer needs to comply with the rules and regulations of the MED when carrying out its activities.

25. As regards the authority of the Statistics Service to decide independently on statistical methods, formerly, even though the Head of Rosstat was authorised to make the final decision on the official statistical methodologies, there was an obligation to consult the MED on such matters. Since June 2012, the authority to co-ordinate official statistical methodology was eliminated from the Statute of the MED and was delegated to Rosstat. Furthermore, the Order² that obliged the Statistics Service to consult the MED on statistical methods and procedures has been rescinded. Consequently,

² Order of Rosstat 362, 16 August 2011, Articles 41, 42.

Rosstat is not required to consult the MED or any other Ministry or Agency on official statistical methodologies.

26. Rosstat officials stressed that the Statistics Service monitors deadlines for statistical production in accordance with the Federal Plan for Statistical Works independently and without intervention from any authorities. They also confirmed that Rosstat does indeed act independently on technical matters. Reviewers from both the OECD and the IMF have observed that officials of Rosstat operate in a highly professional way and take pride in the quality and impartiality of their statistical work.

27. In addition, recent amendments to the Statute of Rosstat reinforced the technical independence of the Head of Statistics Service and enlarged his powers. Notably, the Statute (article 9) stipulates that the Head of Rosstat has the authority to “introduce directly to the Government” draft amendments to the Statute of Rosstat as well as proposals on the number of staff and the salary budget for the Statistics Service and its territorial bodies and a draft of the annual plan of work. Furthermore, the Head of Rosstat appoints and dismisses members of staff of the Central Office and Heads and Deputy Heads of the territorial bodies of Rosstat. Since June 2012, the Head of Rosstat introduces proposals for the federal budget financial support of Rosstat, directly to the Ministry of Finance.

28. In summary, on review of the various changes to laws, regulations and reporting relationships adopted in May and June 2012, the OECD Secretariat considers that Russian authorities have made considerable effort to reinforce the independence and ensure the perception of independence of Rosstat. In future, they are encouraged to use these new legal provisions to implement independence in practice.

29. With respect to the CBR, its independence is explicitly stipulated in the national legislation, and recent amendments to the Federal Law 86 (article 16.1 and article 57) confirmed and reinforced the status of the Bank as an official producer of statistics. As regards the Ministry of Finance, the IMF noted in the 2011 ROSC, “Independence in the compilation and dissemination of budget execution data is not supported by specific laws”. However, that report also concluded, “Statisticians are free of political influence in the choice of the most appropriate data sources and methods, as well as statistical procedures, for compiling budget execution data and GFS”.³

30. As regards the authority of Rosstat to compel respondents to comply with data requests, the Statistics Law gives Rosstat the authority to collect the data required and to enforce mandatory reporting requirements, as necessary. The Statistics Law covers all legal entities as well as individuals but does not prescribe specific penalties for non-compliance. However, Article 8 of the same Law states that individuals residing in Russia not conducting business should provide information on a voluntary basis, unless otherwise stipulated by the federal laws.

31. This particular legal framework, which establishes different authorities for the statistics office to compel response from business and households, is not unique to Russia. Similar frameworks exist in OECD countries. Furthermore, except in the case of the Census (see below), Rosstat has not argued that the existing legal framework fails to provide the agency with the necessary authority to collect and compile the statistics required.

32. The law does not impose a legal obligation to participate in the population census. Federal Law states “participation in the population census is a social obligation of an individual and a citizen of Russia”. According to this, there is no legal obligation to respond, but a social obligation, which is based on moral norms and not on legal norms.

33. An obligation to respond to the census is a common feature of statistical laws in OECD countries and it helps to ensure high response rates. Rosstat officials have stressed the importance of a

³ IMF, ROSC 2011, Volume I, p. 10.

mandatory census and several regional statistical bodies have voiced support. Recent amendments to the Statute of Rosstat give the Statistics Service the authority to introduce drafts of legal acts directly to the Government. The Head of Rosstat plans to introduce a draft law on compulsory response to the Population Census to the Government in 2014. The OECD Secretariat notes that this is in line with Census practices in many OECD countries and supports Rosstat's efforts.

Relevance (Practical utility)

34. The review considered steps taken to consult users in order to ensure that Rosstat and other producers make informed choices concerning program priorities and methodologies. The OECD has noted that a Methodological Council was created in 2010 to improve research and the development of new methodologies in Rosstat in other statistical bodies. The members of the Council include experts from federal authorities and academic institutions as well as senior officials of Rosstat. Discussion papers and decisions of the Council are posted on the official website of Rosstat and available in Russian.

35. Rosstat's Information and Publishing Center, known as "Statistics of Russia"⁴ has the exclusive right to distribute all official paper and electronic statistical publications. The close cooperation of the Center with more than 80 regional statistical offices in Russia enables it to conduct market research to determine users' needs.

36. Furthermore, since 2007, Rosstat has conducted annual surveys of users of official statistical information to assess their satisfaction and trust in official statistics, as well as the quality and availability of statistics. In 2010, Rosstat undertook a sample survey of some 800 users in government authorities, the business community, research organisations and the media to measure trust in official statistics. The methodology and the resulting index were developed by the Institute of Statistical Research and Economy of the Higher School of Economics.

37. While Rosstat has provided information on measures of trust in official statistics and on the potential for surveys of users, there are no clear, established processes for considering the results of user consultations as inputs into decisions about plans and priorities for statistical programs.

Equal access to statistics

38. The legal and institutional framework should ensure that all users have equal access to official statistics at the same time.

39. An important determinant of "equal access" is to ensure that all users are aware when data is to be released. Rosstat publishes the dates of statistical release for key statistical outputs in Russian on its website⁵. The OECD also noted that there is some information on the dates of releases in English on Rosstat's website⁶ and on the special data dissemination standard (SDDS) site of the IMF. However, the list of statistical outputs and the release dates are very limited. The OECD Secretariat encourages Rosstat to provide advance release dates for a broader range of indicators, in English, on its website. Also, Rosstat should ensure that the English version of the release calendar fully corresponds to the Russian version.

40. Throughout the review, Rosstat officials have demonstrated that they understand the importance of providing metadata, including advance release calendars, in English in an easily accessible way through the Rosstat website. Rosstat plans to improve the English version of its

⁴ www.statbook.ru/ <http://www.infostat.ru/>

⁵ <http://www.gks.ru/news/statcalendar/2009-4/Calendar.htm>
<http://www.gks.ru/wps/wcm/connect/rosstat/rosstatsite/announcement/>

⁶ http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/en/sdds/calendar/

website in the near future. In particular, Rosstat's intention to make the Unified Interdepartmental Statistical Information System (UniSIS) available in English by the end of 2012 will greatly improve access by international users. The Secretariat supports these positive developments and asks Rosstat to report on the work in future progress reports.

41. Furthermore, in the 2011 ROSC, the IMF noted that users had expressed "a desire to have statistics available in EXCEL format and for an improved search engine in the websites given the huge volume of available information"⁷.

42. Generally, press conferences are held before the publication of the main yearly publications or the release of key indicators. Rosstat also prepares press releases that cover a wide range of topics, presented in a consistent manner. Rosstat publishes periodically press releases in Russian on the main page of its website. Furthermore, a Plan of publication release and Publishing catalogue are available in Russian in the category "publications" on Rosstat's website.

43. Rosstat largely complies with the principles of equal access. Nevertheless, the OECD Secretariat encourages the Statistics Service to furnish as much information in English as it does in Russian.

Data dissemination strategy

44. The Statistics Law clearly mandates Rosstat with the obligation and the authority to disseminate statistical information widely. In turn, Rosstat has taken many steps to implement this mandate. Publications and flash releases are available on paper and in electronic form on the Rosstat's website. Some of the most popular annual publications include the *Statistical Yearbook of Russia*, *Regions of Russia*, *Demographic Yearbook* (available in English), *National Accounts*, *Social Status and Living Standards in Russia*, *Small Businesses in Russia* and *Russia in Figures* (available in English). Rosstat also publishes a monthly report, *the Social and Economic Situation in Russia* and a quarterly magazine, *Statistical Survey* (available in English), which contains the most up-to-date information and highlight of the main developments in all sectors of the Russian economy along with basic indicators for the regions.

45. Furthermore, Rosstat participates in international exchanges of information and submits statistical data to more than twenty international organisations, including Eurostat, the UN, the IMF the World Bank and the OECD.

46. Rosstat has extensive programmes and services to ensure that information is disseminated widely and free. The Statistics Law (article 5.11 and 5.12) and the Statute of Rosstat (article 5.1.) clearly stipulate that official statistical information be distributed free to the President, the Federal Assembly and the Government of the Russian Federation. Furthermore, the Statistics Law also prescribes free distribution to other federal authorities, state authorities, local self-government bodies, courts, prosecutor's offices, Bank of Russia, public non-budgetary funds, trade unions and employers' unions on their written request or in compliance with concluded agreements on information co-operation.

47. However, Rosstat has gone beyond the legal requirements and, since March 2008, all official statistical information and publications on the Rosstat's website are available free of charge. Users can access the Central Statistical Database (currently available only in Russian), which contains more than 2500 annual, quarterly and monthly indicators for Russia as a whole, for its regions, sectors of the economy, by kinds of economic activities, ownership, etc⁸. The English-language version of the

⁷ IMF, ROSC 2011, p. 7 (Volume I).

⁸ http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/ru/statistics/databases/
<http://www.gks.ru/wps/wcm/connect/rosstat/rosstatsite/main/database/cbsd/>

UniSIS system, to be available by the end of 2012, will extend this easy free access to non-Russian speakers as well.

48. At the same time, information services were carried out through subordinate organisations, which have the right to sell statistical products. These are:

- Main Inter-Regional Computing Center; and,
- Information and Publishing Center of Rosstat, “*Statistics of Russia*”.

49. The website of the Information and Publishing Center⁹ provides web access to publication catalogues, price lists and publication summaries.

50. In terms of its relationship with the media, Rosstat has noted that since adoption of the Statistics Law, the Statistics Service has been more active serving the needs of the media. Since 2008, the media have free public access to official statistical information on the website of Rosstat, and there are specific programmes to manage Rosstat's interactions with the media. Officials make presentations on the radio and television, in print and electronic publications and through press conferences. Moreover, a “Club of business journalism” has been created in Rosstat, comprising representatives of the accredited media. During meetings of the Club, many important and technical questions are discussed, including, for example, the theory and practice of consumer price index calculations, the industrial production index or various aspects of GDP measurement. All the material discussed by the Club, along with video reports by of the Head of Rosstat, is published on the Rosstat website in Russian.

51. As regards the authority and capacity of Rosstat to carry out analyses of statistical data, the Statistics Service publishes a number of periodicals that include analytical material and analytical comments on statistics. Notably, the magazine “*Statistical Studies*” contains articles by prominent scientists and statisticians from Rosstat that provide analysis of the social and economic situation in Russia and forecasts of economic developments. The magazine also carries articles on new software, methodological approaches and guidelines, organisational aspects of statistics, current tasks of statistical bodies and information on the implementation of international classifications.

52. While some of Rosstat’s material is available in English, the majority is not. The OECD encourages an expansion of the material available in English, particularly methodological guidelines and metadata. Such a move would reinforce the image of Rosstat as a professional, transparent agency and would greatly enhance the understanding of Russian statistics among statisticians in other countries and international organisations.

53. Overall, significant progress has been made to fully meet the requirements of Principle 1.

Principle 2

Statistical agencies to decide according to strictly professional considerations, including scientific principles and professional ethics, on methods and procedures for collection, processing, storage and presentation of statistics.

54. Principle 2 demands statistical agencies decide on their own, according to professional considerations, how data are to be collected, compiled and disseminated. However, this question of “independence” in making decisions about statistical matters has already been discussed under principle 1. Thus, under principle 2 we will focus the discussion on Rosstat’s capacity to apply “professional considerations” in making decisions.

⁹ www.statbook.ru/ <http://www.infostat.ru/eng/>

55. More specifically, under principle 2, the review considers the capability of the statistical agency to develop and maintain methodological skills, to promote the use of the latest statistical and IT tools to review questionnaires and ensure application of standard concepts and definitions. Thus, important elements are the strategies for recruitment and training, the processes for on-going technical and managerial development of existing staff and exposure to external developments in academic institutions and the international statistical world.

56. In terms of organisation of statistical methodology and promotion of the use of standard concepts within the Statistics Service, Rosstat has established the Department of Statistical Surveys and Monitoring, which includes the Division for Organisation of Scientific and Methodological Works and the Division of Statistical Register and Methods of Statistical Observation. In this regard, Rosstat seems to have adopted a centralised approach to methodological development. However, Rosstat's website does not provide for any description of the activities and roles for each of the "methodological" Divisions mentioned above. It is difficult to understand how methodological responsibilities are shared inside Rosstat.

57. Rosstat's website contains information in Russian on methodology, such as, methodological developments, international methodological guidelines and Rosstat's methodological guidelines. Furthermore, as noted above, a "Methodological Council" has been created with a membership comprising scientists, economists and statisticians representing different Ministries. Its main purpose is to advise on developing and improving the scientific methodology of official statistics and to suggest key directions for statistical work.

58. Concerning recruitment and development, since 2006 Rosstat has established qualification requirements for professional knowledge and skills for civil servants in the central office and the territorial statistical bodies. These "qualification requirements" are embedded in the "Rules of conduct" of Rosstat civil servants. Different requirements have been established for different categories of employees, such as executives, consultants and experts. Through an Order, Rosstat has also formally established formal procedure for assessing or examining employees or potential employees. According to the Order, the assessment is carried out to determine the adequacy of a civil servant for a post. These procedures were designed to improve Rosstat's recruitment practices and to develop the proficiency of employees. An assessment is conducted once every three years. During the Peer Review, the Rosstat officials also noted that they have established agreements with Russian Universities and Institutes to encourage traineeships and promote career opportunities. They also have a long-term project to enrich the jobs and promote the interesting work at Rosstat.

59. With respect to on-going technical and managerial development of staff, civil servants of Rosstat are required to establish individual plans for professional development. Such plans are to be prepared for 3 years in accordance with "Rules of conduct" of civil servants and should be elaborated together with the direct supervisor. The organisation of training for Rosstat staff is co-ordinated by the Human Resources Department. The training policy provides for annual training for managers and at least once every two years for statisticians. The training covers topics such as administration, management, IT and statistical skills.

60. For 2011, Rosstat had advanced trainings programmes on the following subjects: methodology of calculation of demographic measures in municipal entities; price statistics in agriculture; innovation in statistical dissemination strategy; and, support for new statistical information systems based on the SDMX standards.

61. In order to improve the methodological and technical skills of staff, Rosstat co-operates with a number of academic institutions. Notably, professional training is organised at different Russian educational institutions, including the Moscow State University of Economics, Statistics and Informatics (MESI), the St. Petersburg State University of Economics and Finances and the Novosibirsk State Academy of Economics and Management.

62. Rosstat also co-operates with the Institute for Statistical Studies and Economics of Knowledge (ISSEK), a research centre at the Higher School of Economics (HSE). Under the agreement between Rosstat and HSE, ISSEK devises methodologies, conducts analysis and monitors statistics in the subject domains science and technology, innovation, education and information and computer technology.

63. Furthermore, Rosstat has a joint project with *Russian Academy of labour and social relations*¹⁰ to develop an educational programme on “Statistics”. In this context, authorities plan to create a specialised Department of “Rosstat Social Statistics and Demography” at the Academy. Under the joint agreement, students of the Academy will be able to carry out internships in Rosstat and in different analytical departments of Russian ministries, agencies and services. Despite the efforts made in this area, Rosstat still faces challenges in recruiting and retaining young professional staff.

64. In addition, to reinforce staff professionalism in terms of ethical standards for statistical behaviour, Rosstat has passed two Orders regarding professional conduct and management of conflict of interest¹¹.

65. In conclusion, Rosstat meets the requirements of principle 2.

Principle 3

In order to facilitate correct interpretation of data, statistical agencies present information according to scientific standards on sources, methods and procedures for the statistics.

66. The interpretability of data reflects the ease with which the user may understand and properly use the data, especially in an international context. The adequacy of the metadata underlying the data – that is, the definitions of concepts, target populations, variables and terminology, and information describing the limitations of the data, largely determines the degree of interpretability. Regarding “limitations”, the discussion of the fundamental principles notes that “Whether errors can be measured or not, information on their source and extent should be made openly available to users so that they can judge the fitness of use of the data”.

67. The Russian Federation observes the IMF’s Special Data Dissemination Standard (SDDS)¹² for metadata compilation, generally “meeting the specifications for coverage, periodicity, timeliness and the dissemination of advance release calendars. In many cases Rosstat exceeds the SDDS requirements”¹³.

68. Rosstat has established an Electronic Catalogue of Statistical Indicators (ECSI) as a system of metadata at the federal level. ECSI allows users to get information on all statistics produced and used by Rosstat. Each indicator in the Catalogue is accompanied by brief methodological guidelines. The use of the ECSI is compulsory during the development of statistical programmes, including statistical information processing. Free access to ECSI is possible through the “Metadata and

¹⁰ www.atiso.ru/abitura/statistika

¹¹ As follow up to the Federal law No. 79, of 27 July 2004 on “the State Civil Service of the Russian Federation” and the Presidential Decree No. 885, of 12 August 2002 on “Adoption of general principles for professional conduct of civil servants”.

¹² According to the IMF assessment of Russian metadata policy, “Russia subscribed to the Special Data Dissemination Standard (SDDS) on January 31, 2005 and started posting its metadata on the Dissemination Standards Bulletin Board (DSBB) on the same date”: IMF, ROSC 2011, p.4 (Volume I).

¹³ According to the IMF assessment of Russian metadata policy: IMF, ROSC 2011, p.4 (Volume I).

Reference Data” section of the Russian-language version of the Rosstat website (www.gks.ru). Rosstat is also planning further improvements to methodology, control and co-ordination of the ECSI, notably in terms of the interaction with other information subsystems of Rosstat.

69. Rosstat produces detailed and comprehensive methodological guidelines for key statistical outputs such as national accounts, consumer price indices (CPI) and producer price indices (PPI). Methodological summaries for annual national accounts are available on the Rosstat’s website and are updated every year. The Rosstat website includes a comprehensive and detailed description of CPI and PPI concepts and methods in Russian, while the English version of the website reflects the standards of the Dissemination Standards Bulletin Board (DSBB). However, the SDDS page of the IMF website reports more complete metadata in English for CPI and PPI than Rosstat does on its own website.

70. According to the information provided by Rosstat officials in April 2011, methods for measurement of sampling and non-sampling errors are established in “Methodological Guidelines”, and methodological documentation is published on Rosstat’s website in the category “Methodology”. Moreover, they noted that all sample surveys based on probability sampling methods include estimates of sampling errors using key indicators such as variation coefficient and confidence intervals. However, the OECD was not able to locate this information in English on the Rosstat website.

71. Concerning time series breaks, in April 2011 Rosstat provided some information on readjustment of the most important statistical indicators. Notably, readjustments were carried out by Rosstat in 2002 in association with the implementation of the All-Russian [Classification of Economic Activities](#) (OKVED), developed in accordance with the international standards (NACE). Furthermore, Rosstat put in practice a retrospective re-count of values of indices for a number of previous years in order to link the time series¹⁴, in accordance with international practice. Nevertheless, Rosstat does not have any overall guidelines for the treatment of time series breaks. The OECD encourages Rosstat to develop such corporate guidelines and include them on their website.

72. Concerning data presentation guidelines, Rosstat noted in April 2011 that all statistical information being developed under the Federal Plan for Statistical Work is uploaded into the Central Statistics Database (CBSDB). This database is available free on the official website of Rosstat.

73. Concerning revisions policy, some guidelines have been established for national accounts and industrial production. More specifically, with regard to national accounts, revision of indicators is carried out by Rosstat in accordance with the “Regulations for development and presentation of data on Gross Domestic Product”, approved in June 2006 jointly by Rosstat, MED and the Ministry of Finance¹⁵. In total, there are five regular revisions of annual GDP estimates. The first (preliminary) estimate takes place in January of the year following the reference year. The latest (final) estimate is made in December of the second year (after the reference year). Quarterly GDP estimates are also made in five stages. In addition to regular revisions, Rosstat periodically carries out specific revisions of retrospective time series of GDP changes¹⁶. As regards industrial production, there are three

¹⁴ The latest retrospective re-calculation was carried out by Rosstat in mid 2010 during transition to the new (2008) base year and implementation of All-Russia Classification of Products by Economic Activities (OKPD), harmonised with the Statistical Classification of Products by Activity in European Economic Community (CPA 2002).

¹⁵ According to these Regulations, GDP estimates are elaborated in accordance with the methodological provisions for national accounts, approved by Rosstat on the basis of international SNA concepts. GDP is calculated on the basis of a cyclic review. Revisions are made on a step-by-step basis, as far as Rosstat receives the most important basic information.

¹⁶ It is usually related to changes in calculation methodology or to implementation of new and more detailed data.

calculations of indicators, preliminary, detailed and final. This allows Rosstat to improve the quality of the index series that are required for elaboration of short-term forecasts and assessment of economic development tendencies over the long term. According to the IMF assessment, “Source data used to compile macroeconomic statistics are routinely reviewed and are consistent across datasets. Revision policy in the national accounts needs improvement. Revisions of the quarterly data of the current year should be introduced”¹⁷.

74. Rosstat has made considerable progress in meeting international standards and follows good practices for data and metadata presentation. Nevertheless, the OECD encourages elaboration of an overall “corporate strategy” on metadata including guidelines for treatment of series breaks and revision policy.

Principle 4

The statistical agency is entitled to comment on erroneous interpretation and misuse of statistics.

75. In order to ensure clarity and avoid misuse of official statistics, the statistical agency should include documentation that clearly explains the statistics and offer, or facilitate, training for users. Furthermore, the statistical agency should act promptly to address any possible misinterpretations of official statistics. This principle is designed to ensure that the statistical agency does indeed have the right and capacity to comment publicly on statistical issues, including criticisms and misuse of official statistics, and to identify the procedure for correction of the errors discovered in published statistics.

76. There is no explicit mention in legislation, regulations or websites regarding rights of or restrictions on Rosstat or other statistical authorities regarding comments on erroneous interpretation of statistics. However, according to the IMF assessment, “The Rosstat is entitled to respond to erroneous interpretation and misuse of the statistics. When required, the Rosstat issues a press communiqué and conducts press conferences to clarify issues related to the statistics. It also addresses the issues through TV interviews as well as in the press”¹⁸. Nevertheless, there is no evident Rosstat policy on responding to erroneous comments.

77. As regards the correction of the errors in published statistics, Rosstat has established procedures if it is necessary to revise data in official publications, for example, due to errors or changes in calculation methodology. The modifications should first be introduced into the electronic version of the publication on Rosstat’s website. For paper publications, the correction should be available on paper and inserted into the publication.

78. Russia observes principle 4 and Rosstat is free to comment on errors or misrepresentations of day. Nevertheless, the Secretariat recommends that a policy and internal guidelines be promulgated to ensure that employees are aware of the preferred Rosstat approach.

Principle 5

Statistical agencies are to choose the source of data with regard to quality, timeliness, costs and the burden on respondents.

79. This principle demands that the statistical agency be free to choose the sources of data, and that this choice be based on sound consideration of quality, timeliness, cost and the burden on respondents. Since administrative records represent an important, potential source or statistical information, various legal and administrative rules and guidelines pertaining to access to and use of such records were examined. The purpose was to determine whether such administrative sources are available to the national statistical system and, if so, under what conditions.

¹⁷ IMF, ROSC 2011, p. 7 (Volume I).

¹⁸ IMF, ROSC 2011, Volume III, p.12.

80. Under the Statistics Law, (article 8.1) and Resolution 620 (articles 8 and 14), Rosstat has the legal right to use administrative data in the compilation of official statistics. In order to implement this authority, to avoid duplication and minimise burden on respondents, Rosstat has concluded bilateral agreements on the use of administrative data with different authorities at federal and regional levels.

81. The OECD has noted that in 2008 Rosstat and the Federal Tax Service passed a Joint Order “On improving the information exchange...” that was intended to facilitate Rosstat's access to certain tax data. However, as of June 2012, there are still restrictions on information exchange, in particular, between the statistical and tax authorities. Rosstat feels that practices in Russia are not similar to those followed in many developed (OECD) countries. Rosstat noted that limitations on access to administrative records for statistical purposes reduces the effectiveness of statistical co-operation and affects the quality of official statistics.

82. In regard to the concept of quality, Rosstat has developed special standards that require managers to identify and correct any weaknesses of surveys and improve the quality of data provided to users. The quality guidelines of Rosstat are well-documented and communicated to employees who are routinely trained in their application.

83. The fundamental elements to permit observation of this principle are in place in Russia, but problems of implementation remain. Rosstat is authorised to choose the sources of data and, in principle, to access them. Rosstat officials have a good understanding of the concepts of quality, timeliness, and other relevant criteria that enable them to make well-reasoned choices.

84. However, the OECD Secretariat determined that despite legal authorities there are still considerable restrictions on Rosstat's access to administrative records and tax records for statistical purposes. Rosstat is continuing to work with tax authorities and other departments and agencies to improve information exchange and is pursuing legislative changes that clarify and strengthen the right to access administrative records for statistical purposes. The OECD Secretariat supports these initiatives and encourages Russian authorities to examine the practices of other OECD countries that have successfully established effective means of exploiting tax and other administrative records, while maintaining the essential confidentiality of the personal information in those files.

Principle 6

Individual data collected by statistical agencies, whether they refer to natural or legal persons, are to be strictly confidential and used exclusively for statistical purposes.

85. It is essential that statistics authorities maintain the trust of individual and business respondents in order to permit collection of reliable, timely data at a reasonable cost. In order to maintain the public's trust there must be a strong, legislated requirement to keep individual data confidential and infrastructure must be in place to ensure that the laws are respected. Thus, in addition to legislation and regulations the review considered the steps taken by authorities to implement confidentiality requirements, including penalties that may be imposed. In addition, the practices for handling access to microdata for research purposes were examined.

86. The Statistics Law establishes “the guarantee of confidentiality of primary statistical data... and their use for the purposes of compilation of official statistical information”, as a fundamental principle of Russian statistical activities. Other legislation reinforces this confidentiality requirement. Federal Law 152 on *Personal Data* stipulates that all data are confidential and are to be used solely for statistical purposes while Federal Law 149 on “*Information, information technologies and protection of information*” provides for the protection and safe storage of all collected data. Other legislation, such as Federal Law 8 pertaining to the decennial census, also guarantees confidentiality.

87. In its ROSC of 2011, the IMF noted that protection of confidentiality, both in legislation and in practice, had been considerably strengthened since the previous ROSC in 2004. Moreover, the IMF concluded that all statistical agencies have strong internal security procedures to protect the data¹⁹.

88. To ensure these laws are respected, the Department for Information Protection of Rosstat established regulations concerning breach of confidentiality by staff. In addition, the Federal Civil Service Law in Russia stipulates that members of staff sign an oath of secrecy when hired. Rosstat employees are bound by internal regulations and by the General Principles of Professional Conduct for Civil Servants.

89. Any Rosstat employee who releases confidential data may be subject to prosecution though the Statute does not define the penalties. The court decides on the appropriate penalty based on the circumstances surrounding the release of confidential data.

90. Beyond the legislation and penalties, Rosstat has taken a number of organisational and technical steps and has implemented numerous safeguards to ensure the confidentiality of data. The Administrative Department monitors the flow of confidential documents within the Service, and access to these documents is controlled and limited to those responsible for compiling statistics. The documents are stored in secured premises with limited, controlled access.

91. In addition, given the development of data collection over the Internet, Rosstat uses digital signatures to ensure the protection of primary statistical data. Furthermore, secure corporate data networks ensure that confidentiality is protected during transfers between headquarters and regional offices for data processing.

92. In the dissemination area, Rosstat has developed special software for aggregation of individual responses to avoid direct disclosure or indirect, residual disclosure.

93. According to the administrative Order of Rosstat of November 23, 2010, No. 411, Rosstat has established a project to improve information security of data-processing systems. The project includes a description of the main approaches security protection tools for use by the organisation.

94. The Statistics Law does not refer to the use of microdata by external users for research purposes, though it does guarantee the confidentiality of “primary statistical data”.

95. Rosstat has informed the OECD that access to official statistics at the micro level for research purposes is possible but only after depersonalization of the data. They also noted that users’ access to microdata on legal entities is authorised only after receipt of written permission from these entities. The IMF noted that authorities have drafted specific instructions guiding staff on how to make records anonymous by removing all personally identifiable data²⁰. The OECD Secretariat was not able to identify the “instructions” referred to by the IMF and they are not available on the Rosstat website.

96. According to the article 11 of the Order of Rosstat No. 61, of 18 March 2008, the state authorities at federal, regional and local levels, courts, prosecutors, state non-budgetary funds, the CBR, and other bodies have the right to enter into special agreements with Rosstat on information exchange as long as such information excludes primary statistical data obtained from respondents²¹. In this context, Rosstat reached special agreements with these authorities, under which they are obliged to submit to Rosstat written requests in order to obtain access to this type of data. The

¹⁹ IMF, ROSC 2011, p.5 (Volume I)

²⁰ IMF, ROSC 2011, p. 7 (Volume III)

²¹ This is prohibited under Article 9 of the Statistics Law.

requests are reviewed by Rosstat's Board of Information Security for verification of their appropriateness. Access to the data is authorised only upon receipt of written approval from this Board and in conformity with the law.

97. The Russian Federation has given careful consideration to the confidentiality of information provided by respondents and has taken appropriate legislative and administrative steps to protect such confidentiality. Despite these careful steps, however, the possibility of access to confidential data by various government authorities diminishes the effective level of protection. Russian authorities are encouraged to reinforce the legislation in this area and to eliminate any provisions that could put into question the total confidentiality of primary statistical data.

Principle 7

The laws, regulations and measures under which the statistical systems operate are to be made public.

98. This principle, like others, promotes openness in all aspects of official statistics in order to maintain trust and credibility in statistical agencies and their outputs. Among other determinants, the review considered whether the relevant laws and regulations were in place and accessible; whether work programmes and progress were made public; and whether quality guidelines and other reference documents were published.

99. The Statistics Law and Resolution 420 are available in Russian and English on Rosstat's website²². However, the recent amendments of Resolution 420 and the Statute of Rosstat have not yet been published in English. Rosstat is encouraged to publish the English versions of the amended acts on its website.

100. The website of the CBR contains the Federal Law on the "*Central Bank of the Russian Federation*" in English, describing the legal status and functions of the CBR²³.

101. The Federal Target Programme (FTP) "*Development of the state statistics in Russia in 2007-2011*" and the *Federal Plan for Statistical Works* are available on Rosstat's website and they provide considerable information on all statistical work across the Government. There are also documents on the main directions of Rosstat activities from 2007 to 2014 and annual and quarterly reports on the results of Rosstat activities from 2007 to 2011. These reports are available only in Russian.

102. Quality guidelines and procedures are available in the "Methodology" section of the Russian version of Rosstat's website. They are not available in English.

103. Russia observes this principle. There is considerable information available to citizens about the legal basis and operations of the statistical system. However, since many of the items are available only in Russian, the documents inform primarily the national population rather than international users. Rosstat and other statistics producers are encouraged to continue to augment the amount of up-to-date documentation available in English on their websites.

Principle 8

Existence of effective co-ordination among statistical agencies to ensure consistency and efficiency in

²² www.gks.ru/eng/about/Law_on_stat.htm

²³ www.cbr.ru/eng/today/default.aspx?prtid=bankstatus

104. In order to ensure the proper functioning of the national statistical system, the statistical authority should have the legal right and the effective capacity to co-ordinate activities of official statistical agencies. Data sharing between statistical authorities should be actively undertaken to minimise respondent burden and ensure consistency of official statistics.

105. The Statistics Law, (article 5) and the Statute of Rosstat, (article 5) clearly assign to Rosstat the responsibility for co-ordination of statistics activities in the Russian Federation and establish mechanisms to carry out such work. The Statistics Law states, “Official statistical methodology shall be developed by the subjects of official statistical accounting and shall be approved upon co-ordination with the federal executive bodies authorised by the Government of the Russian Federation”. The Statute of Rosstat (article 5.3) gives the right and authority to the Statistics Service to co-ordinate official statistical methodology that has been developed and approved by the subjects of official statistical accounting.

106. Rosstat officials have reported that in practice they use the following “tools” to ensure the effective co-ordination:

- the Federal Plan of Statistical Works;
- Federal statistical survey forms and instructions; and,
- the Unified Interdepartmental Statistical Information System (UniSIS)²⁴

107. According to the recent amendment to the article 5.4 of the Statute of Rosstat, the Statistics Service has the authority not only to elaborate a Federal Plan for Statistical Works in collaboration with the subjects of official statistical accounting, but also to introduce the draft of the Plan to the Government of the Russian Federation.

108. Resolution 671 on the “*Federal Plan of Statistical Works*” establishes targets for completeness, reliability and punctual dissemination of statistical information while avoiding overlaps in the work of the various actors in the official statistical system. The Federal Plan of Statistical Works provides a comprehensive inventory of all official statistical activities across the entire statistical system of the Russian Federation.

109. The UniSIS provides access to all official statistics from all Russian statistical authorities. It reinforces co-ordination since it is directly linked to the Federal Plan of Statistical Works to monitor whether all planned outputs of official statistics producers are indeed completed and made available to the public. It includes the relevant metadata and is fully compliant with the international standards for Statistical Data and Metadata eXchange (SDMX) for data and metadata transmission. In addition, Rosstat co-ordinates drafts of official statistical methodology that are elaborated and approved by other statistical authorities.

110. Rosstat has concluded numerous agreements with federal and regional authorities on data sharing in order to minimise respondent burden. However, the OECD has noted that problems relating to information exchange between Rosstat and other authorities still exist, and that they continue to make efforts to ensure development of unified methodological approaches, common standards for data transmission and improvements to the legal framework as well.

111. In June 2012, Rosstat indicated that the new reporting relationship of Rosstat would reinforce its co-ordination role and, in recent months, the OECD Secretariat has observed improvements. Rosstat has assisted OECD officials in making contacts and in obtaining data from a

²⁴ The Russian acronym is EMISS.

number of state bodies, such as the Ministry of Finance, the Ministry of Healthcare, the Federal Customs Service and the Federal Treasury. While the OECD Secretariat has not yet received all the missing data, the degree of co-operation has certainly increased.

112. As regards the information interaction between Rosstat and the CBR, due to specific legislation, the Bank is an independent official statistics producer and its statistical activities are quite separate from those of other government agencies, including Rosstat.

113. This principle is partially observed in Russia. At the same time, there are still some areas, such as financial and tax statistics, trade statistics and harmonisation of national statistical classifications with international standards, where Rosstat's effective ability to co-ordinate the work of the statistical system could be strengthened. In addition, it is particularly important that Rosstat and all official statistics producers work together to ensure concordance of key national classification systems and that they agree on a common plans and schedules for adoption and implementation of revised international manuals and classifications.

114. While the laws and implementation mechanisms are in place to effect coordination of the statistical system in Russia, the OECD has noted that certain official producers oppose central, control or “approval” of survey questionnaires and methods and discussions on possible legal amendments were underway during the OECD review. Different models operate effectively in different OECD countries, and no particular recommendation is made as to the specific arrangements for coordination. This does not reduce the overall importance of effective coordination of the Russian Statistical System.

Principle 9

Appropriate use of international concepts, classifications and methods to promote the consistency and efficiency of statistical systems at all official levels.

115. International standard classifications and their appropriate use represent a fundamental pillar in ensuring comparability and in improving the quality of data at both the national and international level. In assessing this principle, reviewers tried to determine whether Russian statistics follow specific national classifications and whether these are consistent with internationally accepted standards, guidelines or good practices.

116. In the Russian Federation the Decree of the Government No. 677 of 10 November 2003 on “All-Russian Classifications of Technical, Economic and Social Information in the Socio-Economic Area” regulates the development, maintenance and use of the All-Russian Classifications by federal authorities. Specifically, Rosstat provides maintenance for several national classifications that are widely used in various spheres of the economy, in particular, to identify business entities within the state registers and inventories²⁵. Rosstat also maintains an Automated Data Bank of All-Russian Classifications. In terms of new developments, Rosstat has introduced²⁶ a number of new classifications²⁷.

²⁵ These classifications refer to: enterprises and organisations (OKPO), state authorities (OKOGU), administrative and territorial division (OKATO), forms of ownership (OKFS), organisational and legal forms (OKOPF), territories of municipalities (OKTMO).

²⁶ Under the Federal Target Program “Development of the state statistics in Russia in 2007-2011”.

²⁷ For example: the National Classification of Products by Economic Activities (OKPD), the National Classification of Economic Activities (OKVED, version 1.1) and the advanced version of the National Municipal Area Classification (OKTMO).

117. National statistical classifications in Russia are generally based on the United Nations statistical classifications, including Harmonised Commodity Description and Coding System (HS), International Standard Classification of Occupations (ISCO), the International Standard Classification of Education (ISCED), International Statistical Classification of Diseases and Related Health Problems (ICD), Classification of Individual Consumption by Purpose – Household Budget Survey (COICOP-HBS) and the Classification of Institutional Sectors (CIS).

118. Furthermore, the European system of classifications “activity – products” NACE - CPA²⁸ - PRODCOM²⁹ is the basis for the development of the All-Russian Classification of Economic Activities (OKVED) and the All-Russian Classification of Products by Economic Activities (OKPD). Indeed, the Russian classification OKVED-2007 is compatible with the European classification NACE Rev.1.1. However, according to the information on Rosstat’s website, the Statistics Service still uses OKVED-2001 (harmonised with NACE Rev.1) for a number of statistical subject areas, such as business statistics. Furthermore, since Russia uses national classification systems in almost all areas, which must be updated once the international classifications are changed, the revision of Russian classifications usually lags those of other countries by several years. Finally, while the Russian authorities have announced their intention to harmonise OKVED with the new version of NACE Rev.2³⁰, the dates for the transition, announced as 2014-2015, may be overly ambitious, especially given the seemingly complicated process for reaching agreement on such matters in Russia. Given the fact that the current process often requires considerable time and resources for development and implementation, Russia is encouraged to consider adoption of international standards directly rather than to continue with distinct, though harmonised, national systems.

119. In March 2011, Rosstat adopted a “Plan for development of the system of national accounts in Russia for 2011-2017”. According to Rosstat, implementation of the 2008 System of National Accounts (2008 SNA) guidelines should be carried out in harmony with the CBR. The CBR implemented the Balance of Payments and International Investment Position Manual, Version 6 (BPM6), at the end of 2012.

120. As regards the international Classification of Individual Consumption by Purpose (COICOP), Russian actual national classifications (OKP and OKUN) are still not completely concordant with this international standard. However, at present, Rosstat carries out the groundwork in order to introduce a new classification, called KIPTS (Russian acronym), which will be in line with COICOP.

121. Rosstat has made progress in the development and adoption of international classification systems. At the same time, further harmonisation of national classifications with international standards remains a top priority, and the strengthening of institutional and technical tools and capacities is recommended.

Principle 10

Bilateral and multilateral co-operation in statistics contributes to the improvement of systems of official statistics in all countries.

²⁸ European statistical classification of products by activity (CPA).

²⁹ Prodcom provides statistics on the production of manufactured goods. The term comes from the French "PRODUCTION COMMUNAUTAIRE" (Community Production) for mining, quarrying and manufacturing: sections B and C of the Statistical Classification of Economy Activity in the European Union (NACE 2): <http://epp.eurostat.ec.europa.eu/portal/page/portal/prodcom/introduction>

³⁰ This is consistent with the international classification ISIC Rev.4.

122. International statistical co-operation, through participation in activities such as the development of standards and guidelines, technical co-operation and training, is an essential component of maintaining quality and relevance of statistics and the overall statistical system.

123. Russian statisticians and statistical bodies participate actively in international activities, conferences and workshops.

124. In addition to extensive co-operation with the OECD, Rosstat and other producers of official statistics in Russia, co-operate closely with various bodies of the United Nations including, notably, the Statistics Division (UNSD), the United Nations Economic Commission for Europe (UNECE) and the Educational, Scientific and Cultural Organisation (UNESCO). Rosstat and/or the CBR also co-operate with the IMF, the International Labour Organisation (ILO), Eurostat and the World Bank. In virtually all these cases, co-operation includes the exchange of data and metadata.

125. With respect specifically to the OECD, Russian government agencies participate as observers in over 70 OECD committees, working parties and expert groups. The list includes the Committee on Statistics (CSTAT), the Working Parties on National Accounts, Financial Statistics, Trade in Goods and Services and numerous other statistical bodies. Furthermore, in April 2012 Rosstat officials expressed their willingness to extend the participation in the OECD Working Parties and Working Groups related to statistics in order to better harmonise national statistical standards with those of the OECD.

126. Rosstat has co-operation agreements with national statistical authorities of Poland, Germany, China, the United States, Finland, Bulgaria, and other countries. Furthermore, Rosstat co-operates closely with the Commonwealth of Independent States Statistical Committee (CISSTAT) and has signed a Memorandum of understanding with that body. CISSTAT is an intergovernmental body operating within the Commonwealth of Independent States in order to co-ordinate the activities of 11 (including Russia) national statistical services; to facilitate the organisation of information exchange, to analyse social and economic developments and to develop general recommendations on statistics.

127. Russia has recognised the importance of bilateral and multilateral co-operation in statistics and complies with this fundamental principle.

Key references to laws and regulations cited throughout this chapter

Abbreviation	Full reference
Constitution 1993	Constitution of the Russian Federation, 25 December 1993
Statistics Law	Federal Law No. 282, November, 2007, on “ <i>Official Statistical Accounting and State statistics system in the Russian Federation</i> ” (with the latest amendments of October 10, 2011 and October 16, 2012)
Federal Law 8	Federal Law No. 8, 25 January 2002, on “ <i>All-Russian population census</i> ” (with amendments of November 28, 2009, July 27, 2010 and October 16, 2012)

Federal Law 86	Federal Law No. 86, 10 July 2002, on “ <i>Central Bank of the Russian Federation (Bank of Russia)</i> ” (with the latest amendments of October 10, 2011)
Federal Law 149	Federal Law No. 149, 27 July 2006, on “ <i>Information, information technologies and protection of information</i> ”
Federal Law 152	Federal Law No. 152, 27 July 2006, on “ <i>Personal data</i> ”
Decree 314	Decree of the President of the Russian Federation No. 314, 9 March 2004, on “ <i>System and structure of federal bodies of executive power</i> ” (with the latest amendments of June 22, 2010)
Decree 636	Decree of the President of the Russian Federation No. 636, 21 May 2012, on “ <i>Structure of federal bodies of executive power</i> ”
Decree 1474	Decree of the President No. 1474 of 28 December 2006 “ <i>On the further vocational education for the state civil officers of the Russian Federation</i> ”
Resolution 420	Resolution of the Government of the Russian Federation No. 420, 2 June 2008, on “ <i>The Federal State Statistics Service</i> ” (with the latest amendments of June 19, 2012)
Statute of Rosstat	The Statute of Rosstat has been adopted by the Resolution of the Government of the Russian Federation No. 420, 2 June 2008 (cited above) and amended by the Resolution of the Government No. 601, 19 June 2012
Resolution 620	Resolution of the Government of the Russian Federation No. 620, 18 August 2008, on “ <i>The conditions for obligatory granting primary statistical and administrative data to subjects of official statistical records</i> ”
Resolution 595	Resolution of the Government of the Russian Federation No. 595, 2 October 2006, on “ <i>Federal Targeted Program “Development of state statistics in Russia in 2007-2011”</i> ”
Resolution 671	Resolution of the Government of the Russian Federation No. 671, 6 May 2008, on “ <i>Federal Plan of Statistical Works</i> ” (with the latest amendments of October 12, 2012)
Resolution 657	Resolution of the Government of the Russian Federation No. 657, 29 June 2012, on “ <i>Introducing amendments to certain legal acts of the Government of the Russian Federation</i> ”
Rosstat Order 186	Order of Rosstat No. 186, 5 December 2005, on “ <i>Approval of Regulations of the Federal State Statistics Service</i> ” (with amendments of October 31, 2007)
Rosstat Order 61	Order of Rosstat No. 61, 18 March 2008, on “ <i>Administrative Regulations for execution by the Federal State Statistics Service of the state function “Submission of Official Statistical Information to the President of the Russian Federation, Federal Assembly of the Russian Federation, Other Federal State Authorities, State Authorities of Constituent Entities (Subjects) of the Russian Federation, Local Authorities, Courts, Prosecution Authorities, Bank of Russia, State Non-Budgetary Funds, Trade Unions and Unions of Employers as well as International Organisations”</i> ”

Rosstat Order 103	Order of Rosstat No. 103, 3 March 2010, on “ <i>Scientific and Methodological Council of Rosstat</i> ”
Rosstat Order 411	Administrative Order of Rosstat No. 411, 23 November 2010, on “ <i>Project for improving information security of data-processing systems</i> ”
Rosstat Order 221	Order of Rosstat No. 221 of 8 October 2009 on “ <i>Adoption of Statute on the assessment and procedure for qualification examination for federal civil servants of Rosstat</i> ”
Rosstat Order 18	Order of Rosstat No. 18 of 2009 on “ <i>The procedure for approval of individual plans for professional development of civil servants of the Federal State Statistics Service</i> ”
Rosstat Order 220	Order of Rosstat No. 220 of 8 October 2009 on “ <i>Adoption of working procedure for Commission on compliance with the requirements of professional conduct of civil servants of Rosstat and on management of conflict of interest</i> ”
Rosstat Order 233	Order No. 233 of 29 June 2010 on “ <i>Adoption of composition of the Commission on compliance with the requirements of professional conduct of civil servants of Rosstat and on management of conflict of interest</i> ”
Rosstat Order 362	<i>Order No. 362 of 16 August 2011 on “Adoption of the procedure for the Federal State Statistics Service for the execution of the state function “Development and approval of official statistical methodology for conducting federal statistical surveys and formation of official statistical information” (has been rescinded by the Order of Rosstat No. 399 of 20 July 2012)</i>
Joint Order of Rosstat and Federal Tax Service	Order of Rosstat and the Federal Tax Service, 18 January 2008, No. 5/MM-3-11/14@, on “ <i>Improving of the information exchange between the Federal State Statistics Service and Federal Tax Service</i> ” (with the latest amendments of May 24, 2011)

CHAPTER 2: REVIEW OF NATIONAL ACCOUNTS

Introduction

128. This chapter presents the review of the national accounts statistics for the Russian Federation that was conducted by the OECD Secretariat. The review was carried out in close cooperation with the Federal State Statistics Services (Rosstat), the agency responsible for compiling national accounts estimates for the Russian Federation.

Background: The Assessment Process

129. The review had two objectives. The first was to assess the quality of the annual and quarterly national accounts data available for the Russian Federation and their comparability with national accounts data available for OECD member countries. The second was to incorporate the annual and quarterly data into the OECD databases. This would enable the OECD Secretariat to verify the coverage of the accounts and to check the consistency and coherency of the annual and quarterly series. It would also allow other OECD Directorates to make their own assessment of the national accounts estimates compiled by Rosstat.

130. The OECD based its review on relevant documentation and data available from other international agencies such as the International Monetary Fund (IMF), Eurostat, the United Nations Economic Commission for Europe (UNECE) and on detailed documentation provided by Rosstat at the request of the OECD, in writing or during missions. In addition, the OECD organised, in April 2010, an expert technical Workshop on the treatment of owner-occupied dwellings in the national accounts.

131. The OECD Secretariat is satisfied with the information and assistance it has received from Rosstat. Even so, it should be noted that the absence of readily-available documentation in English was a handicap. Rosstat needs to provide much more material in English if it is to improve understanding outside Russia of its statistics and the methodologies it employs.

132. Four aspects were examined when assessing the quality of the national accounts estimates compiled by Rosstat for the Russian Federation. These were:

- ***Compliance*** – the extent to which the annual and quarterly accounts (1) comply with the concepts, definitions, classifications, guidelines and recommendations of the 1993 System of National Accounts (1993 SNA), and (2) meet the minimum requirements for implementation as determined by the Inter-Secretariat Working Group on National Accounts (ISWGNA) of which the OECD is a member, and (3) the extent to which realistic plans and projects are in place for the move to the 2008 System of National Accounts (2008 SNA).
- ***Coverage and timeliness*** – the extent to which the annual and quarterly accounts meet the requirements of users within the OECD in terms of detail and availability.
- ***Quality of price and volume measures*** – the extent to which the recommendations of the 1993 SNA are adhered to. Such as the derivation of re-based chain volume estimates, the extent to which price deflation is employed and the appropriateness of the deflators used, or when volume extrapolation is employed instead, the appropriateness of the extrapolators used, and the confrontation and balancing of volume estimates in a supply and use framework.

- **Exhaustiveness** – the extent to which activities falling within the production boundary defined by the 1993 SNA are comprehensively measured by the estimates of GDP.

133. Detailed information concerning these four aspects was obtained mainly through ad hoc questionnaires or, in the case of coverage, from the standard OECD-Eurostat questionnaires. Rosstat's responses can be found in Technical Documents available (on request) from the OECD. Document I concerns compliance with the 1993 SNA. Document II summarises coverage. The summary was prepared by the OECD Secretariat from the annual and quarterly national accounts data reported by Rosstat. Documents III and IV provide details about sources and methods and price and volume measures. Finally, Document V deals with the exhaustiveness of GDP estimated by the output approach.

Organisation and Basic Approach to National Accounts in the Russian Federation

134. Primary responsibility for national accounts statistics for the Russian Federation rests with Rosstat and, as principal providers of data, its 85 regional statistical offices. Balance of payments statistics are compiled by the Central Bank of Russia (CBR), which is also responsible for statistics on the banking sector (statistics on other financial sectors are the responsibility of Rosstat). Government finance statistics and statistics on public external debt are the responsibility of the Federal Treasury in the Ministry of Finance. Rosstat has an agreement to exchange data and improve statistics with the Ministry of Finance. Generally, the cooperation is satisfactory, but not without difficulties. For example, Rosstat cannot use data from the Federal Tax Service of the Ministry of Finance to the same extent as statistical agencies in other countries, due to the Federal Tax Service's reluctance to prepare data to Rosstat's requirements. The specific program "Russian SNA Development Plan for the period 2011-2017" aims to reinforce the cooperation between Russian statistical agencies with the objective to improve the compliance of Russian national accounts with international standards.

135. Within Rosstat, national accounts statistics are compiled in the National Accounts Department. In 2012, a new Department responsible for input-output tables was created. The responsibilities of the National Accounts Department are: the production account, gross regional product, distribution and use of income, national wealth and fixed assets, construction statistics and international comparisons (that is, international price and volume comparisons based on purchasing power parities). The Department has an establishment of 83 specialist posts. Of these, one is for the head of department and six are for deputy heads. All divisions except one have at least ten posts. The division dealing with international comparisons has six posts.

136. At the end of 2011, just 62 posts (75%) were filled and the number of vacancies is expected to increase over the coming years, due to retirements. Within the national accounts department, the unit responsible for input-output tables has 25 posts but 12 of those posts were vacant at the end of 2011. Rosstat finds it difficult to fill vacant posts and, when it does, to retain the young professionals it has recruited. Since pay rates are standardised across the public service it is not clear why Rosstat seems to have more difficulty recruiting and retaining qualified staff than do other departments. The regional statistical offices should serve as a potential source of employees but the high cost of living and the shortage of accommodation in Moscow discourages staff in the regions from transferring to federal headquarters. The failure to fill vacancies and to train replacements could delay the implementation of developments planned for the national accounts as well as the improvements suggested later in this review. More significantly, it could also result in a gradual decline in the quality of the national accounts estimates currently being produced.

137. Rosstat compiles its national accounts statistics broadly in line with the 1993 SNA. There are deviations and these are discussed later. Annual and quarterly GDP are estimated by the production approach, expenditure approach and the income approach. The estimate from the production side is considered the most reliable and statistical discrepancies are assigned to the expenditure side. No statistical discrepancy is shown on the income side because it is not estimated

independently of the production estimate. Gross operating surplus, together with mixed income, is derived as a residual and includes the discrepancy. On the other hand, all principal components of final expenditure on GDP are obtained independently, though at highly aggregated levels. Annual GDP from the production side is estimated at the federal level and at the regional level. Annual estimates of household final consumption expenditure and gross fixed capital formation are also available at the regional level. Estimates of quarterly GDP are made at the federal level only.

138. The production and expenditure account current price estimates are balanced 24 months after the end of the reference year within the framework of an input-output table. There is no rebalancing when estimates are subsequently revised. The first input-output table produced by Rosstat that followed SNA concepts was for 1995 (until then inter-industry balance tables had been compiled in line with the material product system on a five-yearly basis beginning with 1966). It was very detailed with 220 industries. The production costs for these industries were collected by a special survey of enterprises that covered the whole economy. The 1995 table provides the basis for the annual input-output tables that have been produced since then. Until 2004, tables were compiled using national classifications for industries and products. From 2002, NACE³¹ has been used to classify industries or economic activities and it is planned to start classifying products according to the international Statistical Classification of Products by Activity (CPA) in 2009. Work has started on the next benchmark input-output table in accordance with international standards of SNA 1993 and ESA 1995, which will have 2011 as the reference year. Shortage of resources means that the input-output table for 2006 will be the last of the series based on the 1995 benchmark table. There will be no input-output tables for 2007 to 2010. According to the Resolution of Government of the Russian Federation (n°201-r, 14 February 2009), Rosstat is in charge of the development of new benchmark input-output tables every five years.

139. The principal sources of data are the annual and quarterly surveys of incorporated enterprises, organised by Rosstat and its regional offices. They provide the basis for the estimates of output, value added, income, household consumption, investment and inventories. Other sources are the budget execution reports of the Ministry of Finance, the balance of payments reports of the CBR, and the biennial survey of non-profit institutions serving households; the first survey was for 2003. These sources are of particular importance for estimates from the expenditure side, though data from the budget execution reports and the survey of non-profit institutions are used on the production side as well. Household budget data from the annual surveys organised by Rosstat and foreign trade data of the Federal Customs Service of Russia are also utilised, but sparingly. Household budget data supplement other data on the production side, but they are not used to estimate household final consumption expenditure. Rather, household final consumption expenditure is estimated at a highly aggregated level using sources considered to be more reliable. Rosstat uses the volume indices produced by the Federal Customs Service of Russia as extrapolators to obtain constant price estimates of the exports and imports of goods. Data on the exports and imports of goods and services, including net purchases abroad by resident households, are obtained from balance of payments statistics.

140. The annual and quarterly enterprise surveys cover all large and medium sized incorporated enterprises and a sample (20%) of small incorporated enterprises. Formerly, the term “Small” was defined based only on number of employees. For manufacturing a small enterprise was less than 100 employees, for agriculture it was less than 60 employees, for wholesale trade it was less than 50 employees and for retail trade it was less than 30 employees. New legislation in June 2007 introduced definitions of “large”, “medium” and “small” based on two criteria, – number of employees and turnover. In addition, “small” was divided into “small enterprises” and “micro enterprises”. The current classification of incorporated enterprises by size is as follows:

³¹ NACE is the Nomenclature of economic activities in the European Community. The acronym is derived from the French “Nomenclature statistique des Activités économiques dans la Communauté Européenne”.

- Micro enterprises: 15 or less employees and/or a turnover of up to 60 million roubles;
- Small enterprises: 16 to 100 employees and/or a turnover of over 60 million roubles up to 400 million roubles;
- Medium enterprises: 101 to 250 employees and/or a turnover of over 400 million roubles up to one billion roubles;
- Large enterprises: 250+ employees and/or a turnover of over one billion roubles.

141. Unlike the large, medium and small enterprises that are surveyed annually and quarterly, micro enterprises are only surveyed annually. The new legislation also allows for only a sample of medium sized enterprises to be surveyed, as is the case for small and micro enterprises. But this change has yet to be introduced. All medium sized enterprises continue to be surveyed.

142. The frame for the surveys is the *Statistical Register of Enterprises and Organisations*. The register is regionally based and is maintained by the regional statistical offices. New registrations with the regional tax offices are added to the register each month and enterprises that do not respond to two consecutive annual surveys are removed from the register. The last procedure has been adopted because enterprises can cease being active long before they are officially liquidated and, as only officially liquidated enterprises can be removed from the registers kept by tax authorities, information on cessation of activity from regional tax offices is generally out-of-date for statistical purposes. Enterprises are classified in the register by their principal activity. Principal activities are updated yearly in line with the information received from enterprises responding to the annual survey.

143. Unincorporated enterprises (or individual entrepreneurs) are also included in the Statistical Register. Prior to 2008 they were not surveyed and treated as part of the non-observed or informal sector; see section on Exhaustiveness. A five to seven per cent sample of such entities is now surveyed annually. The first survey took place in 2008 with 2007 as the reference year. Results from the surveys were supposed to be incorporated into GDP compilations by Rosstat national accountants once the 2009 survey (with 2008 as the reference year) was released. Rosstat has not yet confirmed that this has been done.

144. The annual and quarterly surveys of incorporated enterprises cover all 85 regions of the Russian Federation. They are carried out by the regional statistical offices. There are different reporting forms depending on the enterprise's activity and size and whether the data are annual or quarterly. Annually, all enterprises are required to report turnover, quantities produced and sold, value added, personnel costs, total purchases of goods and services, purchases of goods and service for resale, gross investment in tangible goods, inventories and number of persons employed. Response rates are around 95 per cent for large and medium sized enterprises and around 75 per cent for small and micro enterprises. Between 60 and 65 per cent of value added is generated by the incorporated enterprises covered by the surveys, after adjusting for misreporting.

145. After collection, the data are collated, adjusted for non-response and, for certain activities, corrected for misreporting. The data are then submitted to Rosstat in summary form by the regional statistical offices. As the unit of enumeration is the enterprise and not the establishment, regional data can include data on an enterprise's subsidiaries operating in another region. This is not a problem at the Federal level. Nor is it a problem at the regional level as the regional statistical offices exchange data on such subsidiaries to rectify the situation. Annual estimates of gross regional product at current and constant prices are prepared by the regional statistical offices following the production approach. These are finalised by Rosstat and published by the regions fourteen months after the year to which they relate – that is, thirteen months after the release of preliminary estimates for the Federation.

146. The timetable for the dissemination of preliminary and revised estimates for the Federation during the current year is published by Rosstat at the end of the preceding year. Preliminary annual estimates are released on the final working day of the month following the end of the calendar year to

which they refer. The estimates go through four revisions with the last and final revision becoming available 24 months after the end of the reference year. Preliminary quarterly estimates are disseminated 50 working days after the end of the quarter to which they refer and revised estimates are disseminated 30 working days later. The set of quarterly estimates for a given calendar year are finalised 24 months after the end of that calendar year together with the annual estimates for the same year.

147. More specifically, the timetable for annual estimates is:

- t + 30 days: first estimates of GDP for t obtained by the production, income and expenditure approaches – that is GDP(P), GDP(I) and GDP(E);
- t + 3 months: first revision of GDP(P), GDP(I) and GDP(E) estimates for t;
[at t + 4 months a full set of consolidated accounts are available for t]
- t + 12 months: second revision of GDP(P), GDP(I) and GDP(E) estimates for t;
- t + 15 months: third revision of GDP(P), GDP(I) and GDP(E) estimates for t – first reconciliation of quarterly and annual estimates for t;
[at t + 16 months accounts by institutional sector are available for t]
- t + 24 months: fourth and final revision of GDP(P), GDP(I) and GDP(E) estimates for t – final reconciliation of quarterly and annual estimates for t.

148. And for quarterly estimates, it is:

- Q + 50 days: first estimate of GDP(P) for Q;
- Q + 80 days: revised estimate of GDP(P) for Q;
- Q + 90 days: estimates of GDP(I) and GDP(E) for Q.

149. There is no prior access by government officials to annual and quarterly estimates before their release. The estimates are released in Russian and in English on the Rosstat website. They are also published in Russian in Rosstat's monthly bulletin *Socio-Economic Status of Russia*.

Compliance

150. Rosstat produces the following tables and accounts annually:

- Value added and GDP at current prices by activity,
- Value added and GDP at constant prices by activity,
- Expenditures on GDP at current prices,
- Expenditures on GDP at constant prices,
- Components of value added by activity,
- Supply and use,
- Generation of income account,
- Allocation of primary income account,
- Secondary distribution of income account,
- Use of disposable income account,
- Capital account,

- Rest of the world account.

151. And the following tables and accounts quarterly:

- Value added and GDP at current prices by activity,
- Value added and GDP at constant prices by activity,
- Expenditures on GDP at current prices,
- Expenditures on GDP at constant prices,
- Components of value added by activity.

152. In doing this, Rosstat meets all but one of the minimum requirements for the implementation of the 1993 SNA as determined by the ISWGNA. The missing requirement is the financial account, which is not produced. In addition, Rosstat does not produce the other-changes-in-assets accounts or balance sheets, but these are not ISWGNA requirements. Moreover, there are not many OECD member countries having a full set of balance sheets. The missing financial account is not prepared by the CBR either.

153. A specific work program is currently under development by Russian authorities with the aim to clarify responsibilities and plan for the development and production of financial accounts within the Russian statistical system. Rosstat would be responsible for the whole set of financial accounts and the CBR would be the main producer. In this regard, it is noted that Rosstat and the CBR already cooperate for the allocation of Financial Intermediation Services Indirectly Measured (FISIM).

154. Annual accounts are available for the whole economy and the following institutional sectors: corporations (financial and non-financial corporations combined), general government, households and non-profit institutions serving households. Prior to 2002, corporations and non-profit institutions serving households were combined as one sector. Currently, financial corporations and non-financial corporations are shown separately in the production account and in the generation of income account. Rosstat was planning to start publishing a complete set of separate accounts for both institutional sectors in 2011 but this has not been confirmed. General government is not broken down by sub-sectors given the existing labyrinth of budgetary and extra-budgetary flows between the various levels of government. However, the implementation of a new budget classification of government management and the development of appropriate methodology is likely to allow the development of general government expenditures by sub-sector in the period 2015-2016. Quarterly accounts are compiled for the whole economy but without any institutional breakdown. In 2011, Rosstat national accountants discussed a plan for implementing quarterly accounts by sector with OECD officials. A status report on this work is desired.

155. In principle, Rosstat compiles its national accounts estimates in accordance with the concepts, definitions, classifications, guidelines and recommendation of the 1993 SNA. In practice, there are departures. Those that have been identified are as follows:

- **Output** does not include own-account production of computer software or illegal output sold to willing buyers. FISIM is compiled by summing values of financial intermediate services assigned to different categories of use, intermediate and final consumption instead of distributing initially calculated value of FISIM output between individual items if use. FISIM calculation is carried out by institutional sector of consumer of these services. In 2010, Rosstat released a series from the year 2003 in which FISIM has been distributed across users.
- **Gross fixed capital formation** does not include computer software produced on own account, but does cover mineral exploration and the acquisition of entertainment, literary and artistic originals. Costs for purchase of software, including own-account

software, are measured but considered by Rosstat as less reliable because beginning and end-of-year values of acquisition costs are not connected.

- **Inventories** do not include all goods stored by general government (only stocks of strategic materials, grains and other commodities of special importance to the nation are covered). Inventories of general government are recorded at the time of acquisition as part of intermediate consumption. Harmonisation between federal and regional levels is hampered by differences between accrual and cash recording methods, and the limited number of items by region.
- **Assets** do not include computer software produced on own account, but do include mineral exploration and entertainment, literary and artistic originals. In 2012, the Federal statistical surveys on commercial and non-profit organisations will include information on intellectual property products, such as computer software and databases, entertainment, literary and artistic originals, mineral exploration and evaluation and they will be included in ‘intangible assets’ from the year 2011.
- **Classifications:** NACE was introduced in 2002 and the Classification of the Functions of Government (COFOG) in 2005. The Statistical Classification of Products by Activity (CPA) was fully introduced in 2009 and a pilot study on the implementation of the Classification of Individual Consumption According to Purpose (COICOP) is already in place. The Russian SNA Development Plan for the period 2011-2017 includes development and the introduction of international classifications for the compilation of fixed capital, financial assets, inventories, produced non-financial assets, and the treatment of valuables. In particular, Rosstat in cooperation with the federal authorities plans to coordinate and to develop in 2012-2014 a new version of the Russian Classification of Economic Activities (OKVED-2), harmonised with the classification NACE rev.2, and the Russian Classification of Products by Economic Activities, based on the Statistical Classification of Products by Activity in the European Economic Community, 2008 version (CPA 2008). There is no specific plan as yet to introduce the Classification of the Purposes of Non-Profit Institutions Serving Households (COPNI).
- **Valuations:** Transactions and flows are generally recorded on an accrual basis. But government revenues and expenditures are recorded on a cash basis in the government accounts. Important items, such as compensation of employees and outstanding taxes, are put on an accrual basis by Rosstat.
- **Other:** Housing services and imputed rentals of owner-occupiers are not estimated according to the recommendations of the 1993 SNA. Consumption of fixed capital is not estimated using the perpetual inventory method. Both these issues are discussed further.

Housing Services and Imputed Rentals of Owner-Occupiers

156. Rosstat’s treatment of owner-occupied dwellings and the own-account production of housing services is probably the most significant deviation from the 1993 SNA. The 1993 SNA recommends that the output of housing services produced by owner-occupiers is valued at the estimated rentals that a tenant would pay for the same accommodation (“same” being defined in terms of size and quality of the dwelling as well as location and neighbourhood amenities). This is known as the “rental equivalence approach”. In recommending this approach, the 1993 SNA assumes that “well-organised markets for rented housing exist in most countries” (6.89, 1993 SNA).

157. The 1993 SNA makes no recommendation if such a market does not exist in a country. But, when considering the valuation of goods and services produced on own account in general, it recommends that output produced for own final use should be valued by the total production costs incurred if it cannot be valued at average basic prices of the same goods and services sold on the

market (6.219, 1993 SNA). In other words, in countries where a well-organised rental market does not exist, the output of housing services produced by owner-occupiers should be valued by their total production costs – that is, by the sum of intermediate consumption, compensation of employees, consumption of fixed capital, net operating surplus and other taxes (less subsidies) on production. This is known as the “user cost approach”.

158. The conditions required to implement the rental equivalence approach in estimating the imputed rentals of owner-occupiers do not exist in the Russian Federation. Less than 10 per cent of all dwellings are actually rented. Furthermore, the rented dwellings are not evenly distributed over the country but rather are concentrated in cities such as Moscow and St. Petersburg. Finally, the rents paid cannot be regarded as typical as many dwellings are rented to foreigners or to enterprises paying high rents. Such conditions require that the user cost approach be used. Rosstat does not apply the full “user cost approach” but rather relies on a less comprehensive calculation that it refers to simply as a “cost approach”. This is described below, but first some background.

159. Dwellings comprise houses and apartments. Houses are generally privately owned. They are either owner-occupied or rented out. Apartments are either privatised (privately owned) or non-privatised (“rented”). Ninety per cent of apartment buildings are owned by the public sector, usually by municipalities. The remaining ten per cent are owned by the private sector. Apartment buildings owned by municipalities can contain both privatised and non-privatised apartments. Owners of privatised apartments and “tenants” of non-privatised apartments can rent out their apartments.

160. Persons living in a municipality-owned apartment building pay, regardless of whether their apartment is privatised or non-privatised, either a single charge for maintenance and repairs and small capital repairs or two charges – one for maintenance and repairs, the other for small capital repairs. The approach varies among municipalities. In both cases, expenditures for small capital repairs are not treated as capital formation in the national accounts. Those living in privatised apartments pay a property tax as well (from 0.1 to 2.0 per cent of the book value of the apartment depending on the book value of the apartment and the municipality).

161. Occupiers of non-privatised apartments are, in effect, “implicit owner-occupiers” as they do not pay any rent only charges. Furthermore, the maintenance and repairs charge does not cover the full cost of maintenance and repairs. But the enterprises carrying out the maintenance and repairs are paid in full by the municipality. Rosstat treat the difference between the charge paid by the occupier and the full cost paid by the municipality as a subsidy on products. The amount of subsidy is decreasing from year to year. Currently it amounts to about ten per cent of the output of housing services.

162. Owners of apartments in a privately owned apartment building pay the full costs of maintenance and repairs and the cost of capital repairs to the enterprise responsible for managing the apartment building. They also pay the property tax mentioned earlier to the municipality. Owners of privately owned houses pay for maintenance and repairs directly as required. They pay property tax to the municipality as well.

163. Actual rentals paid by tenants are estimated by region as follows:

- Estimates are made of the number of apartments and the number of houses that are actually rented.
- The average actual rental for an apartment and the average actual rental for a house are determined.
- The number of apartments actually rented is multiplied by the average actual rental for an apartment to obtain total actual rentals paid for rented apartments.

- The number of houses actually rented is multiplied by the average actual rental for a house to obtain total actual rentals paid for rented houses.

164. Imputed rentals of owner-occupiers are estimated by region as follows:

- For actual and implicit owner-occupiers of apartments in municipality-owned apartment buildings, total imputed rentals are the charge paid for maintenance and repairs and small capital repairs plus the subsidy paid by the municipalities.
- For owner-occupiers of apartments in privately owned apartment buildings, total imputed rentals are the costs of maintenance and repairs done plus the costs of small capital repairs done (obtained from enterprises carrying out the work).
- For owner-occupiers of privately owned houses, total imputed rentals are the sum the costs of maintenance and repairs (obtained by pricing commonly used input materials and services) and an estimate of consumption of fixed capital.

165. There are a number of problems with the cost approach adopted by Rosstat to impute the rentals of owner-occupiers. These are:

- Net insurance premiums paid by owners should be included under intermediate consumption.
- The property tax is not included, but should be, as other taxes on production.
- Except for owner-occupiers of privately owned households, consumption of fixed capital is not included.
- Net operating surplus is not included.

166. In short, Rosstat's cost approach does not provide estimates of housing services and imputed rentals that are comparable with those of OECD member countries. The failure to include net operating surplus and the consumption of fixed capital underestimates the output of housing services in the production account and the value of imputed rentals in the expenditure account.

167. Rosstat agreed that its approach was not satisfactory and it expressed a desire to bring its cost approach more into line with international practice. To that end, the OECD organised a technical workshop in April 2010 to review current and proposed methodologies and advise Rosstat officials on best international practices. The workshop recommended that:

- a) Consideration should be given to including dachas [secondary or seasonal residences] in the dwelling stock.
- b) The following improvements should be made to Rosstat's cost approach that is used to impute rentals for owner-occupied dwellings, in order to bring it more in line with a full user cost approach:
 - i.* a return to capital should be included;
 - ii.* the estimates of consumption of fixed capital should be improved by using estimates of only dwelling structures in their estimation; and,
 - iii.* the inclusion of a real holding gain term in the formula requires investigation.
- c) The rentals payable for government-owned dwellings should be valued at market prices. Either the tenants should be recorded as the economic owners of the dwellings and then be treated as ordinary owner-occupiers, or a social transfer in kind by government should be recorded as the difference between an estimated market rental

and the actual rental. The market rental should be estimated in exactly the same way as for owner-occupiers.

- d) Comparisons between the Russian Federation and other countries should be made in terms of actual final consumption of dwelling services.

168. Rosstat confirmed that the user cost method was the most appropriate for the Russian Federation and that value of owner-occupied dwellings has been calculated for the period 2002-2010, based on estimates of market prices of dwellings. However, the calculation of imputed rents on a quarterly basis, the impact on regional GDPs, and the treatment of rentals payable for government-owned dwellings remain outstanding issues for further implementation. At this stage, Rosstat is considering the development of estimates of rents of owner-occupied dwellings and consumption of fixed capital in 2016-2017.

Consumption of Fixed Capital

169. Estimates of consumption of fixed capital are required to derive net measures, such as net national income or net investment, and to value the output of non-market services when obtained as the sum of their production costs. The 1993 SNA recommends that consumption of fixed capital be computed by the perpetual inventory method (PIM). The PIM builds up estimates of capital stock and changes in capital stock over time and provides estimates of consumption of fixed capital as a by-product. Rosstat does not use the PIM, but the method it employs is conceptually equivalent to the PIM. The validity of this point is particularly relevant to the inclusion of consumption of fixed capital in the estimates of housing services and imputed rentals advocated in the previous section.

170. Rosstat's current measures of the stocks of fixed assets are based on surveys of capital goods that are conducted of corporations and government units. Four types of assets are distinguished – buildings, plant, machinery and equipment, and transport equipment – for which respondents provide book values and information on the age of the capital good. Rosstat then re-values the book measures by applying a capital goods price index and a depreciation profile. The capital goods price index is the producer price index (PPI) of the corresponding category of capital goods. Although this PPI neglects the fact that some capital goods may have been imported and thus follow a different price pattern, application of the capital goods PPI appears to be a reasonable approximation.

171. The same basic method is used for dwellings. The primary information source for dwellings owned by households and municipalities is a register that provides physical information on the region and surface of dwellings. For dwellings owned by enterprises, the survey-based book value serves as the starting point for revaluation and the basis for the valuation of dwellings owned by households. A construction price index is applied to correct for asset price changes. Again, this method is imperfect but at least in principle targets the right measure – a value of structures based on prices of the current year and a value of structures in constant prices. These form the basis for computing consumption of fixed capital. This is computed for structures only, and not for land, which is as it should be.

172. In short, the existing estimates for consumption of fixed capital for dwellings, while not perfect, are at least, in principle, correct and their inclusion in the computation of housing services and imputed rentals is a superior alternative to their being omitted from the calculation as they are at present. During a technical workshop in April 2010, Rosstat officials indicated that they would work to improve estimates of consumption of fixed capital to help improve the estimates of the value of dwelling services. A timetable for such work has not yet been provided.

Coverage and Timeliness

173. The OECD expects annual national accounts data to be available within six to nine months after the end of the reference year and quarterly national accounts data to be available within three months after the end of the reference quarter. Data are to be reported to the OECD as soon as they

become available. According to the dissemination timetable described earlier, Rosstat is able to meet these requirements in principle. In practice, resource restraints prevent Rosstat from completing the OECD-Eurostat reporting forms for annual and quarterly national accounts data on a regular and timely basis. Rosstat plans to develop a computer program to resolve the problem. This was expected to be in place by 2010 but has been postponed to August 2012. In the meantime, the timeliness of national accounts reporting to the OECD by Rosstat remains less than fully satisfactory.

174. The OECD has classified the annual and quarterly national accounts series it collects by priority. Three levels of priority have been identified – level 1: essential; level 2: highly desirable; and level 3: desirable. All data are required from 1995. A detailed assessment is provided in Technical Document II. The current gaps in Rosstat's national accounts statistics are summarised by priority level below. Note, when indicating a breakdown by industry, the degree of detail required is given by A6, A17 and A31 indicating 6, 17 and 31 components, respectively.

Essential:

- Annual data by industry (A6) for gross value added, compensation of employees, and wages and salaries are only available from 2002, Rosstat does not plan to carry out retrospective calculations of gross value added by activity. Quarterly data are only available from 2003Q1. In 2002, NACE was adopted as the national industrial classification. Data prior to 2002 are based on the previous national classification. The two classifications are not comparable and no links between the two have been established that would enable data based on NACE to be taken back to 1995.
- Annual data for gross fixed capital formation by type of asset are not available. During the Peer Review mission, Rosstat committed to publish annual data for gross fixed capital formation by type of asset for the period 2002-2010. Breakdown by type of activity or by institutional sector will not be available.
- Annual and quarterly data (persons, hours worked) by industry (A6) for employment, employees and self-employed that are compatible with value added by industry are not available. This arises because enterprises are the unit of enumeration and classification for national accounts data and establishments are the unit of enumeration and classification for employment data. Even though Rosstat is able to supply output data by activity based on establishments, which are compatible with the employment data and suitable for productivity studies, it is not able to provide value added data, based on establishments. Rosstat is currently reclassifying establishments in line with the principal activity of their enterprise and re-tabulating employment data accordingly for the period 2005 to 2007. On completion, the results will be reviewed by the national accountants, after which work will start on 2008 and 2009. The re-tabulated data were supposed to be published in 2011.
- Annual data for the main aggregates for general government and the simplified accounts for households and non-profit institutions serving households (NPISH) are only available from 2002. Rosstat has no plans to revise and publish long time-series for the main aggregates for general government accounts, households and NPISH before the year 2002.
- Quarterly data for net operating surplus and mixed income and for consumption of fixed capital are not available. Quarterly data on the consumption of fixed capital will be developed and published on the basis of new annual time series based on the market value of fixed capital, but not until 2015.

Highly desirable:

- Annual data for simplified accounts for corporations are only available from 2002. Rosstat compiles separate sets of accounts for financial corporations and non-financial corporations from 2010 for the years 2008 and 2009.
- Annual data for gross value added and its components by industry (A31) was only available by A17 and from 2002. Rosstat started to publish in 2012 annual production accounts and generation of income accounts for 79 types of activity from the year 2003.
- Annual data (persons, jobs, hour worked) for employment, employees self-employed by industry (A31) are not available.
- Quarterly data for gross fixed capital formation by type of asset are not available.
- Quarterly data for real disposable income are not available. Rosstat is planning to compute quarterly time-series of real disposable income once the full set of quarterly national accounts will be available. This was planned towards 2016.
- Quarterly data for household final consumption expenditure by type of product (good or service) are not available.

Desirable:

- Annual data for tax and social contributions of general government is sparse and does not meet OECD requirements in terms of details and therefore is deemed "unavailable". Rosstat can compile these series given time, but not in the immediate or near future. Taxes and social contributions of general government is provided by the Treasury according to a classification which is not consistent with the classification used by Rosstat. The implementation of a new classification of government management could facilitate the development of more detailed annual data on tax and social contributions of general government.
- Annual data for government expenditure by outlay, function and level of government are available by COFOG division only for general government's final consumption expenditure and only from 2005. The Ministry of Finance adopted COFOG in 2005 and cannot go back further in time. Data by COFOG groups are available, but group data for the divisions Defence and Public Order and Safety are confidential. Wages, intermediate consumption, consumption of fixed capital, etc., as well as 4-digit COFOG level data will be released by Rosstat in 2012 for the years 2009 and 2010.
- Annual data for main aggregates and for tax and social contributions for sub-sectors of general government are not available. National accounts by general government sub-sectors are not produced and Rosstat does not plan further development due to the lack of reliable information on subsectors transactions. Primary data for tax and social contributions of general government is provided by the Treasury according to a classification which differs from the classification required by the OECD Secretariat. During the Peer Review mission, Rosstat agreed to further develop this request with the Treasury whenever possible.
- Annual data for components of gross capital formation by industry (A31) are not available.
- Annual data for gross fixed capital formation and stock of assets by type of asset, by industry (A31) and by institutional sector are not available.

175. Strictly speaking, Rosstat does not meet the OECD's minimum data requirements for national accounts. But this statement has to be qualified in light of the following. The number of

deficiencies or missing series listed above is less than the number originally identified. Over the past four years, Rosstat has made a concerted effort to make some of the missing data sets available. Rosstat noted that retroactive calculations are costly. Nevertheless, as noted above in comments, Rosstat is continuing its efforts and intends to make more of the missing series available over the coming months and years. It will be important to establish plans and schedules for this work to facilitate, and to monitor, progress.

176. In response to the identified deficiencies as regards quarterly national accounts, Rosstat provided clear indications that progress is envisaged over the coming months and years. Rosstat collaborates with the IMF and developed in November 2011 plans and schedules for work to be undertaken to develop quarterly national accounts by institutional sector, to be released by 2016: (i) the production account and the generation of income account are planned to be released in 2013; (ii) the distribution of income account and the use of income account to be published in 2015; and (iii) other accounts to be released in 2016.

Price and Volume Measures

177. The 1993 SNA recommends that volume measures of value added should be obtained by double deflation whereby the current price value of output is deflated by an output price index, the current price value of intermediate consumption is deflated by an intermediate inputs price index, and the difference between the two deflated values is the value added volume measure. If double deflation is not an option, the 1993 SNA recommends, as a second-best solution, either single deflation whereby the current price value of value added is deflated by an output price index or extrapolation whereby base year value added is extrapolated by an output volume index. If neither single deflation nor extrapolation is an option, the 1993 SNA recognises that third best solutions, such as extrapolating base year value added with an input volume index, have to be employed.

178. Rosstat does not follow the 1993 SNA recommendation to obtain volume measures for value added by double deflation. Instead, it applies what the 1993 SNA considers to be second or third best methods. Volume measures of value added are derived either by single deflation, by extrapolation with an output volume index or by extrapolation with an input volume index. Rosstat plans to apply the double deflation method on value-added estimates in 2015 but has signalled that it would welcome assistance from statistical offices in OECD member countries for implementation of appropriate methods in future.

179. The price indices selected for single deflation are mainly consumer price indices (CPIs). Producer price indices (PPIs) are used for fishing and related activities and for certain business activities. A construction price index is used for construction. CPIs are applied to the following services: maintenance and repairs; hotels and restaurants; post and telecommunications; real estate and business activities; private sector health and education; sewage and refuse disposal; and private sector recreational, cultural and sporting activities. The CPIs are Laspeyres indices. The resulting volume indices are therefore Paasche indices rather than the Laspeyres indices that are required. As deflation takes place at the lower levels of aggregation, this is not really an issue. Of greater concern is that the CPIs measure changes in purchasers' prices while value added is valued at basic prices. As purchasers' prices can be expected to be higher than basic prices, deflating values at basic prices by indices of purchasers' prices will underestimate volume levels. But, providing basic prices and purchasers' prices grow at the same rate, volume growth rates will not be affected.

180. Extrapolation with an output volume index is used for activities such as mining, manufacturing, electricity gas and water supply, wholesale and retail trade and transportation. Extrapolation takes place at the lower levels of aggregation with volume indices of production or turnover specific to the activity for which the base year value added is being extrapolated.

181. Extrapolation with an input volume index is used for the following industries: forestry and related activities, financial services, public administration and defence, and services relating to

education, health, social security, recreation, culture and sport provided by general government and non-profit institutions serving households. The input volume index refers to the number of persons employed in the specific activity for which base year value added is being extrapolated. Such an index has well-known deficiencies. It does not take into account changes over time in the total number of hours worked. It should refer to hours worked (or, failing that, number of full-time equivalents) rather than simply the number employed. Nor does it take into account changes over time in labour productivity and input mix. Both are assumed to be constant from one period to the next.

182. On the expenditure side, the approach to computing volume measures is also a mixture of deflation and extrapolation. Individual consumption expenditure by households is broken down into purchases of goods and services, own-account production of goods and services, and travel services purchased by resident households abroad and by non-resident households in Russia. Purchases of goods and services are divided into over 35 product groups and the current price expenditure on each product group is deflated by the CPI specific to the product group. Own-account production consists of agricultural goods and dwelling services. The current price value of agricultural goods produced by households for own consumption is deflated with the PPI for household agricultural production. The current price value of housing services produced by owner-occupiers of apartments is deflated with the CPI for the maintenance and repair of dwellings. For housing services produced by owner-occupiers of houses, the base year value is extrapolated with an index of dwelling space occupied by individual houses.

183. Rosstat provided information on current developments of volume estimates of production and final consumption of education and health services, using indices based on characteristics considered as quality attributes (number of students at different levels of education, number of visits to doctor, number of visits of patients at home, the number of beds in hospital, etc.).

184. Current price expenditures on travel services by resident households abroad and by non-resident households in Russia are extracted from the balance of payment statistics of the CBR. As the expenditures are in US dollars, they are converted by Rosstat to roubles with the base year dollar-to-rouble exchange rate. The converted expenditures by non-residents households are then deflated with the CPI for travel services. The converted expenditures of resident households are not deflated. But they should be on the same grounds that the converted expenditures of non-resident households are deflated, namely, that changes in exchange rates do not reflect the relative changes in purchasing power of currencies in their domestic markets. One possible deflator would be the weighted average of the CPIs for travel services of countries visited most frequently by residents.

185. Volume measures for individual consumption expenditure by non-profit institutions serving households, individual consumption expenditure by general government and collective consumption by general government are obtained by extrapolating base year values. In each case the extrapolator is an input volume index that refers to the number employed in the specific individual or collective service for which the base year value is being extrapolated. The deficiencies of such input volume indices have already been enumerated.

186. For gross capital formation, volume measures are obtained by deflation. The deflation takes place at an aggregated level. Current price capital expenditures on transport equipment are deflated by the PPI for transport equipment and current price capital expenditures on machinery and equipment by the PPI for machinery and equipment. Current price capital expenditures on construction are deflated by a construction price index. Current price capital expenditures on cultivated assets, software and intangible fixed assets (not elsewhere classified) are deflated by the PPI for other capital goods, the general PPI for capital goods and the PPI for intangibles, respectively. With regard to changes in inventories, current price values of finished goods and work-in-progress are deflated with relevant implicit price deflators taken from the production account. Current price values of raw materials and goods for resale are deflated with the PPIs for similar raw materials and goods.

187. For exports of goods, volume measures are obtained by extrapolating base year values with corresponding export volume indices. Similarly, volume measures for imports of goods are obtained by extrapolating base year values with corresponding import volume indices. The volume indices are compiled by the Federal Customs Service of Russia. For exports and imports of services, current price expenditures are taken from the balance of payments prepared by the CBR. The expenditures are in US dollars and Rosstat converts them to roubles with the dollar-to-rouble exchange rate of the base year. The converted expenditures on exports of services are deflated with the CPI for services. The converted expenditures on imports of services are not deflated. But, as with, they should be on the same ground that the converted expenditures on travel services abroad by resident households, namely, that changes in exchange rates do not reflect the relative changes in purchasing power of currencies in their domestic markets. The weighted average of the export price indices for services of Russia's principal trade partners would be a possible deflator. Rosstat provided information on joint work between Rosstat and the CBR for the re-evaluation of export and imports of travel services at constant prices in 2013.

Exhaustiveness

188. Non-exhaustiveness arises because the statistical surveys and administrative sources on which national accounts estimates are based are incomplete, incorrect or otherwise deficient. One way of assessing the exhaustiveness of GDP estimated from the production side is to apply the tabular approach developed by Eurostat. The approach identifies seven sources or types of non-exhaustiveness:

- **N1:** Producers engaged in legal activities who should register but do not;
- **N2:** Producers who avoid registration because they are engaged in illegal activities;
- **N3:** Producers who are not obliged to register because they have no market output;
- **N4:** Incorporated enterprises that are registered but not surveyed;
- **N5:** Unincorporated enterprises that are registered but not surveyed;
- **N6:** Misreporting by producers;
- **N7:** Other statistical deficiencies

189. Rosstat has not applied the tabular approach though it does make certain adjustments for non-exhaustiveness. The adjustments cover the following sources of non-exhaustiveness:

- producers engaged in legal activities who are required to register but do not (N1),
- households engaged in non-market production (N3),
- registered unincorporated enterprises that are not surveyed (N5), and
- misreporting by incorporated enterprises (N6).

190. No adjustments are made for:

- producers engaged in illegal activities (N2),
- registered incorporated enterprises that are not surveyed (N4), and
- other statistical deficiencies (N7).

191. Rosstat maintains that there is no need to make adjustments for N4 and N7. In other words, Rosstat national accountants are satisfied that the Statistical Register is up-to-date, the survey frames for large, medium, small and micro incorporated enterprises are complete and the processing of survey data and the treatment of non-response are correct.

192. Rosstat makes adjustments for non-exhaustiveness to each of its three measures of GDP. The principal adjustment is to the estimate obtained by the production approach with the estimates obtained by the income and expenditure approaches being balanced against it. Even so, independent adjustments are also made on the expenditure side, specifically to the estimates for gross fixed capital formation. For example, the value of houses constructed in the informal sector is adjusted to reflect the full market price. However, in the absence of complete and precise input-output tables, adjustments for non exhaustiveness remain limited and the restricted access by Rosstat to administrative data, in particular taxes, is also a limitation to the adjustment of non-exhaustiveness of the GDP estimated by the income approach.

193. The adjustments to the production account are made at the regional level and then aggregated. Two adjustments are made:

- ***An adjustment for the shadow transactions of legal entities.*** This adjustment is made to the output of incorporated enterprises obtained from the enterprise surveys because it is assumed that enterprises deliberately understate their output (N6). The extent to which enterprises misreport output is established by comparing the output reported with indicators of output based on ad hoc surveys, administrative records and expert opinion. For example, the reported outputs of crops are checked against the outputs that should have been obtained with the input quantities (seeds) reported by the enterprises and the known average yields per hectare for the region. The differences between the two provide the coefficients with which to increase the reported outputs. The adjustment also covers producers who should have registered but have not (N1).
- ***An adjustment for the non-observed activities of the informal sector.*** The informal sector comprises unincorporated enterprises (N5) including unincorporated household enterprises (N3). Their activities are considered to be non-observed because, in the past, they have not been comprehensively surveyed. This is no longer correct since, as mentioned earlier, registered unincorporated enterprises are now surveyed annually. However, the data collected are not yet used for national accounts. For the time being, estimates of the outputs and production costs of unincorporated enterprises are obtained from various sources depending on the activity. These are usually specialised surveys or administrative records, but estimates are also derived by assuming that unincorporated enterprises have the same output and cost structure per employee as the small size incorporated enterprises covered by the enterprise sample surveys. The OECD is seeking information on Rosstat plans to use information from the new survey of registered, unincorporated enterprises in the national accounts.

194. The review has examined the adjustments by economic activity for the years 2002 to 2007. Over these six years, the overall adjustment fell from 25 per cent of the Federation's GDP in 2002 to 17 per cent of the Federation's GDP in 2007. In 2002, the adjustment for shadow transactions of legal activities was 55 per cent of the overall adjustment and the adjustment for non-observed activities of the informal sector was 45 per cent. By 2007, the shares had reversed with the adjustment for shadow transactions accounting for 44 per cent of the overall adjustment and the adjustment for informal sector activities accounting for 56 per cent. Rosstat explains both the fall in the overall adjustment and the fall in the adjustment for shadow transactions by improvements in the quality of enterprise surveys. It also attributes the fall in the overall adjustment to a decline in the production of informal sector activities. It is not clear whether this is an actual drop in production or production that was previously non-observed (not surveyed) now being observed (surveyed). Throughout the six-year period, four economic activities have been the principal sources of adjustment accounting for some 85

per cent of the overall adjustment. These are: wholesale and retail trade and repairs of motor vehicles and household goods (9% of GDP); agriculture, forestry and hunting (3% of GDP); manufacturing (2% of GDP); and real estate, renting and business activities (3% of GDP). Details are presented in Technical Document V.

195. The overall adjustment is large relative to those of other countries. For example, in an exercise to determine the exhaustiveness of the GDP estimates of nine new EU member states in 2000, the average adjustment was 12% of GDP with a range from 6% to 19%. Four OECD member countries participated in the exercise, their adjustments were: the Czech Republic 9%, Hungary 12%, Poland 15% and the Slovak Republic 15%. The figure for the Russian Federation was 25% in 2002. Currently it is around 17%.

196. These percentages are not strictly comparable because the percentages for the four OECD member countries include an adjustment for illegal activities, whereas the percentage for Russia does not. The experience of the nine new EU countries suggests that the inclusion of illegal activities could increase Russia's GDP by 0.75 per cent. The CBR has made some experimental calculations relating to imports and exports of narcotics, but the results of these calculations have not been disseminated.

197. A further cause of non-comparability is the fact that Rosstat treats the adjustment for non-observed activities of the informal sector as an exhaustiveness adjustment. The adjustment is, in effect, an estimate for the output of the informal sector. That the estimate is based on a variety of diverse sources rather than a comprehensive set of quarterly and annual surveys may make it less reliable, but it remains an estimate nonetheless. A true exhaustiveness adjustment would not take into account the non-observed output for which an estimate is made, but rather, only the non-observed output that is not measured by the estimate.

198. Plans for the implementation of 2008 SNA include the development of a new methodology in 2013 for assessing the production of the informal sector and the household production of own-account services based on employment and households surveys. Further adjustments for the non-observed activities will also be implemented using new surveys of activities of individual entrepreneurs held in 2011 and in longer term (2015), by the use of information from input-output tables from the year 2011.

CHAPTER 3: POPULATION STATISTICS

Introduction

199. This chapter presents the review of the Russian Federation Population statistics conducted by the OECD Secretariat.

200. The size and growth of a country's population are both causes and effects of economic and social developments. Policymakers need to take into account demographic trends in order to optimise government spending, for instance, on health care or education. In this respect, beyond population size, its composition also matters. For most OECD countries, population data are based on regular, ten-yearly censuses, with estimates for inter-census years derived from administrative data. Population projections are also important for economic and social analysis and policymaking. All population projections require assumptions about future trends in life expectancy, fertility rates and migration.

Background

201. Population statistics are collected by the OECD. Consistent and internationally-comparable population statistics are essential for analytical work in virtually every subject domain covered by the OECD. The Organisation requires demographic population statistics for inclusion in several datasets: the database on population statistics, the key annual statistics on population, the database on annual labour force, employment and unemployment. These databases cover long time series for internal and external users. In the Russian Federation, population statistics are produced and disseminated by the Federal State Statistics Service (Rosstat).

Evaluation criteria

202. In its statistical reviews, the OECD Secretariat evaluates the data and metadata to determine how well they meet OECD needs in terms of coverage, compliance, interpretability, timeliness and data and metadata transmission. These five elements comprise the OECD data and metadata requirements. Below are brief, generic descriptions of these evaluation criteria.

- *Coverage* – the extent to which the statistics meet the requirements of the OECD in terms of variables, detail, frequency, measurement units, historical coverage and availability.
- *Compliance* – the extent to which the statistics comply with the relevant OECD and other international standards.
- *Interpretability (Availability of Metadata)* – the interpretability of data reflects the ease with which the user may understand and properly use the data. The adequacy of the underlying metadata that is, the definitions of concepts, target populations, variables and terminology, and information describing the limitations of the data, if any – largely determines the degree of interpretability. For the purposes of this assessment, “interpretability” is viewed in a narrow sense as “Availability of Metadata”.
- *Timeliness* – the length of time between the reference period and when statistics are made available to the OECD. The OECD normally has established desirable timeliness targets based on needs and on the typical practices of member countries.

- *Data and metadata transmission* – the ability of the country to deliver data and metadata for integration into the OECD databases.

OECD data and metadata requirements for Population Statistics

Coverage

203. The OECD requirements for population statistics include annual demographic data, population projections and various vital statistics broken down by several characteristics, such as age group and sex. Specifically, the requirements are:

- population by three broad age groups (less than 15 years, 15-64, 65 and over) and by sex (total, males and females);
- population by five-year age groups and by sex (total, males and females);
- annual population projections to 2050, by five-year age groups and by sex;
- vital statistics (number of births, number of deaths and net migration).

204. Countries should provide as long a historical series as possible; ideally, beginning in 1950.

Compliance

205. The definitions and compilation methods used should comply with the OECD, International Labour Organisation (ILO) and the United Nations (UN) international definitions³².

206. Specifically, population series required by the OECD include all nationals present in the country, or temporarily absent from the country, and aliens permanently resident in the country.

207. It includes national armed forces stationed abroad, merchant seamen at sea, diplomatic personnel located abroad and displaced persons resident in the country.

208. It should exclude foreign armed forces stationed in the country, foreign diplomatic personnel located in the country, and civilian aliens temporarily in the country.

209. Population statistics may be measured according two alternative concepts:

- “present in area population”, or *de facto*, *i.e.* persons actually present in the country at the time of the Census;
- “resident population” or *de jure*, *i.e.* persons regularly domiciled in the country at the time of the Census.

Interpretability (Metadata requirements)

210. For OECD purposes, complete and clear metadata must be available in one of the official languages of the Organisation, English or French. However, to ensure transparency of data and

³² OECD, “Labour Force Statistics 1989 - 2009, 2010 Edition”, page 359-370; “Principles and Recommendations for Population and Housing Censuses”, Revision 1. United Nations, New York, 1998, Series M, No. 67, Rev; “Handbook of Vital Statistics Systems and Methods, Volume 1: Legal, Organisational and Technical Aspects”, United Nations Studies in Methods, Glossary, Series F, No. 35, United Nations, New York 1991.

establish the confidence of users in an international setting, it is strongly recommended that metadata be available in English and easily accessible over the internet.

211. The OECD requires the following information: the source, reference period, key statistical concepts, population coverage, item coverage, quality comments³³.

Timeliness

212. It is important that countries provide the latest available data in response to OECD questionnaires.

Data and metadata transmission

213. For population data and metadata, the OECD Secretariat requests countries to complete specific EXCEL tables that form part of the annual questionnaire on Population and Labour Force.

Evaluation of Population Statistics

214. The OECD Secretariat reviewed the population statistics of the Russian Federation to determine how well they satisfy international standards and the needs of the OECD.

Coverage

215. Rosstat generally meets the OECD requirements in terms of coverage. In its first data transmission to the OECD, Rosstat has provided population by broad age groups and by sex for the period 1977 to 2009. Rosstat has also provided the required vital statistics variable, but only for the period from 1990.

216. Rosstat also provided historical data and population projections by five-year age groups and by sex covering the years 1977-2009 and 2011-2030, while the OECD requires data from 1950 to 2050. The availability of both historical and projected population has been more limited than what is available for most OECD countries. Rosstat agreed to address these gaps and informed the OECD Secretariat that they were in the process of calculating projections to 2075, in order to meet OECD requirements. At the same time, Rosstat committed to providing historical data from 1970, on the understanding that there will be breaks in series and statistical adjustments since geographic coverage and methods have not been consistent over time under different political and statistical regimes.

217. The OECD and Rosstat have now entered into detailed discussions concerning provision of the required historical and projections data. The OECD Secretariat has provided additional explanations on the OECD requirements and on the action to be taken to transmit more complete data and metadata.

Compliance

218. The compliance of methodologies used in the measurement of Russian population was not fully evaluated due to the lack of detailed information on sources and methods available in English. Data on *de jure* population are based on the Census, which is conducted at least once every ten years and which follows international standards.

³³ OECD, "Labour Force Statistics 1989 - 2009, 2010 Edition", page V.

Interpretability (Metadata requirements)

219. The role of metadata in explaining possible changes in concepts or methodologies over time and across countries is fundamental and the OECD recommends that Rosstat disseminate more detailed information on sources and methods, in English.

220. Information on sources and methods in English was collected from the Rosstat's website³⁴ but insufficient information is currently available in English. Furthermore, Rosstat provided partial metadata through the OECD questionnaire, though some details were in Russian. More information is available on the website of the IMF Special Data Dissemination Standard (SDDS) but the OECD Secretariat would still like to receive further detailed information from Rosstat, in English.

Timeliness

221. According to metadata available on the SDDS website of the IMF, Rosstat makes available annual data at the federal level on July 30 of the year following the reference period and data at the regional level on 9 October of the year following the reference year. This meets OECD timeliness requirements, though delivery of data for 2010 has been delayed because it was a census year.

Data and metadata transmission

222. Rosstat completed the annual questionnaires on Population and Labour Force for the first time in 2011 and has also responded in 2012, thus demonstrating the capacity to meet ongoing requirements for data transmission. As noted above, though, the OECD Secretariat has not received adequate metadata yet.

Overall assessment of Population Statistics

223. Overall, the Russian Federation meets most of the OECD requirements regarding timeliness and data transmission of population statistics.

224. With respect to coverage, the OECD Secretariat would like to receive longer, historical time-series (and projections, when requested in the questionnaire) for population, by broad and by five-year age groups, and for vital statistics, by sex.

225. Regarding "interpretability", the OECD recommends that Rosstat disseminate more detailed methodological information in English on its website to improve the understanding of Russian statistics and methodologies by international users.

³⁴ www.gks.ru/bgd/regl/b11_12/IssWWW.exe/stg/d01/05-00.htm

CHAPTER 4: BUSINESS REGISTER

Introduction

226. This chapter presents the review of business register for the Russian Federation, conducted by the OECD Secretariat.

227. A large number of OECD member countries have developed statistical business registers to provide names and addresses for conducting business surveys. Such registers also provide an infrastructure for increasing the effectiveness of the business survey process and minimising response burden. Increasingly, however, it has become obvious that business registers are also a direct source of valuable, high quality business data themselves.

228. The OECD does not set any specific standards for definitions or formats of business registers but it is co-operating actively with other international organisations, notably the UNECE and Eurostat, on Guidelines for Business Registers. The OECD does not collect “business register” information as such from member countries, but registers are an important source of business statistics and, more specifically, business demography and entrepreneurship data. Since a country’s business register for statistical purposes provides an essential foundation for economic statistics, the Secretariat has carried out a targeted review of the register.

Background

229. In the Russian Federation, Rosstat is responsible for the methodological development and the maintenance of the statistical business register. This assessment is based on methodological information provided by Rosstat in September 2011, during the Peer Review mission in April 2012 and during an OECD-Rosstat Seminar on Business Demography statistics held in November 2012.

Evaluation criteria

230. The Secretariat has identified a number of common issues faced by many countries in the construction and maintenance of business registers. These are:

- the existence of a legislation conducive to the development of statistical business register;
- the existence of an adequate institutional support;
- quality issues pertaining to administrative sources, including information on statistical units;
- the harmonisation of definitions and compliance with concepts from the System of National Accounts (1993 SNA and preferably 2008 SNA);
- availability of data by establishments or local kind-of-activity units as well as for enterprises;
- ability to identify multinational enterprise groups;
- potential conflicts between sources; and,
- the various costs related to the construction and maintenance of the business register.

231. Following from the above, below are brief, generic descriptions of criteria for assessing a country's environment for the development of a good business register as well as the register itself:

- *Legislation* – the extent to which existing laws facilitate development of a statistical business register.
- *Data sources* – the extent to which a statistical agency can access relevant data sources including, in particular, administrative sources for the creation and maintenance of a business register.
- *International co-operation* – the extent to which co-operation with international organisations and foreign statistical agencies contributes to the harmonisation of statistical business register.
- *Compliance* – the extent to which the business register complies with the relevant international standards, in particular international classifications of economic activities and the *Business Register Recommendations Manual* of Eurostat.
- *Relevance and coverage* – the extent to which the business register reflects the needs and priorities of users and contains the relevant units and characteristics to derive populations and samples for surveys; and, the extent to which the statistics meet the requirements of users in terms of variables, detail, frequency, measurement units and historical coverage.

Evaluation of the Business Register

Legislation

232. The Russian legislative environment for the development and the maintenance of the statistical business register compares favourably with legislation in OECD member countries. The Russian statistical business register is defined according to regulations prepared in accordance with the Civil Code of the Russian Federation Law, the Federal Law on Information, Computerisation and Information Protection, the Federal Law on Technical Regulation, the Federal Law on Government Registration of Legal Entities and Individual Entrepreneurs and the Decree of 2004 on the Status of Rosstat. Furthermore, according to the Federal Law of January 2008 on the Development of Small and Medium Enterprises, the requirements for business registration have changed with the aim, among others, of distinguishing micro enterprises from small and medium enterprises to facilitate measurement of their contribution to the economy.

233. The creation and the maintenance of the current Russian business register reflects an evolution from those related to the previous Unified State Register of Enterprises and Organisations (EGRPO) and the General Universe of the Objects of Statistical Observations. Rosstat is responsible for the methodological development of the register in co-operation with territorial authorities of the Russian Federation.

234. However, despite the solid legal basis for a statistical business register, there are restrictions on the statistical agency's access to various administrative records, as discussed further below.

Data sources

235. The Russian business register is based on registrations of legal units. As such, the information may refer to an individual entrepreneur, an enterprise or a local unit or establishment. To create and update the register, Rosstat uses administrative sources such as government information resources, legal registrations through the Federal Tax System, social security records, Federal Tariff Service files and records of agencies responsible for public property management and licensing of

institutions. According to Russian legislation, the registration of business units by the tax authorities in the Unified State Register of Legal entities and/or the Unified State Register of individual Entrepreneurs is an obligation.

236. The compulsory State registration of legal entities requires substantial information on such entities at the time of creation, reorganisation and liquidation. Thus, in principle, there is a rich source of data for the statistical business register.

237. The tax authorities provide Rosstat with a list of tax-paying entities but they contend that tax laws and regulations do not permit Rosstat to access any other information on the activities, revenues or employment levels of the entities. Such information is essential if the register is to serve as an effective frame for business surveys and as a source of business demography data. This extension of the register, though not essential, is highly encouraged since the detailed firm-level data has useful applications in analysis of firm dynamics.

238. Tax records provide the most effective and up-to-date means of maintaining the Business Register and Rosstat's restricted access severely limits its capacity in this regard.

239. The Secretariat noted plans by Rosstat, in association with the Ministry of Economic Development (MED), to pursue legislative changes that would give the statistical agency greater access to tax records for statistical purposes. Moreover, the efficiency of data exchanges between Russian statistical authorities could be improved, for example by introducing standard international classifications and by adopting technologies to improve the quality of public information and to avoid duplication in data collection. In November 2012, Rosstat officials reported that the Agency's access to administrative records from the Tax authorities and from other Ministries remained problematic.

240. Rosstat is also working to exploit relevant, existing census and survey sources of information. For example, the economic census, which uses the business register as the address frame, gathers information on business units at a particular point in time. The census can provide business activity, geo-location and other characteristics of firms. The economic census on small and medium sized enterprises is conducted every five or ten years and the last one was conducted in 2011. A separate agricultural census is also conducted.

International co-operation

241. Rosstat representatives are regular attendees at UNECE, Eurostat and OECD meetings (including the Wiesbaden Group on Business Registers), with experts from other national statistical offices. Rosstat also co-operates in the harmonisation of the statistical business registers with statistical offices from members of the Commonwealth of Independent States (CIS).

Compliance with international classifications of economic activities

242. Rosstat has begun work on methodological improvements that would permit release of data by national accounts institutional sectors, after transition to SNA 2008. The Central Bank is co-operating actively with respect to data on the financial sector and legislation has been amended to facilitate improved coverage of public sector data. Finally, Rosstat noted ongoing work to include multinational enterprise groups in future, based on Eurostat definitions and methods. This work includes development of a questionnaire to trace foreign investment activity and obtain other required information. The Secretariat will follow progress on these projects.

Relevance and Coverage

243. As noted, the principal data sources used to compile the statistical business register are based on legal units, which may be local units or establishments but are often enterprises, for the corporate sector. Enterprise-level data are not ideal since statistics for any particular industry could include activities normally associated with another industry or, equally, they could omit activities normally associated with the industry in question. Furthermore, the meaningfulness of industry statistics and the comparability over time are reduced if business units change their mix of activities.

244. For the purposes of estimating production by economic activity, the recommended statistical units are establishments, as defined in the 1993 SNA, or local kind-of-activity units, as defined in the 1995 ESA. These units are defined as those undertaking activities at the 4-digit level for which the institutional unit's information system is capable of providing the value of output, intermediate consumption, compensation of employees, operating surplus, employment and gross fixed capital formation. Rosstat is currently developing plans to extend the list of variables covered in the register and to start incorporating establishments, in compliance with international recommendations.

245. The Russian statistical business register is organised in two distinct parts, an administrative part that includes administrative information on registration of legal entities and individual entrepreneurs along with the classification criteria (identification numbers/codes); and a statistical part used by Rosstat departments as sampling frames for carrying out statistical observations and surveys. This latter part includes information on the activity and size of legal entities created within the territory of the Russian Federation. Furthermore, this second part also contains information, when it is available, on enterprises, including (name, address, size, earnings, sales volume, profit, turnover, value, structure of fixed capital, number of employees, type (large, medium or small enterprise) and institutional unit codes (for national accounts)).

Overall assessment of Business Register

246. In summary, the OECD Secretariat is satisfied with the improving quality of the Russian statistical business register as well as with plans for further developments. The efforts to extend coverage and to include data from survey as well as administrative sources is noted and encouraged. Moreover, the use of multiple sources could reduce the response burden, strengthen the quality and ensure coherence.

247. Efforts by Rosstat to deal with legal and organisational obstacles to sharing data are also encouraged. Rosstat, in association with the MED, is pursuing legislative change that would give the statistical agency greater access to tax records for statistical purposes. The OECD supports this development and encourages Russian authorities to promote greater co-operation between federal agencies on statistical matters and, in particular, to strengthen co-operation between Rosstat and the tax authorities in order to construct more complete business register and fill various data gaps.

248. Finally, though many OECD countries also derive estimates of activity based on data relating to enterprises, the OECD Secretariat encourages the use of establishments or local units for the purposes of estimating production by economic activity in the national accounts. This is in accordance with recommendations of the 1993 SNA, the 2008 SNA, the 1995 ESA and 2010 ESA.

CHAPTER 5: BUSINESS STATISTICS

Introduction

249. This chapter presents the review of Structural and Demographic Business Statistics (SDBS) for the Russian Federation, conducted by the OECD Secretariat.

250. The OECD collects a wide range of statistics on businesses and business activities in order to provide researchers and policy-makers with comprehensive, consistent and comparable data covering OECD countries and other key partner economies outside the OECD. Data from the SDBS also constitutes a major input to the Entrepreneurship Indicators Programme.

Background

251. In the Russian Federation, the Federal State Statistical Service of the Russian Federation (Rosstat) is responsible for the production and the dissemination of business statistics. The OECD has gathered information for this assessment from the Department of Foreign Statistics and International Co-operation at Rosstat, by consulting available information on the Rosstat website and through direct exchanges. Contacts have also been established with officials in Rosstat's Departments of Structural Statistics, Small Enterprises and Current Statistics of Small Business, which is responsible for the business statistics survey. In November 2012, the Secretariat organised a Seminar on Business Demography at OECD Headquarters in Paris.

Evaluation criteria

252. In its statistical reviews, the Secretariat evaluates the data and metadata to determine how well they meet OECD needs in terms of coverage, compliance, interpretability, timeliness and data and metadata transmission. These five elements comprise the five basic elements of the OECD data and metadata requirements. In addition, where feasible, other aspects of the *OECD Quality Framework for Statistical Activities* are also considered, such as coherence. Below are brief, generic descriptions of these evaluation criteria.

- *Coverage* – the extent to which the statistics meet the requirements of the OECD in terms of variables, detail, frequency, measurement units, historical coverage and availability.
- *Compliance* – the extent to which the statistics comply with the relevant OECD and other international standards.
- *Interpretability (Availability of Metadata)* – the interpretability of data reflects the ease with which the user may understand and properly use the data. The adequacy of the underlying metadata that is, the definitions of concepts, target populations, variables and terminology, and information describing the limitations of the data, if any – largely determines the degree of interpretability. For the purposes of this assessment, “interpretability” is viewed in a narrow sense as “Availability of Metadata”.
- *Timeliness* – the length of time between the reference period and when statistics are made available to the OECD. The OECD normally has established desirable timeliness targets based on needs and on the typical practices of member countries.
- *Data and metadata transmission* – the ability of the country to deliver data and metadata for integration into the OECD databases.
- *Coherence* – the extent to which the statistics are logically connected and mutually consistent within a dataset, across datasets, over time, and across countries.

OECD data and metadata requirements for Business Statistics

253. The SDBS consists of three datasets, Structural Statistics for Industry and Services (SSIS); Business Statistics by Size Class (BSC); and Business Demography (BD). The OECD requirements for these datasets are summarised below and additional detailed information on variables, definitions and methodological standards are available in Technical Documents available on request from the OECD.

Coverage Requirements for SDBS

Coverage Requirements for Structural Statistics for Industry and Services (SSIS)

254. For the SSIS database, the OECD Secretariat asks countries to provide annual information relating to the economic activity, including employment, of industries at a very detailed level, (3-digit or preferably 4-digit level). Variables include: turnover, value-added, investment, wages and salaries, employees and number of enterprises. The complete list of variables required is available in Technical Document 1.

255. The OECD Secretariat maintains SSIS data from at least the year 2000 for most countries. Countries should provide as long a historical series as possible; ideally, beginning in 2000 or earlier.

Coverage Requirements for Business Statistics by Size Class (BSC)

256. For the BSC database, the OECD Secretariat asks countries to provide annual information relating to the economic activity, including employment, of industries at a very detailed level (3-digit or preferably 4-digit level), broken down by employment size classes. Variables include: turnover, value-added, investment, wages and salaries, employees and number of enterprises. The complete list of variables required is available in Technical Document 2.

257. The Secretariat maintains BSC data from at least the year 2000 for most countries. Countries should provide as long a historical series as possible; ideally, beginning in 2000 or earlier.

Coverage Requirements for Business Demography (BD)

258. The BD database contains information relating to business births (often referred to as business entries), business deaths (often referred to as business exits), business survival, high-growth enterprises and gazelles. The complete list of variables required is available in Technical Document 3.

259. The OECD Secretariat maintains BD data from the year 2005 for most countries. Countries should provide as long a historical series as possible; ideally, beginning in 2005.

Compliance Requirements for SDBS

260. The definitions of the variables are provided in the Technical Documents. These definitions are consistent with international practices though there are no standard international reference manuals specifically for SSIS and BSC. For the Business Demography programme, the definitions provided in the Technical Document are based on the *Eurostat-OECD Business Demography Statistics Manual* (www.oecd.org/std/industry-services/businessdemographymanual).

261. While the Technical Document provides the detailed definitions and concepts that should be followed, the principal requirements are summarised below.

- For size-class breakdown, the OECD prefers to receive data for the following employment size classes: 1-9, 10-19, 20-49, 50-99, 100-199, 200-249, 250-499, 500-999 and over 1000.

- Value added should be valued at factor cost.
- For BD, the OECD collects “employer enterprise” data (*i.e.* data covering only businesses with at least one employee).
- The OECD requests monetary variables in millions of national currency units, employment variables in numbers of persons employed, hours worked in thousands, and the number of enterprises or establishments in units.
- In 2010, ISIC Rev. 4 became the new standard classification for SSIS, BSC and BD data collection from reference year 2008. As a consequence, information should be provided in ISIC Rev. 3 at least until year 2007, and in ISIC Rev. 4 from 2008 on. Furthermore, to ensure comparability over time and the overall quality of the database, the OECD strongly encourages countries to provide information in ISIC rev. 4 also for as many years as possible preceding 2008. Having one year of double reporting is the minimum requirement for the SDBS database to permit sound analytical work over time.
- If a country has not made the transition to ISIC Rev.4, plans and dates for a transition to Rev.4 should be provided.

Interpretability (Metadata) Requirements (SDBS)

262. For OECD purposes, complete and clear metadata must be available in one of the official languages of the organisation, English or French. However, to ensure transparency of data and establish the confidence of users in an international setting, it is strongly recommended that metadata be available in English and easily accessible over the internet.

263. The OECD asks countries to provide a variety of metadata concerning the institution responsible for the statistics, any national classification system used, reference units and data sources. The Secretariat collects such information through the SSIS, BSC and BD metadata questionnaires.

Timeliness Requirements (SDBS)

264. It is important that countries provide data or that data be available at the same time, or immediately after, they are released nationally. While, ideally, data should be available as soon as possible after the reference period it is understood that a lag is necessary to permit the data to be collected and tabulated. Most OECD countries provide data about two years after the end of the reference period.

Data and metadata transmission requirements for SDBS (SSIS, BSC and BD)

265. In the medium to longer term, all countries are encouraged to develop the capacity to exchange data and metadata via the SDMX³⁵ global data dissemination and exchange standard. This will be the most efficient and effective solution not only for dealing with the OECD but also for responding to demands of other international organisations and exchanging data with major users.

266. In the meantime, the OECD is flexible and endeavours to work with each country to find the most efficient and effective solution that will guarantee regular, ongoing transmission of data, in as timely a fashion as possible. For business statistics, the Secretariat sends three separate EXCEL templates or “questionnaires” to countries annually for each of the programmes SSIS, BSC and BD.

³⁵ SDMX (Statistical Data and Metadata eXchange) is an initiative to foster standards for the exchange of statistical information sponsored by the Bank for International Settlements (BIS), the European Central Bank (ECB), the Statistical Office of the European Union (Eurostat), the International Monetary Fund (IMF), the OECD, the United Nations (UN) and the World Bank.

Evaluation of the Business Statistics

267. The OECD Secretariat assessed the Russian SDBS to determine how well they meet the OECD data and metadata requirements.

Coverage

268. Rosstat conducts complete surveys of medium and large enterprises (*i.e.* with annual turnover greater than 400 million roubles) annually and conducts surveys of small enterprises (*i.e.* with an annual turnover equal to or less than 400 million roubles) every five years. Surveys of representative samples of small enterprises are carried out on a monthly and/or quarterly basis. Samples of microenterprises are surveyed on an annual basis only since 2010.

269. SSIS data available in the past for Russia have covered mostly 3-digit rather than 4-digit level industries. While some OECD countries also provide limited 4-digit level data, the Secretariat has nevertheless encouraged Rosstat to extend the detailed data coverage as much as possible. In 2012, Rosstat began to extend 4-digit data coverage for a number of SSIS variables and has promised delivery of more 4-digit coverage for the future. These planned improvements to meet OECD standards have been noted.

270. Considerable progress has been made by Rosstat in the provision of key variables and the main gaps now are number of persons employed and compensation. Also, a number of data inconsistencies remain.

271. For BSC, data provided by Rosstat cover mostly 2-digit industries rather than the more detailed 4-digit level that the Secretariat requests. While availability of limited industry detail is not uncommon for non-EU members of the OECD, Rosstat is encouraged to improve coverage. In 2012, as was the case for SSIS, Rosstat began to extend 4-digit data coverage for a number of BSC variables and has indicated delivery of other variables for the future.

272. Also for BSC, the size classes formerly used by Rosstat did not align with those preferred by the OECD and classes used for employment data did not correspond with those used for turnover data. In addition, both time coverage and size classification differ depending on the variables (*e.g.* turnover and number of enterprises; gross investment in tangible goods; gross operating surplus; number of employees; and wages and salaries of employees have different coverage).

273. Rosstat has not provided BSC data for total purchase of goods and services, number of persons employed, compensation, and wages and salaries of all persons engaged. Finally, the OECD Secretariat has identified a number of inconsistencies and is working with Rosstat to understand and resolve the issues.

274. In 2012, Rosstat began to deliver detailed BSC data according to the OECD's preferred size-class breakdown and, for the two variables delivered so far, (turnover and number of enterprises), most problems noted above have been corrected. While other variables remain to be provided and no historical data are available, the OECD is encouraged by these developments.

275. With respect to Business Demography data, at this time, Rosstat is not able to provide any Business Demography data that meet the OECD definitions and requirements. The Secretariat has noted that limited Business Demography data are available on the website of Rosstat but the definitions are not consistent with OECD requirements and the level of detail is not sufficient for integration into the OECD database. Detailed information on small enterprises is currently not available through Rosstat surveys or registers but it could perhaps be provided by the Russian tax authorities. The OECD encourages Russian authorities to strengthen co-operation between Rosstat and the tax authorities in order to overcome these data gaps. The OECD Secretariat noted plans by Rosstat, in association with the Ministry of Economic Development (MED), to pursue legislative

changes that would give the statistical agency greater access to tax records for statistical purposes. In the meantime, as an alternative measure, the OECD encourages Rosstat to request additional information through the economic Census on small and medium-sized enterprises. The OECD-Rosstat Seminar on Business Demography statistics, held in November 2012, has been the occasion to further address these issues and to advise Rosstat on the best action to take.

276. In terms of historical coverage, Rosstat has provided SSIS and BSC data and metadata from 2003. However, as noted, BSC data cover different periods between, depending on which indicator is considered. In 2012, Rosstat provided data for the 2010 reference year and in some cases for 2011, excluding small enterprises for the years prior to 2010.

277. Overall, SSIS and BSC data provided by Rosstat only partially meet OECD requirements in terms of coverage. Numerous variables are unavailable and greater detail is desired. Furthermore, consistency in size classification as well as in coverage over time is highly desirable for the use and the analysis of SDBS statistics. At the same time, the OECD applauds the efforts that Rosstat is demonstrating to improve data coverage.

Compliance with international standards

278. In terms of compliance, definitions of BSC and SSIS statistics partially comply with OECD requirements. The Russian SDBS statistics are in compliance with the classification NACE Rev.1, converted to the NACE Rev.1.1 by Rosstat. This corresponds to ISIC Rev.3 and meets earlier OECD requirements. Since the OECD and most member countries have now made the transition to ISIC Rev.4 as the standard classification for SSIS, BSC and BD, the OECD Secretariat encourages Rosstat to adopt the NACE Rev.2 classification to enhance comparability. Rosstat has announced plans to convert to NACE Rev.2 in the period 2014-2015.

Interpretability (Metadata requirements)

279. While some outstanding questions remain, Rosstat has provided sufficient information on definitions and methodology through completion of the metadata questionnaires for SSIS and BSC.

Data and metadata transmission

280. Rosstat has completed and returned OECD data and metadata questionnaires for SSIS and BSC data. The data and metadata currently available on the Rosstat website are not sufficient for the Secretariat to undertake collection on its own. There are still questions and issues to discuss so it is not yet possible to conclude that Russia can transmit all the required data on an ongoing and regular basis. Nevertheless, the OECD Secretariat is satisfied that the Russian Federation is fully capable of following the same procedures as other OECD member countries, using the standard SDBS questionnaires.

Timeliness

281. The timeliness of the SSIS and BSC data already transmitted by Rosstat is satisfactory and compares favourably with that of SDBS data from OECD countries (data for 2007, 2008 and 2009 were delivered during 2009, 2010 and 2011, respectively). Furthermore, data for 2010 had already been delivered in 2012. The Secretariat will need to assess the timeliness of the BD data in the future.

Coherence

282. While most coherence problems have been resolved in the most recent data file, minor issues remain:

- In some cases, the sum of size class values in BSC differs from the SSIS value (*e.g.* for the number of employees in 2008 in sector 45 and the number of enterprises in 2008 in sector

15). No such cases, however, were encountered in the data sent by Rosstat in 2012, for the turnover and the number of enterprises.

- Discrepancies between sectoral levels have also been noted within SSIS and BSC data. For example, sums at the 3-digit or 4-digit levels often differ from the value reported at the level above, though this has been partially corrected for new variables delivered in 2012. Rosstat has provided partial explanations and will address remaining inconsistencies. The Secretariat is continuing to work with Rosstat in this regard.

Overall assessment of Business Statistics

283. Overall, this assessment identified several shortcomings regarding the Russian Federation's SDBS, notably the lack of information for BD data. The coverage and compliance of SSIS and BSC data partially meet OECD requirements. In addition, it is not yet possible to conclude that Russia can transmit data on an ongoing and regular basis for these two datasets. Finally, longer historical coverage of series is desired.

284. Overall, despite these gaps, the OECD Secretariat is encouraged by Russia's efforts to improve coverage and compliance and will continue to work with Rosstat on the development of an overall plan to facilitate implementation and monitoring of future progress of BD data and for the delivery of more complete information for SSIS and BSC.

CHAPTER 6: FINANCIAL STATISTICS

Introduction

285. This chapter presents the review of Financial Statistics for the Russian Federation, conducted by the OECD Secretariat.

286. The main focus of the OECD's work on financial statistics is to contribute to the Organisation's aim of deepening the knowledge of Member countries' financial systems and to permit a better understanding of the interactions between the "real" economy and financial activities in those economies. Financial statistics are widely used by government agencies responsible for the formulation of fiscal and monetary policy. They are also used extensively by the financial sector itself and by the non-financial private sector both as indicators of the "health" of economies and to assist decision-making and investment planning. The divergent characteristics of national markets make the compilation and presentation of meaningful, analytically useful financial indicators at the international level a complex task.

Background

287. The OECD collects financial statistics, in association with other International Organisations. Discussion of, and agreement on, data requirements and preferred methodological practices takes place in the OECD Working Party on Financial Statistics and in International Forums such as the Task Force on Finance Statistics³⁶. In the Russian Federation, several government Ministries and agencies are involved in producing financial statistics including, the Federal State Statistics Service (Rosstat), the Central Bank of Russia (CBR), the Ministry of Finance and the Federal Treasury.

Evaluation criteria

288. In its statistical reviews, the OECD Secretariat evaluates the data and metadata to determine how well they meet OECD needs in terms of coverage, compliance, interpretability, timeliness and data and metadata transmission. These five elements comprise the OECD data and metadata requirements. Below are brief, generic descriptions of these evaluation criteria.

- *Coverage* – the extent to which the statistics meet the requirements of the OECD in terms of variables, detail, frequency, measurement units, historical coverage and availability.
- *Compliance* – the extent to which the statistics comply with the relevant OECD and other international standards.
- *Interpretability (Availability of Metadata)* – the interpretability of data reflects the ease with which the user may understand and properly use the data. The adequacy of the underlying metadata, that is, the definitions of concepts, target populations, variables and terminology, and information describing the limitations of the data, if any – largely determines the degree of interpretability. For the purposes of this assessment, “interpretability” is viewed in a narrow sense as “Availability of Metadata”.

³⁶ The members of the Task Force on Finance Statistics are the Bank for International Settlements, the Commonwealth Secretariat, the European Central Bank, Eurostat, the International Monetary Fund, the Organisation for Economic Co-operation and Development, the Paris Club Secretariat, the United Nations Conference on Trade and Development, and the World Bank.

- *Timeliness* – the length of time between the reference period and when statistics are made available to the OECD. The OECD normally has established desirable timeliness targets based on needs and on the typical practices of member countries.
- *Data and metadata transmission* – the ability of the country to deliver data and metadata for integration into the OECD databases.

OECD data and metadata requirements for Financial Statistics

Coverage

289. The OECD collects information and maintains databases on four financial statistics topics: (i) financial accounts and financial balance sheets; (ii) households' assets and liabilities; (iii) institutional investors' assets; and (iv) public sector debt. With respect to the fourth topic, public sector debt, the OECD is working in partnership with other international bodies to collect data for a database maintained by the World Bank. The OECD has responsibility for collecting the data from the Russian Federation. An overview of the contents of these four databases is provided below while the questionnaires and Technical Documents with detailed lists of data and breakdowns required by the OECD are available on request from the OECD.

290. For all four databases, the Secretariat requests data in national currency units.

Financial Accounts and Financial Balance Sheets

291. The OECD database on financial accounts is composed of two sets of data, the financial accounts and the balance sheets accounts. Financial accounts record, by type of instruments, the financial transactions between sectors. The balance sheets accounts record the stocks of financial assets and liabilities held by the institutional sectors, and give a picture of their net worth, at the end of the accounting period.

292. For both financial accounts (transactions) and financial balance sheets (stocks) the OECD requires data by *institutional sector*, some of which are divided into sub-sectors, for *financial assets* and *liabilities* grouped into seven categories of instruments, most of them split into sub-instruments. In addition, countries are asked to report balancing items for both net financial transactions and financial net worth.

293. Countries should provide financial accounts and financial balance sheets on both a *non-consolidated* and a *consolidated* basis.

294. Countries should provide as long a historical series as possible; ideally, beginning in 1995 for yearly series and in Q1-1995 for quarterly series. In the OECD database, data are available from 1950 for some countries though for most countries the series begin in 1995.

Households' Assets and Liabilities

295. The OECD database on *Households' Assets and Liabilities* completes the financial balance sheet database. The Secretariat collects the more detailed information to better identify and analyse households' wealth in countries.

296. The OECD Secretariat requires annual and quarterly series for specific assets and liabilities (of the households sector) by category of instruments, including investment funds shares (and sub-instruments), life insurance reserves (and further breakdowns), pension funds (and further breakdowns), and liabilities, including short- and long-term loans (and detailed sub-categories). The Secretariat also collects data for a selection of the most important households' non-financial assets,

which contribute to their wealth, such as dwellings, land and consumer durable goods. This helps to measure the real value of household wealth in countries.

297. Countries should provide as long a historical series as possible, ideally, for households' assets and liabilities, beginning in 1995 for yearly series and in Q1-1995 for quarterly series.

Institutional Investors' Assets

298. The statistics required on financial and non-financial assets of institutional investors include a detailed breakdown of institutional sectors, such as investment funds, insurance companies and pension funds, and other forms of institutional savings. Within these sectors, further breakdowns are required.

299. The financial assets to be reported are: currency and deposits, securities other than shares, (broken down according to initial maturity); loans, (broken down according to initial maturity); shares and other equities and other financial assets. Certain assets are further split according to the residency of issuers/holders. As well, total non-financial assets are requested.

300. Countries should provide as long a historical series as possible; ideally, beginning in 1995 for yearly series and in Q1-1995 for quarterly series.

Public Sector Debt

301. Under the auspices of the Task Force on Finance Statistics, the World Bank and IMF have developed a new database to disseminate quarterly data on government and broader public sector debt. As a member of the Task Force, the OECD has responsibility for collecting the data and metadata from the Russian Federation. The basic requirements are for consolidated, quarterly debt data for central government. Debt data for general government, budgetary central government, non-financial public corporations, financial public corporations and the total public sector are also collected, when available.

302. The debt instruments to be reported are all liabilities considered as debt, except liabilities in the form of equity and investment fund shares and financial derivatives and employee stock options. They comprise Special Drawing Rights (SDRs); currency and deposits; debt securities; loans; insurance, pension, and standardised guarantee schemes; and other accounts payable. Data are to be broken down by instrument, maturity, residence of creditor, and currency.

303. Countries should report all available data, at nominal value, from Q1-1995 onwards.

Compliance

304. The OECD requires that definitions and compilation methods used in each topic comply with specific methodological guidelines.

305. In general, the definitions and compilation methods used should comply with the System of National Accounts 1993 (1993 SNA). Since Russia, like many countries, is beginning the transition from 1993 SNA to 2008 SNA, information on plans and schedules for implementation of the new System is also required.

Financial Accounts and Financial Balance Sheets

306. Financial accounts and financial balance sheets are components of the System of National Accounts (SNA) and stored in the OECD Annual National Accounts database. This activity mainly focuses on the collection of comparable quantitative and qualitative information on financial transactions carried out and on financial stocks held by institutional sectors, according to the 1993

System of National Accounts. In the OECD questionnaire, both the instrument breakdown and the institutional sector classification follow the SNA 1993 international guidelines³⁷.

307. In National Accounts, as a rule, financial accounts are to be recorded on a non-consolidated basis. However, consolidation, which consists of eliminating the transactions of assets and liabilities between sub-sectors of the same sector and between institutional units of the same sub-sector, can be useful for analysis in certain cases, especially for financial corporations and general government. The OECD requires both consolidated and non-consolidated data for both financial accounts and financial balance sheets.

Households' Assets and Liabilities

308. The document “*Non-Financial and Financial Assets and Liabilities of Households, Definitions of Assets and Liabilities of Households*”, issued by the OECD Working Party on Financial Statistics in 2010, provides the methodological guidelines and definitions for reporting households' assets and liabilities. The finer breakdown of households' financial assets required by the OECD is consistent with the financial classification of the 1993 SNA.

309. The Secretariat prefers to receive consolidated data.

Institutional Investors' Assets

310. The OECD database on institutional investors' assets is intended to better integrate these data in the framework of the 1993 SNA. In addition to the sub-classification of the financial assets indicated in the 1993 SNA, the OECD requires a further breakdown between assets issued by residents and assets issued by non-residents. This finer breakdown by type of investors has been established with reference to the 1993 SNA, when possible.

311. The Secretariat prefers to receive consolidated data.

Public Sector Debt

312. Countries should comply with the guidelines in “*Public Sector Debt Statistics: Guide for Compilers and Users*”, issued by the Task Force on Finance Statistics.³⁸ The classifications and definitions are in line with those of other international manuals including the 2008 System of National Accounts, the Government Finance Statistics Manual 2001,³⁹ and the Balance of Payments and International Investment Position Manual, sixth edition. However, the valuation, here, differs from SNA valuation rules in that public sector debt is measured at nominal value and not at market value as in national accounts.

313. The Secretariat has also prepared instructions for countries that are reporting data to the public sector debt database. These instructions were provided to the Ministry of Finance along with the data template.

Interpretability (Metadata requirements)

314. For OECD purposes, complete and clear metadata must be available and transmitted to the Secretariat in one of the official languages of the organisation, English or French. However, to ensure transparency of data and help users for cross-country comparisons, it is strongly recommended that metadata be available in English and easily accessible over the internet (on the national websites).

³⁷ See <http://unstats.un.org/unsd/nationalaccount/sna1993.asp>

³⁸ The Public Sector Debt Statistics Guide is available at www.tffs.org/

³⁹ Revision of the *Government Finance Statistics Manual* is underway to maintain consistency with the 2008 SNA.

315. For financial statistics, the OECD requires information on sources and methods regarding the compilation of questionnaire, valuation methods and any deviation of national definitions and concepts from the 1993 SNA or 2008 SNA framework. For households' assets and liabilities and institutional investors' assets, the Secretariat asks countries to complete specific methodological surveys the first time that they provide data.

Timeliness

316. It is important that countries provide data or that data be available at the same time, or immediately after, they are released nationally. Ideally, yearly data should be available within 6-9 months and quarterly data within 4 months, after the reference period.

Data and metadata transmission

317. In the medium to longer term, all countries are encouraged to develop the capacity to exchange data and metadata via the SDMX⁴⁰ global data dissemination and exchange standard. This will be the most efficient and effective solution not only for dealing with the OECD but also for responding to demands of other international organisations and exchanging data with major users, too.

318. In the meantime, the OECD is flexible and endeavours to work with each country to find the most efficient and effective solution that will guarantee regular, ongoing transmission of data. For Financial statistics, it is ideal if data are transmitted as soon as they are released, through the standard OECD EXCEL questionnaires.

Evaluation of Financial Statistics

319. The Secretariat assessed Russian Financial Statistics to determine how well they meet the OECD data and metadata requirements.

Coverage and Compliance

Financial Accounts and Financial Balance Sheets

320. Neither financial accounts nor financial balance sheets are currently published by the Russian statistical authorities. The Central Bank of Russia has responsibility for development of the accounts and Rosstat is co-operating by collecting additional financial information from firms. Rosstat had tested a questionnaire whose finalisation and implementation had been planned for the end of 2012. The first official collection of data is scheduled for Q1 2013. The CBR, which has already begun work on experimental annual estimates, will add information on the financial sector and prepare the financial accounts covering the period beginning in 2013. In consultation with the IMF, the CBR has elaborated a plan and schedule for the development of the accounts but must await management approval before it can divulge the information to the OECD. However, the financial accounts will be developed as part of the transition to the SNA 2008 guidelines, which will not take place until 2016 or 2017. The Secretariat is awaiting this detailed plan, with target dates. When the plan is available, the Secretariat will integrate it into the review to enable monitoring of future progress.

321. Regarding the development of financial balance sheets, the Ministry of Economic Development (MED) heads an Interagency Working Group comprising Rosstat, the Central Bank of Russia, the Treasury and the Ministry of Finance, that is considering options for collection of

⁴⁰ SDMX (Statistical Data and Metadata eXchange) is an initiative to foster standards for the exchange of statistical information sponsored by the Bank for International Settlements (BIS), the European Central Bank (ECB), the Statistical Office of the European Union (Eurostat), the International Monetary Fund (IMF), the OECD, the United Nations (UN) and the World Bank (WB).

information on assets and liabilities. The Group may propose legislative changes to facilitate the required data collection. These would be included in an omnibus Bill to accommodate various OECD requirements. The Secretariat will continue to follow these developments and monitor progress once plans are in place.

Households' Assets and Liabilities

322. None of the official producers of statistics in the Russian Federation currently conducts a relevant survey for the compilation of household assets and liabilities. The Secretariat suggested Russian authorities explore the possibility of using the financial sector data to develop information on household assets and liabilities, but no progress has yet been made. Rosstat has agreed to co-operate through the provision of information from the household expenditure survey, which includes some limited coverage of "sources of income to cover expenditure" and "outstanding loans". As part of progress monitoring, authorities are encouraged to report on work on alternative data sources and options for future data development to meet OECD standards.

Institutional Investors' Assets

323. The CBR has provided annual and quarterly data on institutional investors' assets. Both annual and quarterly data cover the period from 2005. Initially, data included assets of insurance companies and pension funds only, whereas investment funds were not yet covered. The CBR has signed an agreement with the Security Markets Authority to permit coverage of items such as investment funds, mutual funds and leasing firms, but it has also noted that such institutional investments are not popular instruments in Russia. In September 2012, the CBR provided data for investment funds for the first time and the Secretariat applauds this new achievement. Definitions of sectors and instruments generally comply with the 1993 SNA.

324. The CBR initially provided the OECD with data on total insurance companies and pension fund on a consolidated basis, as the Secretariat requests. The CBR now presents the data for the all sectors provided on a non-consolidated basis.

Public Sector Debt

325. Neither the World Bank nor the OECD has had success in collecting central government debt statistics from the Ministry of Finance of the Russian Federation. Requests for government debt have been sent to Russia since 2008. The Secretariat attempted to collect data on central government debt until December 2011.

326. The World Bank initiated collection of broader public sector debt in April 2010. In December 2011, the OECD suspended the collection of central government debt statistics and took on responsibility for collection of the broader, quarterly public sector debt data within a joint World Bank-IMF-OECD initiative. Initial attempts to collect these new data from the Ministry of Finance were unsuccessful.

327. In late 2012, the Secretariat notified Russian authorities about data gaps in all domains, not just those under the responsibility of Rosstat, which should be addressed. The Secretariat subsequently received a preliminary set of public sector debt data from the Ministry of Finance. While detail is limited, the Secretariat is satisfied with this first data submission and asks the Ministry of Finance to ensure that information is provided on a regular and ongoing basis. In particular, the Secretariat asks the Ministry to improve the quantity and the quality of information supplied during the next data and metadata collection round in 2013. Developments will be monitored during future progress reports.

Interpretability (Availability of Metadata)

328. To date, Russia has only provided data for institutional investors' assets and public sector debt. As regards the former, the English metadata provided by the CBR, and also available on their website and in publications, satisfies OECD requirements. Whereas, as far as public sector debt is concerned, no metadata has been provided by the Ministry of Finance.

329. While no other data sets have been provided it has been noted that data and metadata available in Russian on the websites of the Ministry of Finance and the Treasury is much more detailed than that available in English.

Timeliness

330. The timeliness of Institutional Investors' Assets annual data meets OECD requirements. Furthermore, the timeliness of quarterly data has improved and is now satisfactory. Whereas in April 2012, the latest quarterly data provided were for Q3 2010 only, in September 2012 the CBR provided data up to Q1 2012.

331. For public sector debt, timeliness is, in principle, satisfactory. However, this evaluation is based on a single data transmission in August 2012. Timeliness of regular submissions will be monitored in the future.

Data and metadata transmission

332. Transmission of institutional investors' assets data is acceptable. On the other hand, the OECD asks the Ministry of Finance to provide public sector debt data on the template, EXCEL file that has been sent to the Ministry.

Overall assessment of Financial Statistics

333. Overall, the Russian Federation does not meet the OECD's requirements for financial statistics. Russia has provided more than partial statistics for institutional investors' assets and limited data on public sector debt, and those have been integrated into the OECD database. However, most required financial data and metadata have not yet been provided. Further exchanges are still necessary with the responsible persons from the Ministry of Finance, CBR and Rosstat to complete the collection of financial statistics. These plans should be included in the overall plan for improvements to meet OECD standards.

CHAPTER 7: INTERNATIONAL TRADE IN GOODS AND SERVICES STATISTICS

Introduction

334. This chapter presents the review of International Trade statistics for the Russian Federation that was conducted by the OECD Secretariat.

335. International trade, defined as the transfer of goods and services across countries, represents a fundamental component of economic activity and an indicator of globalisation.

336. The OECD maintains three trade databases: (i) Monthly Statistics of International Trade (MSIT); (ii) annual International Trade by Commodity Statistics (ITCS); and (iii) International Trade in Services Statistics.

337. MSIT statistics as published by the OECD are used as a short-term economic indicator; as an input to the compilation of import or export components of various price indices; and as an input to the compilation of balance of payments statistics and national accounts. In addition to the above, merchandise trade statistics are an important input to the development of trade policy, including fiscal, monetary, structural and sectoral issues. There is also a growing interest in monitoring trade in services around the world, which is partly associated with ongoing trade negotiations and is due to the increasing importance of services in OECD economies.

338. The new joint OECD-World Trade Organisation (WTO) Trade in Value-Added initiative is an attempt to measure flows related to the value that is added (labour compensation, taxes and profits) by a country in the production of any good or service that is exported. Providing a complementary indicator to gross flows that better reflects the existence of global value chains would improve the nature of the current debate on trade policy. The OECD would very much like to include Russia in this new programme and the Secretariat will initiate further data and metadata collections in order to integrate Russian statistics into the OECD-WTO Trade in Value-Added project.

Background

339. The OECD collects international trade in goods and services statistics in association with other international organisations, such as the United Nations. Discussion of, and agreement on, data requirements, and preferred methodological practices takes place in the OECD Working Party on International Trade in Goods and Trade in Services (WPTGS) and in international forums such as the Interagency Task Force on Statistics of International Trade in Services.

340. With respect to ITCS, the OECD works in partnership with the United Nations Statistics Division (UNSD) to collect data for the UN Commodity Trade Statistics database (COMTRADE).

341. In the Russian Federation, the Federal Customs Service (FCS) produces MSIT and ITCS and the Federal State Statistical Service of the Russian Federation (Rosstat) co-ordinates dissemination of the data. The Central Bank of the Russian Federation (CBR) produces international trade in services statistics.

342. As for other specific subject domains under review, the Secretariat began the assessment process by endeavouring to collect data and metadata for the three OECD databases through data and metadata questionnaires. The Secretariat also collected data and metadata through the websites of international organisations, such as the International Monetary Fund (IMF), the United Nations and Eurostat. OECD officials met with representatives of Rosstat, FCS and CBR during missions in 2009, 2010 and 2012. Additionally the OECD sent requests for information through ongoing email exchanges.

Evaluation criteria

343. In its statistical reviews, the OECD Secretariat evaluates the data and the metadata to determine how well they meet OECD needs in terms of coverage, compliance, interpretability, timeliness and data and metadata transmission. These five elements comprise the OECD data and metadata requirements. In addition, where feasible, the Secretariat considered other aspects of the *OECD Quality Framework for Statistical Activities*, such as coherence. Below are brief, generic descriptions of these evaluation criteria.

- *Coverage* – the extent to which the statistics meet the requirements of the OECD in terms of variables, detail, frequency, measurement units, historical coverage and availability.
- *Compliance* – the extent to which the statistics comply with the relevant OECD and other international standards.
- *Interpretability (Availability of Metadata)* – the interpretability of data reflects the ease with which the user may understand and properly use the data. The adequacy of the underlying metadata that is, the definitions of concepts, target populations, variables and terminology, and information describing the limitations of the data, if any – largely determines the degree of interpretability. For the purposes of this assessment, “interpretability” is viewed in a narrow sense as “Availability of Metadata”.
- *Timeliness* – the length of time between the reference period and when statistics are made available to the OECD. The OECD normally has established desirable timeliness targets based on needs and on the typical practices of member countries.
- *Data and metadata transmission* – the ability of the country to deliver data and metadata for integration into the OECD databases.
- *Coherence* – the extent to which the statistics are logically connected and mutually consistent within a dataset, across datasets, over time, and across countries.

OECD data and metadata requirements for International Trade Statistics

344. The OECD International Trade in Goods and Services Statistics programme consists of three databases: (i) Monthly Statistics of International Trade (MSIT); (ii) annual International Trade by Commodity Statistics (ITCS); and (iii) International Trade in Services Statistics. The OECD requirements for these datasets are summarised below and additional detailed information on variables, definitions and methodological standards are available, on request, from OECD.

Coverage

345. The OECD collects information and maintains databases on the three International Trade Statistics topics mentioned in the previous paragraph. As regards MSIT and ITCS, these show seasonally adjusted imports and exports in billions of USD. Imports consist of imports for direct domestic consumption; withdrawals from bonded warehouses and free zones for domestic consumption (special trade only); and imports into bonded warehouses and free zones (general trade only). Exports consist of exports of national products; exports without transformation of goods, which had already been counted as special imports; and exports from bonded warehouses or free zones of goods, which have not been transformed since import (general trade only).

Coverage Requirements for Monthly Statistics of International Trade (MSIT)

346. The OECD requires:

- monthly data on Russian exports and imports by section, (as defined in the Standard International Trade Classification (SITC));
- monthly export and import value, volume and price (or unit value) indices by SITC section;
- monthly total trade flows by partner country, following national concepts.

347. The OECD publishes seasonally adjusted data and the Secretariat generally makes the adjustments by applying the same routine to data for all countries. If seasonal adjustments are made by the country, the Secretariat requires metadata on the software used as well as on the factors considered, such as holiday days.

Coverage Requirements for International Trade by Commodity Statistics (ITCS)

348. The OECD requires:

- annual trade data by detailed Commodity (at least 6 digits) and by partner countries according to the general trade system, in the national currency.

349. The OECD Secretariat requests that countries code data using the International Harmonised Commodity Description and Coding System, (Harmonised System or HS).

Coverage Requirements for International Trade in Services Statistics

350. The OECD requires:

- annual data on Trade in Services (TIS) between residents of the reporting country and non-residents, by Category of Service, for the categories transport services, travel services, other commercial services and government services as well as total trade in services.
- annual data on trade in services between residents of the reporting country and non-residents, by detailed partner country, (Trade in Services by Partner Country statistics (TISP).

Compliance

Compliance Requirements for Monthly Statistics of International Trade (MSIT)

351. The definitions and compilation methods used for MSIT should follow the recommendations in *International Merchandise Trade Statistics: Concepts and Definitions*, (IMTS Rev.2, 1998), defined by the Economic and Social Council of the Statistical Commission of the United Nations.

Compliance Requirements for International Trade by Commodity Statistics (ITCS)

352. As for MSIT, the definitions and compilation methods used for ITCS should follow the recommendations in *International Merchandise Trade Statistics: Concepts and Definitions*, (IMTS Rev.2, 1998). Among IMTS recommendations, those on trade system, valuation CIF/FOB, and origin/last known destination are of particular importance for the OECD. Furthermore, data should respect the Kyoto convention, the United Nations Convention on Contracts for the International Sale of Goods, the General Agreements on Tariffs and Trade article VII and the World Trade Organization Agreement on Rules of Origin.

353. Moreover, the Secretariat requests that the data record import partner countries according to the country of origin and export partner countries according to the last identifiable destination. If such

reporting is not possible, the OECD accepts imports recorded according to the country of consignment and exports recorded according to the country of contract.

Compliance Requirements for International Trade in Services Statistics

354. The definitions and compilation methods used for international trade in services should comply with the concepts outlined in the *Balance of Payments Manual*, fifth edition (BPM5) or the *Balance of Payments and International Investment Position Manual*, sixth edition (BPM6) of the International Monetary Fund (IMF) and with the *Manual on Statistics of International Trade in Services* (MSITS 2002). The categories of Services reported should be those of the EBOPS (Extended Balance of Payments Services classification). Since Russia, like many countries, is beginning the transition from BPM5 to BPM6, information on plans and schedules for implementation of the new Manual is also required.

Interpretability (Metadata requirements)

355. For OECD purposes, complete and clear metadata must be available in one of the official languages of the organisation, English or French. However, to ensure transparency of data and establish the confidence of users in an international setting, it is strongly recommended that metadata be available in English and easily accessible over the internet.

356. For international trade in merchandise statistics, the standard metadata requirements are sources and methods on (i) trade system, (ii) trade valuation, (iii) commodity classification, (iv) trading partners (origin/last known destination), and (v) exchange rate.

357. In terms of metadata for international trade in services statistics, the OECD requires information on source, national data provider and publisher, data collection systems, thresholds for data reporting (if any), national reference publications, international guidelines and manuals used, periodicity, breaks in the time-series and websites disseminating statistics.

Timeliness

358. It is important that countries provide data or that data be available at the same time, or immediately after, they are released nationally. Ideally, yearly data should be available within 4-6 months and monthly data within one or two months, after the reference period.

Data and metadata transmission

359. In the medium to longer term, all countries are encouraged to develop the capacity to exchange data and metadata via the SDMX⁴¹ global data dissemination and exchange standard. This will be the most efficient and effective solution not only for dealing with the OECD but also for responding to demands of other international organisations and exchanging data with major users, too.

360. In the meantime, the OECD is flexible and endeavours to work with each country to find the most efficient and effective solution that will guarantee regular, ongoing transmission of data. For international trade statistics, it would be ideal if data were transmitted as soon as they are released.

⁴¹ SDMX (Statistical Data and Metadata eXchange) is an initiative to foster standards for the exchange of statistical information sponsored by the Bank for International Settlements (BIS), the European Central Bank (ECB), the Statistical Office of the European Union (Eurostat), the International Monetary Fund (IMF), the OECD, the United Nations (UN) and the World Bank (WB).

Evaluation of International Trade Statistics

361. The OECD Secretariat assessed Russian international trade statistics to determine how well they meet the OECD data and metadata requirements.

Coverage

Monthly Statistics of International Trade (MSIT)

362. Rosstat provided partial monthly statistics of international trade in goods to the OECD for the first time in May 2012 and again in September 2012. However, differences in the structure of the two data submissions and the need for additional clarifications have precluded an assessment by the Secretariat. Rosstat and the Secretariat are conducting follow-up discussions on the data and metadata.

363. Time series of monthly import and export statistics are available, in Russian only, on the Rosstat website for the period starting in January 1994. Since that data and metadata are only available in Russian, the Secretariat has not been able to assess whether Russian monthly trade data meet OECD coverage requirements. A first assessment of the data will be made, as soon as data are delivered to the Secretariat using the required template and according to the OECD standards. Improvements in this direction have been registered through the 2012 data submissions.

International Trade by Commodity Statistics (ITCS)

364. Rosstat and the FCS share responsibility for the compilation and dissemination of ITCS. In September 2011, the FCS provided the data for 2010 considered for this review. The coverage of customs-based international trade statistics is adjusted by the CBR for the compilation of the Balance of Payments. A methodological note on these adjustments is available in English on the CBR website.

365. As regards coverage, ITCS data provided by the FCS do not include Russia's trade with Belarus and Kazakhstan, which are part of a customs union with the Russian Federation since 1 July 2010. However, data published for the year 2010 by UNSD show higher trade values (by about 10%) than those in the data provided by the FCS.

366. As regards time period coverage, the data provided by the FCS were only for 2010 but it was noted that the FCS had provided time series from the year 1996 to the UNSD within the regular updating process of the COMTRADE database.

367. The OECD Secretariat has concluded an agreement with the UNSD and will henceforth collect Russian ITCS data from the COMTRADE statistical portal. Thus, the OECD will not collect data directly from the FCS in the future. It is anticipated that this arrangement will satisfy OECD requirements.

International Trade in Services Statistics

368. Rosstat has provided international trade in services data whereas the Central Bank of Russia is the official source responsible for the compilation and the dissemination of these statistics.

369. Rosstat provided TIS statistics for the period from 2002 to 2009 but the Secretariat has noted that the CBR disseminates data from 1994 on its website. The CBR agreed to provide time-series from 1994 for meeting the OECD requirements in terms of time coverage for publication, and to establish a regular, ongoing arrangement and contacts for follow-up regarding any questions.

370. The TISP data are available from 2002 and the variable coverage compares favourably with that of OECD member countries. Rosstat provided TISP data for a limited number of partner countries and, in that regard, data availability for Russia does not compare favourably with that of

OECD member countries. However, the paper publication from the CBR, *External Trade in Services of the Russian Federation* presents more partner countries.

371. Data provided are denominated in millions of USD (for TIS) and thousands of USD (for TISP) and this meets OECD requirements.

372. From 1994 to 1998, the main EBOPS (Extended Balance of Payments Services classification) items for TIS are available: Transportation (including insurance), Travel, Communication services, Construction, Insurance services, Financial services, Royalties and license fees, Operational leasing services and Other services. From 1999, the item Computer and information services was added; from 2000, items Other business services and Miscellaneous business, professional, and technical services were added; and in 2001, items Personal, cultural and recreational services, Audiovisual and related services, and Other personal cultural and recreational services and Government services were released.

373. In December 2012, the OECD Secretariat and the CBR agreed on a direct data transmission arrangement. Rosstat has welcomed this new arrangement and remains informed of all exchanges between the OECD and the CBR.

Compliance

Monthly Statistics of International Trade (MSIT)

374. Since the Secretariat has not yet been able to assess MSIT data provided by Rosstat in May 2012 and September 2012, given the inconsistent structures and the need for additional clarifications, it has not been possible to assess compliance with IMTS Rev.2.

International Trade by Commodity Statistics (ITCS)

375. The Russian ITCS comply with the recommendations in IMTS as well as OECD and UNSD requirements in most respects. Notably:

- The Russian FCS provided ITCS according to the general trade system and this meets OECD requirements.
- In line with OECD and UNSD requirements, data are valued on a CIF/FOB basis.
- Annual data follow the HS classification at the six-digit level. The OECD Secretariat then converts them into the SITC classification.
- The FCS apply confidentiality rules to protect disclosure of information about individuals by reporting information at higher levels of commodity aggregation to adequately protect confidentiality and by developing special non-HS codes to protect confidentiality. This approach is consistent with IMTS recommendations.
- Partner countries are recorded following the country of origin for imports and last known destination for exports and this meets OECD requirements.

376. However, the review has identified a few areas where data initially provided departed from UNSD/OECD standards:

- To facilitate collection, comparison and analysis, the Secretariat request countries to use World Customs Organization (WCO) single standard units for each six-digit sub-heading. The quantity units obtained from the FCS are specific. The Secretariat requires a correspondence file for their conversion into the WCO units.

- Imports and exports data are in USD while the OECD prefers to collect trade series in the national currency and then use the IMF exchange rates to convert them in USD.

International Trade in Services Statistics

377. Based on both the methodological information provided by Rosstat and those published by the IMF, the Russian Statistics of International Trade in Services are compiled following the concepts outlined in BPM5 and MSITS 2002. In this respect, they fully comply with OECD requirements. According to the 2011 IMF Report on the Observance of Standards and Codes (ROSC), the CBR informed users of plans to adopt BPM6 methodology by the end of 2012 and, in November 2012, the CBR informed the Secretariat that data are now released in accordance with BPM6.

Interpretability (Availability of Metadata)

Monthly Statistics of International Trade (MSIT)

378. Metadata being only available in Russian on the website of Rosstat, the OECD has not been able to assess whether Russian monthly trade metadata meet OECD requirements.

379. It is recommended that Rosstat adopt a policy of publishing fixed and unchangeable release dates for monthly international trade and other key economic indicators, 12 months in advance on the official website. Such advance announcements ensure transparency and strengthen the perception of objectivity of the data dissemination.

International Trade by Commodity Statistics (ITCS)

380. Methodological information obtained by the Secretariat from the UNSD meets OECD requirements. At the same time, the OECD Secretariat maintains direct contact with the FCS for additional methodological investigations.

International Trade in Services Statistics

381. Methodological information provided by Rosstat in English through a questionnaire meets OECD requirements. Some additional information on a national reference publication, periodicity and data collection systems would be useful.

Timeliness

Monthly Statistics of International Trade (MSIT)

382. Since it has not been possible to identify the location of any advance release calendar in English on the Rosstat's website, it has been difficult to assess timeliness. However, based on the last available period (month $t-1$) and on information available from the IMF SDDS website, it is anticipated that Russian monthly trade data will meet OECD requirements in terms of timeliness.

International Trade by Commodity Statistics (ITCS)

383. Based on dates of data availability in COMTRADE, Russian ITCS meet OECD timeliness requirements.

International Trade in Services Statistics

384. The timeliness of the Russian TIS and TISP statistics is satisfactory overall, as data are available within two years following the end of the reference year. This is consistent with the OECD publication calendar and compares favourably with data timeliness of OECD member countries.

Data and metadata transmission

Monthly Statistics of International Trade (MSIT)

385. Regular, ongoing data transmission has not yet begun.

International Trade by Commodity Statistics (ITCS)

386. As of 2013, the OECD collects ITCS data and metadata from the COMTRADE statistical portal and it is considered to be acceptable.

International Trade in Services Statistics

387. Regarding transmission and integration of international trade in services data and metadata, the Secretariat has loaded TIS and TISP data and metadata into the *OECD International Trade in Services database* and a regular updating process is currently implemented. TISP data and metadata have been published in the OECD International Trade in Services database (disseminated through the OECD on-line data warehouse) for the period starting in 2002 even though the number of partner countries was limited. The CBR is currently adopting the SDMX standard for the transmission of the data and the metadata to the OECD.

Coherence

International Trade by Commodity Statistics (ITCS)

388. The coherence of Russian Statistics of International Trade by Commodity has been assessed by comparing totals with data from alternative sources, such as UNSD or Rosstat. Any inconsistency has been identified except those related to the custom union with Belarus and Kazakhstan. However, it has not been possible to assess the coherence of data over time.

International Trade in Services Statistics

389. Data consistency within the dataset is essential for the integration of TIS data into the OECD International Trade in Services database. The coherence of Statistics of International Trade in Services by category of services (TIS) was not internally good because TIS dataset and BOP components were not fully consistent in the first set of data provided to the OECD. A new set of data has been provided by Rosstat with improved consistency within the dataset, though minor inconsistencies remain for imports for the year 2002. It is anticipated that the new direct transmission and communication arrangements with the CBR will resolve issues and provide a solution for the future. The situation will be monitored in future progress reports.

Overall assessment of International Trade Statistics

390. Overall, the Russian Federation only partially meets the OECD requirements for International Trade in Goods Statistics. With respect to annual statistics, the FCS supplied international trade statistics by commodity, and partial metadata, for the year 2010 only. However it is anticipated that newly established arrangements for data and metadata collection from the COMTRADE database should improve the coverage and the quality of the data for the ITCS database. With respect to monthly data, inconsistencies in the structure of data submissions in 2012 and the need for additional clarifications have not permitted the Secretariat to complete an evaluation. The Secretariat is working with Rosstat to support and monitor progress in this area and applauds the recent commitment that Russians authorities have demonstrated.

391. The Russian Federation meets OECD requirements in International Trade in Services Statistics in terms of coverage, compliance, timeliness and data transmission. The recently established

direct communication with the Bank and the adoption of the SDMX, as well as the introduction of BPM6, will further enhance the current status of the Russian Trade in Services Statistics.

CHAPTER 8: BALANCE OF PAYMENTS STATISTICS

Introduction

392. This chapter presents the review of the Balance of Payments (BOP) statistics for the Russian Federation, conducted by the OECD Secretariat.

393. BOP statistics provide a record of a country's economic and financial transactions with the rest of the world for a specific time period. Economic transactions include exports and imports of goods, services, income and transfers while financial transactions cover financial claims on (assets), and liabilities to, the rest of the world. BOP statistics are divided into two main groups of accounts: the current account and the capital and financial account. The current account records international trade in goods and services, international income flows and current transfers. The capital and financial account reflects capital transfers receivable and payable between residents and non-residents and the acquisition and disposal of non-produced, non-financial assets between residents and non-residents. BOP statistics are considered a key economic indicator due to the close relationship between the domestic economy and the external sector and are a direct input to the external sector of the System of National Accounts.

Background

394. In the Russian Federation, the BOP statistics are produced and disseminated by the Balance of Payments Department of the Central Bank of the Russian Federation (CBR). The CBR collects data from the Federal State Statistical Service of the Russian Federation (Rosstat), the Federal Customs Service of the Russian Federation (FCS), the Ministry of Finance and other government agencies. The assessment proceeded by collecting Russian BOP statistics (data and metadata) from the CBR website and conducting queries through email exchanges and during a mission.

Evaluation criteria

395. In all assessments, statistics are evaluated to determine how well they meet OECD needs in terms of coverage, compliance, interpretability, timeliness and data and metadata transmission. These five elements comprise the OECD data and metadata requirements. In addition, where feasible, other aspects of the *OECD Quality Framework for Statistical Activities* are also considered, such as coherence, accuracy and credibility. Below are brief, generic descriptions of these evaluation criteria.

- *Coverage* – the extent to which the statistics meet the requirements of the OECD in terms of variables, detail, frequency, measurement units, historical coverage and availability.
- *Compliance* – the extent to which the statistics comply with the relevant OECD and other international standards.
- *Interpretability (Availability of Metadata)* – the interpretability of data reflects the ease with which the user may understand and properly use the data. The adequacy of the metadata underlying the data – that is, the definitions of concepts, target populations, variables and terminology, and information describing the limitations of the data, if any – largely determines the degree of interpretability. For the purposes of this assessment, “interpretability” is viewed in a narrow sense as “Availability of Metadata”.
- *Timeliness* – the length of time between the reference period and when statistics are made available to the OECD. The OECD normally has established desirable timeliness targets based on needs and on the typical practices of member countries.

- *Data and metadata transmission* – the ability of the country to deliver data and metadata for integration into the OECD databases.
- *Coherence* – the extent to which the statistics are logically connected and mutually consistent within a dataset, across datasets, over time, and across countries.
- *Accuracy* – the extent to which data correctly estimate or describe the quantities or characteristics they are designed to measure.
- *Credibility* – the extent to which users can be confident in using the statistics.

OECD data and metadata requirements for Balance of Payments Statistics

396. Following are the OECD data and metadata requirements pertaining to Balance of Payments statistics.

Coverage

397. The OECD requires monthly or quarterly BOP statistics for both the current account and the capital and financial account. The required BOP series are:

- Credit of income, debit of income and balance on income;
- Export of services, import of services and balance on services;
- Export of goods, imports of goods and balance on goods;
- Credit of current transfers, debit of current transfers and balance on current transfers;
- Current account balance;
- Capital balance;
- Capital and financial balance;
- Change in reserve assets;
- Net errors and omissions;
- Direct investment abroad, direct investment in the reporting country, balance on direct investment;
- Change in financial derivatives assets, changes in financial derivatives liabilities, balance on financial derivatives;
- Change in other investment assets, changes in other investment liabilities, balance on other investment;
- Change in portfolio investment assets, changes in portfolio investment liabilities, balance on portfolio investment;
- Change in portfolio investment assets, changes in portfolio investment liabilities, balance on portfolio investment.

398. The OECD requires seasonally-adjusted data and prefers that the adjustments be made by the national statistics experts who have better knowledge of local seasonal factors than do

international statisticians. However, if a country does not supply seasonally-adjusted (SA) data or if the series of SA data they provide is not sufficiently long, the OECD undertakes the adjustments using X12-ARIMA.

399. The OECD prefers to receive data in national currency units.

400. Countries should provide as long a historical series as possible; ideally, beginning in 1995 or earlier.

Compliance

401. The definitions and compilation methods used should comply with the *Balance of Payments Manual*, fifth edition (BPM5) or the *Balance of Payments and International Investment Position Manual*, sixth edition (BPM6), of the International Monetary Fund (IMF). Since Russia, like many countries, is beginning the transition from BPM5 to BPM6, information on plans and schedules for implementation of the new Manual is also required.

Interpretability (Metadata requirements)

402. For OECD purposes, complete and clear metadata must be available in one of the official languages of the organisation, English or French. However, to ensure transparency of data and establish the confidence of users in an international setting, it is strongly recommended that metadata be available in English and easily accessible over the internet. For the Balance of Payments, the standard metadata requirements are set by the IMF in the Special Data Dissemination Standard (SDDS).

403. The OECD strongly recommends that a fixed, unchangeable calendar of release dates for major series, such as the BOP, be published one year in advance.

Timeliness

404. It is important that countries provide data or that data be available at the same time, or immediately after, they are released nationally. Ideally, monthly data should be available within one or two months, and quarterly data within one quarter, after the reference period.

Data and metadata transmission

405. In the medium to longer term, all countries are encouraged to develop the capacity to exchange data and metadata via the SDMX⁴² global data dissemination and exchange standard. This will be the most efficient and effective solution not only for dealing with the OECD but also for responding to demands of other international organisations and exchanging data with major users, too.

406. In the meantime, the OECD is flexible and endeavours to work with each country to find the most efficient and effective solution that will guarantee regular, ongoing transmission of data. For BOP statistics, it is ideal if data are available and accessible over the internet so that the Secretariat's experts can build automated queries to capture the data as soon as they are released. If this approach is not feasible, transmission of data in EXCEL spreadsheets or in another electronic format will be negotiated and implemented on a case-by-case basis.

⁴² SDMX (Statistical Data and Metadata eXchange) is an initiative to foster standards for the exchange of statistical information sponsored by the Bank for International Settlements (BIS), the European Central Bank (ECB), the Statistical Office of the European Union (Eurostat), the International Monetary Fund (IMF), the OECD, the United Nations (UN) and the World Bank (WB).

Evaluation of Balance of Payments Statistics

407. The Russian BOP statistics were assessed to determine how well they meet the OECD data and metadata requirements. Coherence, accuracy and credibility of these statistics were also considered.

Coverage

408. The CBR produces quarterly data covering all the detailed components of BOP statistics required by the OECD.

409. Data and metadata are freely available and easily accessible from the CBR website. Quarterly BOP statistics are also published by the CBR in the monthly paper publication *Bulletin of Banking Statistics*.

410. The CBR produces seasonally adjusted BOP series for all components collected by the OECD. Time-series are available at [Russia CBR-BOP](#) and they fully meet OECD coverage requirements.

411. Due to very high inflation in Russia at various times, the CBR has not produced external sector data in the national currency, Roubles. All Balance of Payments statistics for Russia are compiled in USD and the dissemination unit is “millions of USD”. Transactions denominated in other currencies are converted into USD at the official exchange rate fixed by the CBR.

412. A satisfactory historical series is available and has been integrated into the OECD database. Consistent *BPM5*-based BOP series dating back to 1994 are available.

Compliance

413. Based on the information on the CBR website, the methodologies used to compile BOP statistics comply fully with the recommendations of the IMF's *Balance of Payments Manual*, fifth edition (*BPM5*). This full compliance has been confirmed by the IMF in its 2011 *Report on Observance of Standards and Codes (ROSC)*. “The overall structure of Russia’s balance of payments accords with the guidelines of *Balance of Payments Manual*, fifth edition (*BPM5*). The current, capital and financial accounts are clearly distinguished, and the broad components of each account are also identified.”⁴³

414. After a gradual transition over several years, the CBR adopted all recommendations of the IMF’s *Balance of Payments and International Investment Position Manual*, sixth edition (*BPM6*) at the end of 2012. The CBR has given users advance notice of this change since 2009. Some recommended methodological changes have been adopted, such as those relating to monetary gold or reserve-related liabilities, and some of the main aggregates such as foreign trade and remittances have been released. Here, too, advance notice of changes was communicated to users and the CBR produced a paper outlining the implications of adopting the *BPM6* guidelines for remittances.

415. Balance of Payments statistics form part of the broader System of National Accounts (*SNA*) and the concepts, definitions and classifications used to produce BOP statistics are consistent with the *SNA*. The CBR’s adoption of *BPM6* by the end of 2012 is out of synch with the plan by Rosstat and the CBR to implement *SNA 2008* by 2017. Unfortunately this implementation timing mismatch means that these two sets of important economic statistics will remain inconsistent for this period.

⁴³ International Monetary Fund, *Russian Federation: Report on Observance of Standards and Codes*, February 2011, p. 136.

416. The Bank is to be congratulated for its orderly and timely work adopting the new BPM6 guidelines, this is a major undertaking and in this respect puts Russia ahead of a large number of countries that still have to implement BPM6 guidelines. However, CBR officials confirmed that there has been little co-ordination between BOP and National Accounts compilers regarding the schedules for adoption of the new guidelines. The fact that SNA 2008 will not be adopted before 2017 (at the earliest) is a concern. As the SNA 2008 and BPM6 guidelines were designed to work in harmony it is not clear how the lack of accord between the two guidelines will impact on the users of these statistics and the perception of Russian BOP and SNA statistics.

417. Data refer to the economic territory of the Russian Federation and the concept of residence used is consistent with BPM5 and 1993 SNA. Statistical units are defined in accordance with 1993 SNA. The manual guidelines on scope are also properly applied. In particular, territorial enclaves in the rest of the world, such as the Baikonur base located in Kazakhstan, and free economic zones under Russian Government administration, designed to encourage investment, are included.

418. An agreement between the CBR and the FCS grants the CBR access to foreign trade statistics. However, the data from the FCS do not cover export and import volumes and the CBR makes adjustments to account for the missing observations. A methodological note on these adjustments is available in English on the CBR website.

Interpretability (Availability of Metadata)

419. The role of metadata in explaining possible changes in concepts or methodologies over time and across countries is fundamental. Satisfactory information on sources and methods, in English, is accessible from the CBR website through a link to the IMF SDDS site. Furthermore, as noted, information on specific adjustments (such as estimation of export and import volumes) and on revisions is available in English from the CBR website.

420. The CBR publishes a four-month lead, advance-release calendar in Russian on the CBR site and in English on the IMF's SDDS website⁴⁴. The four-month lead satisfies SDDS requirements but the OECD recommends publication of fixed, unchangeable release dates twelve months in advance. It is also recommended that the CBR publish the release calendar, in English, on its own site as well as on the IMF's SDDS site. Such advance announcements ensure transparency and strengthen the perception of objectivity in data dissemination. CBR officials agreed to comply with the OECD recommendations concerning publication of release dates a year in advance.

Timeliness

421. Quarterly BOP data are available within the quarter that follows the reference period and in this respect, the timeliness of the BOP statistics meets OECD requirements.

Data and metadata transmission

422. Russian BOP data and metadata are available and easily accessible over the internet in a suitable format, thus allowing the use of automatic downloads for data transmission to the OECD. This process has been in place for some time and is working well; data are collected and integrated by the Secretariat on a regular, quarterly basis. In addition, a new interagency data dissemination platform, which was built in compliance with SDMX standards, will make transmission even more efficient. The new platform is operational in the Russian version and the English language version will be implemented by the end of 2012. Furthermore, involvement of the CBR in international work to develop a global "Data Structure Definition" for BOP data in SDMX is welcomed.

⁴⁴ <http://dsbb.imf.org/Pages/SDDS/ARCCtyCtgList.aspx?ctycode=RUS>

Coherence

423. The internal coherence of the Russian BOP statistics is good; quarterly data are coherent with annual data and consistency between sub-components and balances is ensured. Data are consistent with the available methodological information on the internet or in paper publications (*Bulletin of Banking Statistics*).

Accuracy

424. The size of revisions to data is an element of accuracy. The CBR put in place a comprehensive revision policy that is described in a document available in English on its website⁴⁵. The accuracy of BOP statistics is ensured by a regular revision of source data as soon as new information is available, by ad hoc revisions in case of change in methodologies and by related technical revisions in order to reflect changes according to the double entry principle applied in the compilation of BOP statistics. Detailed information on reasons for revisions, revised data and periods subject to review is available in Russian on the website.

425. The magnitude of differences between preliminary, revised and final data compares favourably with OECD member countries.⁴⁶

Credibility

426. As regards BOP statistics of the Russian Federation, their credibility is believed to be very good as processes are in place to ensure that they are produced professionally in accordance with international standards. This assessment was also confirmed in the IMF ROSC report of February 2011.

Overall assessment of Balance of Payments Statistics

427. The Russian Federation meets the OECD requirements regarding coverage, compliance, interpretability, timeliness and data and metadata transmission for Balance of Payments statistics. Furthermore, data and metadata have been fully integrated into OECD databases and are regularly disseminated through the OECD on-line data warehouse.

428. Nevertheless, the Secretariat encourages the CBR to publish an advance release calendar twelve months in advance and to publish all metadata, including the advance release calendar, on the CBR website in English.

45 www.cbr.ru/eng/statistics/credit_statistics/met_change_e.pdf

46 <http://stats.oecd.org/mei/default.asp?rev=1&lang=e>

CHAPTER 9: PRICE STATISTICS AND PURCHASING POWER PARITIES

Introduction

429. This chapter presents the review of statistics on prices conducted by the OECD Secretariat.

430. The objective of the OECD's Prices Statistics Programme is to compile core series on prices that are comparable between countries, analytically useful, timely and available for period as long as possible. This review focuses primarily on Consumer Price Index (CPI) and Producer Price Index (PPI) series but also touches briefly on measures of Purchasing Power Parities (PPPs) in a note at the end of this topic.

Background

Purpose of the assessment review

431. The purpose of this review is to assess availability and coverage of the Russian prices statistics, and their compliance with OECD requirements and relevant international standards. Included in the scope of the review are all those CPI and PPI series that the OECD collects from its member countries every month. In addition, the chapter provides advice on areas for improvements that the Russian Federation is encouraged to consider for the future.

432. In the Russian Federation, the responsibility for collecting, processing and disseminating price statistics rests with the Federal State Statistics Service (Rosstat). Rosstat is also responsible for the development of statistical methodology according to international standards.

Process of assessment

433. The assessment of the CPI and the PPI has been conducted by consulting existing national and international sources, by compiling methodological information from the Russian Federation with the help of a questionnaire and through direct discussions when needed.

434. Points of reference for the methodological assessment, or “compliance”, are the international standards. The points of reference for the assessment of data and metadata availability, or “coverage”, were the OECD data and metadata requirements for series of consumer and producer price indices, described herein.

435. The assessment process comprised three elements and was identical for the CPI and the PPI:

- Background information from national sources and international sources, notably, reviews of the Russian Federation price statistics by the IMF in the 2011 IMF Report of Observance of Standard and Codes (ROSC)⁴⁷;
- A questionnaire, completed by Rosstat, providing information on CPI and PPI methods as well as CPI and PPI data; and,
- Email exchanges and direct discussions with Rosstat officials, as required.

⁴⁷ International Monetary Fund, *Russian Federation: Report on Observance of Standards and Codes*, February 2011. Hereafter, “2011 ROSC”.

OECD data and metadata requirements for Prices Statistics

Compliance requirements – CPI and PPI

436. The points of reference for the methodological assessment, or “compliance”, are the international standards. In particular, the current international guidelines and recommendations for the compilation of CPIs are those adopted by the Seventeenth International Conference of Labour Statisticians held in Geneva in December 2003. The “*Consumer price index manual: Theory and practice*”⁴⁸, (hereafter referred to as the *International CPI Manual*) was jointly produced by the International Monetary Fund (IMF), the OECD, the International Labour Organisation (ILO), the Statistics Office of the European Commission (Eurostat), the United Nations Economic Commission for Europe (UN-ECE) and the World Bank, in 2004. The basic reference for PPIs is the 2004 “*Producer price index manual: Theory and practice*”⁴⁹, (hereafter referred to as the *International PPI Manual*), also produced by the IMF, OECD, ILO, UN-ECE and World Bank.

Coverage requirements – CPI

437. Every month, the OECD publishes seven CPI series as part of the OECD database and the monthly *OECD Consumer Price Index press release*. The seven series are considered CPI target indicators and are compiled with the aim of showing current, timely, comparable and analytically-useful CPI data across countries.

438. The seven CPI target series have been defined following the Classification of Individual Consumption by Purpose (COICOP):

- i. CPI All items – COICOP 01 to 12;
- ii. CPI Food – COICOP 01;
- iii. CPI Energy – COICOP 04.5 & 07.2.2;
- iv. CPI All items less Food less Energy (Core inflation) – COICOP 01-12 less COICOP 01.04.5 & 07.2.2;
- v. CPI Housing – COICOP 04.1, 04.2 & 04.3;
- vi. CPI Services; and
- vii. CPI Services less Housing – Services less COICOP 04.1, 04.2, 04.3.2.

439. Some countries provide the OECD only with the component series of the CPI target indicators. In order to publish comparable series and to calculate zone aggregates, the OECD then computes CPI target indicators using weights and component series provided by the national statistical office. This is frequently the case for the series ‘CPI Energy’ and ‘CPI All items less Food less Energy’.

440. The Secretariat requests as long a time series as possible of historical CPI data and maintains CPI series from 1970 or earlier for most countries. Initially, countries should provide data beginning in 1995, if possible.

Coverage requirements – PPI

441. The OECD collects a number of important output PPI series. The choice of these series is determined by analytical usefulness, comparability and availability in a majority of OECD countries.

⁴⁸ ILO/IMF/OECD/UNECE/Eurostat/The World Bank, “Consumer price index manual: Theory and practice”, Geneva, International Labour Office, 2004.

⁴⁹ ILO/IMF/OECD/UNECE/Eurostat/The World Bank, “Producer price index manual: theory and practice“, Washington, D.C., International Monetary Fund, 2004.

The scope and compilation practices of PPI series vary considerably between countries. Indeed, this is much more the case for PPIs than for CPIs. To accommodate these different practices in the thirty-four OECD member countries, the following thirteen series have been defined as target series. For each series, two variants exist: PPIs over goods and services delivered to all domestic and foreign markets ('total'), and PPIs for goods and services delivered to the domestic market only ('domestic').

442. Each of the thirteen series corresponds to one of three different types of PPIs. The first type is defined around economic activities and provides an industry dimension. PPIs are grouped with regard to the higher level of the classification ISIC Rev.3.1 (section C to Q) or of the classification NACE Rev.2 (section B to U). Both these systems (ISIC and NACE) classify producer units according to their kind of activity, mainly on the basis of the principal class of goods produced or services rendered. The series considered are as follows:

PPI by Economic Activity for both total and domestic markets

- i. Total industry (ISIC C, D, E) – (NACE Rev.2 B, C, D since January 2009);
- ii. Mining and quarrying activities (ISIC C) – (NACE Rev.2 B since January 2009);
- iii. Manufacturing (ISIC D) – (NACE Rev.2 C since January 2009); and
- iv. Manufacture of food and beverage products (ISIC D15) – (NACE Rev.2 C10, C11, C12 since January 2009).

443. The second type of PPIs organises producer prices by similarity of end use or material composition, without regard to the industry of origin. This set of PPIs has been defined in terms of Main Industrial Groupings (MIGS), which provide a breakdown of a group of industries (section C to E inclusive of ISIC Rev.3.1 classification) by type of use. They are listed below.

PPI by Type of Commodity for both total and domestic markets

- i. Consumer goods;
- ii. Durable consumer goods;
- iii. Non-durables consumer goods;
- iv. Investment goods;
- v. Intermediate goods; and
- vi. Energy.

444. The third type of PPIs is by stage of processing. This structure classifies good and services according to their position in the chain of production.

PPI by Stage of Processing for both total and domestic markets

- i. Primary products – Raw (or unprocessed) materials;
- ii. Intermediate goods; and
- iii. Finished goods.

445. PPI by stage of processing are only available for five non-European countries: Australia, Canada, Japan, Korea and the United States. European countries generally provide PPIs by economic activity and by type of commodity.

446. While, ideally, the OECD prefers to publish the two variants, for all countries for all PPI series, not all countries are able to supply PPI data for both the domestic and total markets.

447. The Secretariat requests as long a time series as possible of historical PPI data. The Secretariat maintains PPI series from January 1970 for most countries. Countries should provide data beginning in 1995, if possible.

Interpretability (Metadata requirements)

448. For OECD purposes, complete and clear metadata must be available in one of the official languages of the organisation, English or French. However, to ensure transparency of data and establish the confidence of users in an international setting, it is strongly recommended that metadata be available in English and easily accessible over the internet.

449. For Prices Statistics, the OECD requires information on the concepts and scope of the index, expenditure weights and their sources and sampling, price collection and index calculation methods.

Evaluation of Prices Statistics

450. The Secretariat assessed the compliance, coverage, timeliness and interpretability of CPI and PPI statistics using a questionnaire, comprising three parts.

451. The first part of the questionnaire sought basic methodological information on how price indices are constructed. Questions were built with reference to the *International CPI Manual* and the *International PPI Manual*. More specifically, the following areas were examined:

- i. Concepts and scope of the index;
- ii. Expenditure weights and their sources;
- iii. Sampling and price collection;
- iv. Other key statistical issues;
- v. Index calculation;
- vi. Dissemination and accessibility; and
- vii. Accessibility and update of metadata.

452. The second part of the questionnaire collected information on the availability of the series that the OECD collects on a monthly basis. For some CPI time-series (energy, housing, services less housing, and core inflation), a special aggregation from sub-items is required.

453. The third part of the questionnaire was designed to collect the data themselves, including historical series.

454. Rosstat satisfactorily completed all questionnaires and provided all the requested details.

Compliance assessment – CPI

455. Responses to the first part of the questionnaire were used to assess compliance of prices in the Russian Federation with international standards. The CPI questionnaire and Rosstat's responses are contained in a Technical Document, "Prices Technical Document 1", available from the OECD. The Russian Federation CPI largely complies with the concepts, definitions, classifications and recommendations issued by the ILO and contained in the *International CPI Manual*. In particular:

- The CPI follows the 1993 System of National Accounts (1993 SNA) household consumption concept excluding own-account production of market goods and services and illegal production. The CPI uses detailed expenditure data from the Household Budget Survey (HBS).

- Since 2003, the HBS is based on a slightly modified national (Russian) version of COICOP, which is based on the All-Russian Classification of Products (OKP) and the All-Russian Classification of Services to the Public (OKUN). CPI weights, which are derived from HBS, are revised annually.
- The treatment of specific expenditure groups, such as insurance and second hand goods, is in line with international recommendations.
- Non-resident household expenditures are excluded, which is consistent with international practices.
- Index calculations at the elementary level are based on a Jevons-type index number formula, which is a ratio of the geometric mean of prices. The implementation approximates a direct comparison of the average item's price in the reporting period with the average item's price in the index reference period. It should be noted that the International CPI Manual expresses a preference for geometric averages on both axiomatic and economic grounds (paragraphs 9.30 and 9.34).
- Rosstat uses a Modified Laspeyres formula to aggregate across elementary price indices to calculate higher level aggregates. Commodity-specific shares in total sales constitute the necessary weights. Population weights are applied to the individual regional indices. This is in line with international practice,
- Treatment of missing prices complies with international recommendations. When an item is temporarily missing; prices are imputed based on price movements for similar items or item groups. When it becomes permanently unavailable, a replacement item is selected.

456. However, the review identified a number of items for clarification and issues of comparability with practices in OECD countries.

- Prices are collected monthly for more than 400 CPI items in 266 cities located in all regions of the Russian Federation. However, the CPI prices cover only urban households while non-urban households are included in CPI weights. In terms of comparability across OECD countries, the exclusion of non-urban households is an important issue. This issue was also identified in the 2011 (ROSC). During the Peer Review in April 2012, Rosstat confirmed that collection of prices observation of various types of goods and services in non-urban areas was difficult and that non-urban households were usually buying goods in urban areas, which are covered in the price sample. Rosstat does not intend to include some non-urban centres in the sample in the near future.
- The classification used is national and not fully harmonised with COICOP but experimental calculations using the COICOP classification are in progress. During the Peer Review, Rosstat informed the Secretariat that CPIs according to COICOP groups were disseminated in the Rosstat monthly publication 'Socio-economic situation in Russia', and that time-series based in 2010 could be delivered to the Secretariat according to COICOP by the end of 2014. The Secretariat requests precise plans and schedules for the implementation of COICOP and for the regular, ongoing transmission of time series based on COICOP, to the OECD. Following productive exchanges with Rosstat since August 2012, in January 2013 the Secretariat received a first set of CPI data based on COICOP. Rosstat is also encouraged to inform users of this change in its metadata in Russian and in English.
- Rosstat does not usually perform explicit quality adjustments but implicit quality adjustments are in place. The usual practice is to regard the difference between the price of the old and new products as an indicator of quality difference (overlap method). Rosstat does not intend to implement explicit adjustments for change in quality, such as hedonic methods, in the near

future because their implementation is considered costly in terms of resources. However, Rosstat agreed to address this issue in the research plan in the future.

- The CPI does not include owner-occupied housing services. Only changes in the price of the maintenance expenses of apartment owners are included. Rosstat considers that if a weight were to be calculated for owner-occupied dwelling services, it would be below the 0.1 percent threshold. In 2003 and 2011, the IMF acknowledged that such costs were not of great significance in the Russian Federation, compared with most countries. However, it is clear that the rate of dwelling ownership is increasing steadily from year to year and it is therefore important that Rosstat monitor developments and plans for the future inclusion of owner-occupied housing services in the CPI. During the Peer Review, Rosstat informed the Secretariat that plans for the inclusion of owner-occupied housing services in the CPI in 2013 were under consideration and provided further information on the inclusion of rents in living surveys. However, important methodological issues remain for completing the integration of owner-occupied housing in the CPI, notably as regards weights to be applied.
- In the 2011 ROSC, the IMF also pointed out the lack of hedonics methods for quality adjustments and the problem of quality differences for owner-occupied housing.

Compliance assessment –PPI

457. As was the case for the CPI, the Secretariat used the first part of the questionnaire to assess compliance with international standards with respect to several important aspects of the PPI. The PPI questionnaire and Rosstat's responses are contained in a Technical Document, "Prices Technical Document 2", available from the OECD. The Russian Federation PPI largely complies with the concepts, definitions, classifications and recommendations of the *International PPI Manual*. In particular:

- Prices collected are transaction prices, excluding VAT and other excise taxes, and excluding delivery charges and transport costs. The prices are therefore recorded at the 'factory' gate in line with international recommendations vis-à-vis the definition of an output PPI.
- PPIs compiled by Rosstat are based on the national All Russian Classification of Types of Economic Activities (OKVED), which broadly corresponds to the Statistical Classification of Economic Activities in the European Community (NACE Rev.1.1).
- Upper level weights (by industry) are derived from the Annual Industrial Survey on value of goods produced. They are revised annually and introduced into the index formula in January each year, with a lag of one year.
- The index calculation at both elementary and upper levels is broadly in line with recommendations from the International PPI Manual. PPIs feature a weighted arithmetic mean of price relatives or Laspeyres index for elementary aggregation. Although similar practices are put in place in many other countries, it should be pointed out that the International Producer Price Index Manual expresses a preference for the use of geometric averages on axiomatic grounds (paragraph 20.41).
- A Modified Laspeyres Formula applies to upper levels. Indices are then calculated for regions, and for industry categories and groups of product for the Russian Federation as a whole. Separate weighting patterns are used for each region.
- Treatment of missing prices is in line with international recommendations. When an item is temporarily missing; prices are imputed based on price movements of similar products or groups of products. When an item becomes permanently unavailable, a replacement item is selected.

458. However, the review identified some questions or anomalies relating to the inclusion of exported goods in the index and the adjustment for quality differences. In particular:

- PPIs are compiled only for the domestic market. As mentioned by the IMF in the 2011 ROSC, export prices and exports unit values are not compiled by Rosstat and exported goods are excluded from the PPI. There has been demand for indices showing prices of exported goods separately and Rosstat would like to develop this information. However, Rosstat has been unable to promise a date for completion of the work due to limited resources.
- As is the case for the CPI, explicit quality adjustments are usually not performed for the PPI, but implicit quality adjustments are put in place. The usual practice is to estimate the differences in quality by comparing prices of old and new products. At this stage, Rosstat has not provided any explanation for the non-implementation of explicit quality adjustments based, for example, on hedonic methods. The OECD recommends that Rosstat consider implementing new methods of quality adjustment (including hedonic methods).

Coverage Assessment – CPI

459. This section concerns the requirements of the OECD in terms of detail and availability of the consumer price series for the Russian Federation.

460. The CPI data, according to the national classification, furnished by Rosstat in 2012, partially met OECD coverage requirements. All CPI data were shown as percentage changes and were published on the Rosstat website as part of a coherent Prices dataset, with historical data from January 1996. Within this Prices dataset, the *CPI All items* were published with a fixed reference period (2000=100) starting in January 2001. However, Russian CPI time-series did not cover the CPI Energy; the CPI All items less Food and Energy; the CPI Housing; and the CPI Services less Housing services, as defined according to the COICOP classification. The Secretariat requested that Rosstat provide these series when the COICOP classification is adopted.

461. In January 2013, Rosstat provided a first set of CPI data according to the COICOP classification and the associated CPI weights. The Secretariat applauds this new achievement and encourages Russia to provide data back to 2004, as Rosstat has announced it will do. Since most of the newly-supplied time series (*i.e.*, the CPI Energy; the CPI All items less Food and Energy; the CPI Housing; and the CPI Services less Housing services) start only in January 2012, the Secretariat is not able to publish such data yet. CPIs for all OECD countries are published with 2005 as fixed common reference year. Progress will be monitored in future reports.

Timeliness Assessment – CPI

462. Rosstat collects prices between the 23rd and the 25th of each month. An early release of the consumer price index is published on the Rosstat website in Russian on the 6th working day of the month following the end of the reference period. All CPI series required by the OECD for the monthly OECD *Consumer Price Index press release*, which is finalised the last Friday of the month following the reference month, in practice between the 26th and the 31st, are available on the Rosstat website and meet the requirements of this press release.

463. An advance release calendar giving the precise release dates for the current month and the upcoming three months is available in English on the Rosstat webpage⁵⁰. It is recommended that fixed and unchangeable release dates for the CPI be published in English at least 12 months in advance. Such advance announcements ensure transparency and strengthen the perception of objectivity of the data dissemination.

⁵⁰

http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/en/sdds/calendar/

Interpretability (Metadata) Assessment - CPI

464. Methodological information (metadata) is readily available in English on the Special Data Dissemination Standard (SDDS) page of the IMF website with an electronic link from the Rosstat website. The major methodological publications for CPI are the “Methodological positions of observation over consumer prices of the goods and services and consumer price indexes calculation” and the “Substantive provisions about an order of observation over consumer prices and tariffs for the goods and paid services and consumer price index definitions” but are in Russian only.

465. Moreover, CPI weights are not available on the English website. The Secretariat encourages Rosstat to provide complete methodological information, in English, on its own website including the CPI weights. During the Peer Review mission in April 2012, Rosstat committed to publish CPI weights based on HBS for twelve COICOP groups by the end of 2012. In January 2013, Rosstat provided CPI weights according to COICOP through the OECD questionnaire, in English, and the link to the online version, in Russian. The Secretariat recommends that CPI weights also be publicly available in English also over the internet.

Coverage Assessment – PPI

466. This section concerns the requirements of users inside the OECD in terms of detail and availability of the Russian Federation PPIs. Rosstat also produces other PPIs, for example for agricultural products but these were not part of the present review.

467. Rosstat compiles the PPIs by type of economic activities in accordance with the OKVED classification, which is harmonised with the NACE Rev.1.1 classification. Rosstat has indicated that, in future, it will move to a classification consistent with NACE Rev.2. The implementation process will cover the period 2014-2015, with full implementation planned for no later than 1 January 2015. However, no precise information regarding the move to the new classification is available in English on the Rosstat website. The Secretariat recommends inclusion of such information, in English, on the Rosstat website.

468. Rosstat compiles PPIs on a monthly basis for the sections C (mining and quarrying), D (manufacturing) and E (electricity, gas and water supply) of NACE Rev.1.1 as well as a group ‘Total industry’ (composed as the sum of the sections C to E of NACE Rev.1.1), for the domestic market only. Exported goods are excluded from the Russian PPIs. The Secretariat requested that Rosstat explore and report on the feasibility of including exported goods. Rosstat does intend to launch a new survey including exported goods over the year 2013 but has requested assistance from the Secretariat, and advice from other OECD countries, in order to develop the programme. Plans for this work should be included in the overall plan for improvements to meet OECD standards. The Secretariat will work with Rosstat to support and monitor progress in this area.

469. Rosstat does not compile PPIs by type of commodity or by stage of processing. Failure to provide PPIs by stage of processing is not considered a major deficiency as few non-European countries provide these series.

470. Thus, leaving aside PPIs by type of commodity and by stage of processing, the Secretariat assessed PPIs by economic activity. In this framework, three PPI target series meet OECD requirements in terms of coverage (PPI Total industry, PPI Mining and quarrying, PPI Manufacturing and PPI Manufacture of food and beverage products) with data going back to January 1998.

471. PPI target series are available with a fixed common reference period. However, PPI weights are not available. It is recommended that Rosstat publish the PPI weights in English. PPI weights are currently available by type of activity in Russian on the Rosstat website.

Timeliness Assessment – PPI

472. In terms of timeliness, the Secretariat collects producer prices on the 20th day of the reference month. PPIs are published within four weeks after the end of the reference month and no later than the 30th day of the month following the end of the reference month. This meets OECD requirements. An advance release calendar giving the precise release dates for the current month and the upcoming three months is available in English on the Rosstat webpage⁵¹. It is recommended that fixed and unchangeable release dates for the PPIs be published in English twelve months in advance. Such advance announcements ensure transparency and strengthen the perception of objectivity of the data dissemination.

Interpretability (Metadata) Assessment – PPI

473. Methodological information on PPIs provided by Rosstat during the review fully meets OECD requirements. However, only brief methodological information (metadata) is readily available in English on the Rosstat website and more detailed methodological information in English has to be collected through a link to the IMF webpage of the Special Data Dissemination Standard (SDDS). Methodological information for PPIs is also available in Russian in the methodological paper publication *Methodological Principles in Statistics*. The OECD would welcome more detailed information in English on the Rosstat website.

Data and metadata transmission Assessment – CPI and PPI

474. The OECD Secretariat integrated both CPIs and PPIs for the Russian Federation into the OECD database in 1999 as part of a programme of work with non-member OECD countries. The CPI series included historical data beginning in 1992.

475. Currently, the OECD collects CPI target time-series from the Rosstat website in English using the same process as that used for many other OECD countries. The OECD very much appreciates that Rosstat is participating in the pilot project to disseminate short-term economic statistics via SDMX. This approach will lessen the burden of data transmission for Rosstat and for the OECD.

476. CPI Food and CPI Services are only available as percentage changes from the previous period on the Rosstat website.

477. The OECD Secretariat recommends that Rosstat disseminate all CPI series with a fixed common reference period on its website in English. A second-best solution would be for Rosstat to provide them regularly to the OECD through the OECD EXCEL questionnaire, as Rosstat did for the first time in January 2013.

478. In the past, Rosstat classified PPIs according to the national classification (OKONX), which does not correspond to international classifications such as ISIC or NACE. Since the Russian Federation PPIs have moved to the OKVED classification, which is broadly consistent with the classification NACE Rev.1.1, integrating PPIs into the OECD database has been possible. Data are updated using monthly EXCEL files and no web queries have been put in place. Moreover, the three PPI target time-series are provided by Rosstat with a fixed common reference period that satisfies OECD requirements.

479. Methodological information on both CPI and PPI target time-series transmitted by Rosstat in the questionnaire satisfies OECD requirements. However, the OECD recommends that Rosstat make all metadata available, in English, on the Rosstat website to strengthen transparency and facilitate the use of the Russian Federation price statistics by external users.

⁵¹

http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/en/sdds/calendar/

Overall assessment of Price Statistics

Overall assessment CPI

480. Overall, the Russian Federation CPI largely complies with the concepts, definitions, classifications and recommendations issued by the ILO and contained in the *International CPI Manual* and partially complies with the OECD requirements regarding availability, coverage, timeliness and transmission of the relevant time-series. Furthermore, the OECD recognises and applauds the recent progress that Rosstat has demonstrated.

481. Nevertheless, a number of shortcomings have been identified. Throughout the chapter, the OECD has indicated where further information and/or action plans are required. These are also listed in the Summary of Recommendations for Improvements.

Overall assessment PPI

482. Overall, the Russian Federation PPI largely complies with the concepts, definitions, classifications and recommendations of the *International PPI Manual*. In terms of coverage, the Russian PPIs partially meet the OECD requirements, due to the non-availability of series and the non-coverage of exported goods. However, timeliness and data and metadata transmission do comply with OECD requirements and compare favourably with the performance of OECD member countries.

483. The various shortcomings of the Russian PPIs have been discussed, along with recommendations for follow-up actions. These are also listed in the Summary of Recommendations for Improvements.

484. The construction of the Russian Federation PPIs also meets the international methodological standards. In this respect, the three Russian Federation PPI target time-series, provided by Rosstat, compare favourably with many OECD member countries.

Summary of Recommendations for Improvements – CPI and PPI

485. There are therefore some areas that Rosstat may wish to consider in the future in order to fully meet the OECD needs for price statistics:

Consumer Price Indices

- Provide the OECD with longer CPI time-series according to the COICOP classification, especially the CPI Energy; the CPI All items less Food and Energy; the CPI Housing; and the CPI Services less Housing services.
- Explore and report on the feasibility of including non-urban households and owner-occupied housing services in the CPI.
- Explore and report on the feasibility of making explicit quality adjustments for the CPI.
- Explore and report on the feasibility of publishing all CPI target series with a common fixed reference period.
- Provide the OECD and external users with more methodological information in English including the CPI weights on the Rosstat website.

Producer Price Indices

- Explore and report on the feasibility of including exported goods in the PPI, and then compiling both PPIs for the domestic market and for total markets.
- Explore and report on the feasibility of publishing all PPI target time-series with a common fixed reference period.
- Explore and report on the feasibility of making explicit quality adjustments for the PPI.
- Provide the OECD with more detailed methodological information in English and consider the dissemination of PPI weights.

486. In conclusion, the OECD Secretariat recommends that Rosstat extend the time coverage of the COICOP based data and include non-urban households and/or the owner-occupied housing services in the CPI. Inclusion of exported goods in the PPI and transition to the classification NACE Rev.2 for the PPI are also recommended. Plans for this work should be included in the overall plan for improvements to meet OECD standards. The OECD Secretariat is working with Rosstat to support and monitor progress in this area and that process is already producing encouraging results.

A Note on the Purchasing Power Parities (PPPs) Programme

487. The Eurostat-OECD PPP Programme was established in the early 1980s to facilitate the comparison of Gross Domestic Product (GDP) statistics for European Union and OECD economies by taking into account the relative purchasing powers of the currencies of the individual countries. Since then, the coverage has been extended to include countries that apply to join the European Union and other countries such as former members of the Soviet Union and the former Yugoslavia. The Russian Federation has been participating in the Eurostat-OECD PPP programme, on a voluntary basis, under the co-ordination of the OECD.

488. As a member of the Eurostat-OECD PPP programme since 1996, there was no need to conduct a specific review on the Russian Federation's capacity to produce the required data. All data provided by the Russian Federation are thoroughly edited by the OECD and meet the quality requirements of the programme. The OECD and the Russian Federation have, from the beginning, worked very closely to ensure the quality of the data and to find appropriate solutions to the specific situations existent in the country, such as the very small rental housing market and high inflation at the end of the 1990s. Furthermore, PPP comparisons for the Commonwealth of Independent States (CIS), organised on a regular basis since 1996, are co-ordinated by Rosstat and the Interstate Statistical Committee of the Commonwealth of Independent States (CISSTAT). The Russian Federation is also a key participant in the International Comparison Programme (ICP).

CHAPTER 10: SHORT-TERM LABOUR AND LABOUR COMPENSATION STATISTICS

Introduction

489. This chapter presents the review of short-term labour statistics and labour compensation statistics for the Russian Federation, conducted by the OECD Secretariat.

490. The aim of short-term labour statistics is to monitor the status of the labour market. In particular, they provide a record of both unemployed and employed individuals computed as percentages of the labour force population. Short-term labour statistics are sourced from sample household labour force surveys on a monthly or quarterly basis. It is widely accepted that household labour force surveys are the best source for key labour market statistics.

491. The OECD collects both short-term (monthly or quarterly) and more detailed annual labour force information. The present assessment relates only to the short-term information.

Background

492. In the Russian Federation, the Federal State Statistical Service of the Russian Federation (Rosstat) is responsible for the compilation and dissemination of all labour statistics, including short-term labour statistics and labour compensation statistics. The present assessment is based on a monthly data file supplied by Rosstat; on information found on the Rosstat website⁵²; and on available metadata from the IMF's Special Data Dissemination Standards (SDDS) metadata website for the Russian Federation. There have also been numerous exchanges between officials of Rosstat and the Secretariat. Rosstat has been very co-operative and has responded promptly to requests for data and metadata needed for this assessment.

Evaluation criteria

493. In its statistical reviews, the OECD Secretariat evaluates the statistics to determine how well they meet OECD needs in terms of coverage, compliance, interpretability, timeliness and data and metadata transmission. These five elements comprise the OECD data and metadata requirements. Below are brief, generic descriptions of these evaluation criteria.

- *Coverage* – the extent to which the statistics meet the requirements of the OECD in terms of variables, detail, frequency, measurement units, historical coverage and availability.
- *Compliance* – the extent to which the statistics comply with the relevant OECD and other international standards.
- *Interpretability (Availability of Metadata)* – the interpretability of data reflects the ease with which the user may understand and properly use the data. The adequacy of the underlying metadata, that is, the definitions of concepts, target populations, variables and terminology, and information describing the limitations of the data, if any – largely determines the degree of interpretability. For the purposes of this assessment, “interpretability” is viewed in a narrow sense as “Availability of Metadata”.
- *Timeliness* – the length of time between the reference period and when statistics are made available to the OECD. The OECD normally has established desirable timeliness targets based on needs and on the typical practices of member countries.

⁵²

http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/en/sdds/calendar/

- *Data and metadata transmission* – the ability of the country to deliver data and metadata for integration into the OECD databases.

OECD data and metadata requirements for Short-term Labour and Labour Compensation Statistics

Coverage

494. The OECD requirements are for monthly Labour Force Survey (LFS) data, harmonised unemployment levels and rates and stocks and flows of job vacancies. Specifically, the required series for short-term labour statistics are:

- Labour force survey data (monthly or quarterly):
 - Labour force population (total, male and females);
 - Working age population, defined as the sum of active and inactive labour force, (total, female and male; by basic age groups 15-64 and 15-74, as well as by more detailed age groups 15+, 15-24, 25-54, 55-64);
 - Active labour force, defined as the sum of employment and unemployment, (total, female and male; by basic age groups 15-64 and 15-74, as well as by more detailed age groups 15+, 15-24, 25-54, 55-64);
 - Employment by main industry: Agriculture, Industry, Construction and Services (total, for age group 15+);
 - Employees (total, for age group 15+);
 - Unemployment and employment levels and rates (total, female and male; by basic age groups, 15-64 and 15-74, as well as by more detailed age groups 15+, 15-24, 25-54, 55-64); and
 - Inactive working age population (total, female and male; by basic age groups 15-64 and 15-74, as well as by more detailed age groups 15+, 15-24, 25-54, 55-64).
- Stocks and flows of job vacancies

495. The OECD Secretariat also publishes the OECD monthly Harmonised Unemployment Rate (HUR), for which it requires monthly data on employment (total economy), and unemployment (total, males, females) levels and rates for the 15 and over age group.

496. Countries should provide as long a historical series as possible; beginning, at the latest, in 2000 and in 1990 for the series required for the HUR release. However, even longer historical series are preferred.

497. Until 2011, the OECD's core requirements for short-term labour statistics were limited to the basic age groups 15-64 and 15-74 and did not include the number of inactive individuals and the working age population. These requirements were met by most member countries.

498. In 2011, the OECD Secretariat launched an initiative to collect additional series and sub-aggregates to satisfy new analytical needs. More specifically, the new requirements are for monthly or quarterly labour force survey data classified by new and more detailed age groups (15+, 15-24, 25-54 and 55-64), and for data on the number of inactive individuals and the working age population. These additional data will permit the Organisation to provide an enhanced picture of developments in the labour market, in two respects. First, the data identify withdrawal from active participation as well as unemployment itself. Second, the data permit examination of force labour participation by older workers, which is increasingly relevant given increased life expectancies, changing retirement policies and changing attitudes to retirement age.

499. While these new data collections are not yet considered part of the OECD's core requirements, the OECD has requested the data for Russia and strongly encourages Rosstat to participate in the programme. The OECD began releasing outputs from this new LFS data programme in 2012.

500. Several OECD member countries provide other labour statistics, such as part-time employment, unemployment by duration and days lost through labour disputes. These statistics are desirable but not essential at this stage, therefore the relevant series have not been included in this assessment.

501. In terms of labour compensation statistics, the Secretariat requires monthly data on earnings for the following categories: total economy, private sector, manufacturing and market services.

502. Countries should provide as long a historical series as possible; beginning, at the latest, in 1996. However, even longer historical series are preferred.

503. For both short-term labour statistics and labour compensation statistics, the OECD prefers that seasonal adjustments be made by the country itself as national statistics experts have better knowledge of local seasonal factors than international statisticians do. However, if a country does not supply seasonally adjusted (s.a.) data or if the series of s.a. data they provide is not sufficiently long, the OECD undertakes the adjustments using TRAMO-SEATS.

Compliance

504. The definitions and compilation methods used should comply with the guidelines of the 13th International Conference of Labour Statisticians convened in 1982 by the International Labour Organisation⁵³, hereafter referred as the 'ILO guidelines'. Any divergences from the ILO guidelines must be clearly indicated in metadata.

505. For the Harmonised Unemployment rates and levels, compliance requirements are based on definitions of the ILO guidelines. Under these definitions, the unemployed are persons of working age who, in the reference period, are without work, are available for work and have taken specific steps to find work. (See [Methodological note: OECD Harmonised Unemployment Rates](#)).

506. For labour compensation, the International Conference of Labour Statisticians (ICLS) organised by the ILO defines the methodological reference. The relevant information is in the ICLS resolution concerning an integrated system of wage statistics⁵⁴.

Interpretability (Metadata requirements)

507. For OECD purposes, complete and clear metadata must be available in one of the official languages of the organisation, English or French. However, to ensure transparency of data and establish the confidence of users in an international setting, it is strongly recommended that metadata be available in English and easily accessible over the internet.

508. For short-term labour statistics, the OECD requires metadata that describe the source, geographic coverage, the urban/rural coverage, frequency, age groups, classification system, seasonal adjustment method and treatment of armed forces and institutional populations.

⁵³ www.ilo.org/global/statistics-and-databases/standards-and-guidelines/lang--en/index.htm

⁵⁴ OECD 2003, MEI Comparative Methodological Analysis, Supplement 3, Wage Related Statistics, page 32.
<http://www.oecd.org/dataoecd/20/18/16455130.pdf>

509. For labour compensation statistics, the OECD requires metadata that reports information on source, geographic coverage, key statistical concept and calculation methods.

Timeliness

510. It is important that countries provide data or that data be available at the same time, or immediately after, they are released nationally. Ideally, for both short-term labour statistics and labour compensation statistics, monthly data should be available within one or two months and quarterly data within one quarter, after the reference period.

Data and metadata transmission

511. In the medium to longer term, all countries are encouraged to develop the capacity to exchange data and metadata via the SDMX⁵⁵ global data dissemination and exchange standard. This will be the most efficient and effective solution not only for dealing with the OECD but also for responding to demands of other international organisations and exchanging data with major users, too.

512. In the meantime, the OECD is flexible and endeavours to work with each country to find the most efficient and effective solution that will guarantee regular, ongoing transmission of data, in as timely a fashion as possible. Transmission of data in EXCEL spreadsheets or in another electronic format is negotiated and implemented on a case-by-case basis.

Evaluation of Short-term Labour and Labour Compensation Statistics

513. The OECD Secretariat assessed the Russian short-term labour statistics to determine how well they meet the OECD data and metadata requirements.

Coverage

514. The coverage of short-term labour statistics provided by Rosstat meets the basic OECD requirements since all industries and all occupations for the whole economy are covered in most respects. Quarterly employment and unemployment data are available for the period from the first quarter of 1999; monthly unemployment rates cover the period from October 1992; and quarterly LFS employees cover the period from the first quarter 2005.

515. Rosstat has not supplied seasonally adjusted data. The Russian labour force survey moved from a quarterly survey to a monthly survey in 2009 and the quality of the seasonal adjustment is reduced due to the short monthly time-series considered. Seasonally adjusted data will be available in the future and Rosstat agreed to provide additional methodological information on adjustments made by Rosstat, such as adjustments for working day effects. Three months moving averages of seasonally adjusted figures are available for unemployment.

516. The length of the historical series available from Rosstat meets OECD basic requirements in most cases. However, longer time-series for indicators such as employment by industry (currently only available from the first quarter of 2005) would be helpful for analytical purposes, even if they were constructed using an old methodology. Following exchanges in 2011, Rosstat agreed to provide time-series for the period from 1999 to 2004 based on an older national classification of economic activities.

⁵⁵ SDMX (Statistical Data and Metadata eXchange) is an initiative to foster standards for the exchange of statistical information sponsored by the Bank for International Settlements (BIS), the European Central Bank (ECB), the Statistical Office of the European Union (Eurostat), the International Monetary Fund (IMF), the OECD, the United Nations (UN) and the World Bank (WB).

517. Except for the total unemployment rate, Rosstat does not currently provide the monthly rates and levels of LFS employed (total economy) and unemployed (total, males, females) required for the HUR programme. However, Rosstat officials have expressed interest and willingness to participate in the programme. The Secretariat is working with Rosstat to determine whether they have the capacity to provide the required information and participate in this programme of international comparisons and analysis. The historical data for the monthly series should date back as far as possible. Rosstat is encouraged to report on developments in a future progress report.

518. The OECD Secretariat has queried Rosstat on the Agency's capacity to meet the new LFS data requirements (paragraphs 8-10). Rosstat has confirmed its interest in participating in the program but has noted that further work will be required in order to provide monthly data for the detailed age categories and for the new target series on a regular basis. The OECD Secretariat will work with Rosstat to explore options to resolve outstanding difficulties and hopes to integrate Russian data into the new Labour Force data program in 2013. Rosstat is encouraged to report on developments in a future progress report.

519. Rosstat supplies data on earnings only for the total economy, meeting the minimum OECD requirement. In terms of time coverage, Rosstat provided monthly data from 1996, while for the period 1992-1995 only quarterly data are available. This largely meets the Secretariat's requirements.

520. The OECD Secretariat undertakes the seasonal adjustments using TRAMO-SEATS.

Compliance

521. The concepts and definitions of employment and unemployment used by Rosstat appear to comply with the guidelines of the International Labour Organisation (ILO) in most respects. However, available metadata in English sometimes requires clarification (see Methodological guidelines at www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/en/figures/labour/). For example, in the following reference, the inclusion of certain categories in the number of unemployed seems to be inconsistent with the ILO standards:

“Pupils, students, pensioners and invalids are referred to the category of the unemployed, if they have been seeking a job and were ready to start working”.

522. Moreover, the treatment of the Russian population in the armed forces is not clearly explained in the methodological information available in English. Since March 2009, the OECD has not asked countries to make a specific adjustment to exclude armed forces from the data. Instead, the OECD asks countries to detail their coverage in the metadata. The treatment of armed forces remains a significant issue for countries like the Russian Federation where traditionally large numbers of the working age population are engaged in the armed forces. Exchanges are ongoing with Rosstat to clarify these matters.

523. Rosstat agreed to provide quarterly labour force survey by age group as recently required by the Secretariat. However, Russian labour force survey includes persons aged 15-72 while ILO defines employed and unemployed persons aged 15 years and over.

524. Employment data by industry are classified according to the All-Russian Classification of Economic Activities (OKVED). Since OKVED corresponds to the Statistical Classification of Economic Activities in the European Economic Community (NACE Rev.1) and to the UN classification ISIC Rev.3, this complies with minimum OECD requirements. However, the standard commonly used by OECD countries is now NACE Rev.2 in the European area and ISIC Rev.4 in non-EU countries. The Secretariat has requested information on plans and a schedule for a move to a classification that is harmonised with NACE Rev.2 or ISIC Rev.4. Rosstat plans to implement the classification NACE Rev.2 in early 2015.

525. In terms of compliance, data for labour compensation follow the methodological guidelines indicated by the Secretariat.

Interpretability (Metadata requirements)

526. The Russian Federation makes key metadata available in English through the IMF's SDDS framework and through its own website. These metadata satisfy the OECD's minimum requirements. Rosstat is congratulated for improvements to the English language metadata on its website in recent years and is encouraged to implement the clarifications noted above and to ensure that all English metadata on SDDS is also available on the Rosstat site.

Timeliness

527. Rosstat provides short-term labour statistics approximately one month after the end of the reference quarter, and labour compensation statistics within two months after the reference period. This meets the Secretariat's requirements and compares favourably with the performance of OECD member countries. An advance release schedule is now available in English on the Rosstat website⁵⁶. The OECD Secretariat applauds progress that Rosstat has made in publishing this information in English. At the same time, the OECD strongly encourages Rosstat to extend the calendar of fixed, unchangeable release dates from the currently available 4 months, to 12 months in advance, in English, on its own website.

Data and metadata transmission

528. Short-term labour statistics are supplied via a monthly EXCEL file from Rosstat containing "combined" datasets for many different statistical areas while labour compensation statistics are sent via a separate monthly EXCEL file. At present, these arrangements are satisfactory, as Rosstat has reacted quickly to revised data requirements.

Overall assessment of Short-term Labour and Labour Compensation Statistics

529. In summary, short-term labour statistics for the Russian Federation meet the OECD's minimum requirements in terms of coverage, compliance, interpretability, timeliness and data and metadata transmission. Additional data has been sought in order to include Russia in the monthly, Harmonised Unemployment Rate programme and Rosstat has agreed to co-operate with the OECD in order to provide and include Russian data in the new OECD labour force data programme begun in 2011. Finally, it is recommended that Rosstat makes more detailed information available in English on its website.

530. In addition, as regards labour compensation statistics, Rosstat meets the Secretariat's minimum requirements in terms of coverage, compliance, interpretability, timeliness and data and metadata transmission. The OECD would also like to receive data for the categories private sector, manufacturing and market services and has initiated talks with Rosstat in this regard.

⁵⁶ http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/en/sdds/calendar/

CHAPTER 11: INDEXES OF PRODUCTION AND DEMAND

Introduction

531. This chapter presents the review of indexes of production and demand statistics for the Russian Federation, conducted by the OECD Secretariat.

532. Measures of monthly changes in the volume of production are of particular interest for economic analysis. In particular, indexes of production and demand are used for the identification of turning points in economic cycles in the compilation of the OECD Composite Leading Indicators (CLIs).

Background

533. In the Russian Federation, indexes of production and demand statistics (real indicators) are produced by the Federal State Statistics Service (Rosstat). The present assessment is based on a monthly data file supplied by Rosstat, on information found on the Rosstat website, and on available metadata from the publication *Methodological Principles in Statistics* (in Russian). There have also been numerous exchanges between officials of Rosstat and the Secretariat. Rosstat has been very cooperative and responded promptly to requests for data and metadata needed for this assessment.

Evaluation criteria

534. In its statistical reviews, the OECD Secretariat evaluates the data and metadata to determine how well they meet OECD needs in terms of coverage, compliance, interpretability, timeliness and data and metadata transmission. These five elements comprise the OECD data and metadata requirements. Below are brief, generic descriptions of these evaluation criteria.

- *Coverage* – the extent to which the statistics meet the requirements of the OECD in terms of variables, detail, frequency, measurement units, historical coverage and availability.
- *Compliance* – the extent to which the statistics comply with the relevant OECD and other international standards.
- *Interpretability (Availability of Metadata)* – the interpretability of data reflects the ease with which the user may understand and properly use the data. The adequacy of the underlying metadata – that is, the definitions of concepts, target populations, variables and terminology, and information describing the limitations of the data, if any – largely determines the degree of interpretability. For the purposes of this assessment, “interpretability” is viewed in a narrow sense as “Availability of Metadata”.
- *Timeliness* – the length of time between the reference period and when statistics are made available to the OECD. The OECD normally has established desirable timeliness targets based on needs and on the typical practices of member countries.
- *Data and metadata transmission* – the ability of the country to deliver data and metadata for integration into the OECD databases.

OECD data and metadata requirements for the Indexes of Production and Demand

Coverage

535. The OECD data requirements for indexes of production and demand cover monthly series on value-added by industry, value-added by Main Industrial Groupings (MIG⁵⁷) for industry, turnover and orders by section. More specifically, the requirements are:

- Index of Industrial production by economic activities, *i.e.* value-added by sections (B, C, D, and F) as well as for total industry (B to E) of ISIC Rev.4 ;
- Value-added grouped by MIG for Industry (B to E): consumer goods, consumer durables, consumer non-durables, intermediate goods, capital goods.
- Turnover volume or value by sections (C and B to E (Total Industry)) of the International Standard Industrial Classification of All Economic Activities, Rev.4 (ISIC, Rev. 4). Turnover comprises the total invoiced by the observation unit during the reference period, which corresponds to market sales of goods or services supplied to third parties. Manufacturing sales should be further broken down by MIG.
- Orders for the manufacturing industry, section C of the International Standard Industrial Classification, of All Economic Activities, Rev.4 (ISIC, Rev. 4). The orders recorded for a particular reference month represent the value of contracts agreed during this month that connects the manufacturer with a third party for the supply of manufactured goods and services.
- Number of passenger cars sales and registrations.
- Number of dwelling permits issued.
- Value and volume of retail trade in national currency.
- Value and volume of wholesale trade in national currency.

536. Countries should provide as long a historical series as possible, beginning, at the latest, in 1995, though earlier data are preferred

537. Countries should provide the most frequent data available, either monthly or quarterly.

538. The OECD prefers that seasonal adjustments be made by the country itself as national statistics experts have better knowledge of local seasonal factors than international statisticians do. However, if a country does not supply seasonally-adjusted (SA) data or if the series of SA data they provide is not sufficiently long, the OECD undertakes the adjustments using X12-ARIMA.

Compliance

539. The definitions and compilation methods used should follow the UN International Recommendations for Industrial Statistics (2008), the UN International Recommendations for the Index of Industrial Production (2010) and the 'Nomenclature statistique des Activités économiques dans la Communauté Européenne' (NACE), Methodology of Short-Term Statistics (2006).

540. Ideally, Russian data should be classified using the new European standard classification of economic activities, NACE Rev.2, which is consistent with the international classification ISIC Rev.4.

⁵⁷ The Main industrial groupings, a Eurostat term, provide an alternative statistical breakdown of the economic activities of [Manufacturing](#). See [Eurostat Glossary: MIG](#)

Interpretability (Metadata requirements)

541. For OECD purposes, complete and clear metadata must be available in one of the official languages of the Organisation, English or French. However, to ensure transparency of data and establish the confidence of users in an international setting, it is strongly recommended that metadata be available in English and easily accessible over the internet.

542. With respect to indexes of production and demand, the OECD requirements for metadata are the statistical population and unit, the geographic coverage, the sector coverage, the frequency, the classification system, the reference period, the seasonal adjustment method, the source of data and the method for index calculation.

Timeliness

543. It is important that countries make data available at the same time, or immediately after, they are released nationally. Ideally, monthly data should be available within one or two months and quarterly data within one quarter, after the reference period.

Data and metadata transmission

544. In the medium to longer term, all countries are encouraged to develop the capacity to exchange data and metadata via the SDMX⁵⁸ global data dissemination and exchange standard. This will be the most efficient and effective solution not only for dealing with the OECD but also for responding to demands of other international organisations and exchanging data with major users, too.

545. In the meantime, the OECD is flexible and endeavours to work with each country to find the most efficient and effective solution that will guarantee regular, ongoing transmission of data, in as timely a fashion as possible. Transmission of data in EXCEL spreadsheets or in another electronic format will be negotiated and implemented on a case-by-case basis.

Evaluation of the Indexes of Production and Demand

546. The Russian indexes of production and demand were assessed to determine how well they meet the OECD data and metadata requirements.

Coverage

547. Russian coverage of the required indexes of production and demand is partially satisfactory. Rosstat regularly provides monthly indexes of industrial production and has supplied historical data from January 2005. Longer historical series would improve comparability with OECD member countries. However, Rosstat is not able to extend series earlier than that date since the Russian classification by activity (OKVED), adopted in 2005, is radically different from the previous national classification of economic activities (OKONKh). Thus, the historical coverage of industrial production indexes, while sub-optimal, is considered acceptable. However, the time series for other real indicators, such as retail sales and production of buildings, include even less historical data.

548. The OECD Secretariat has identified and classified several missing series according to level of priority, from highly desirable to desirable. All data are required for the longest historical time series of monthly data as possible.

⁵⁸ SDMX (Statistical Data and Metadata eXchange) is an initiative to foster standards for the exchange of statistical information sponsored by the Bank for International Settlements (BIS), the European Central Bank (ECB), the Statistical Office of the European Union (Eurostat), the International Monetary Fund (IMF), the OECD, the United Nations (UN) and the World Bank (WB).

Highly desirable

- Value-added in Industry by MIG
- Monthly data (ideally seasonally adjusted) for passenger car registrations, (G451 of ISIC Rev.4)
- Time series for monthly data of “work started for buildings”, (F41 of ISIC Rev.4), preferably with a breakdown for dwellings.
- Time series for monthly data of “permits issued for buildings”, (F41 of ISIC Rev.4), preferably with a breakdown for dwellings.

Desirable

- Time series for monthly data of orders in manufacturing (Section C of ISIC Rev.4)

549. A move to the new NACE Rev.2 classification would facilitate improvements to the coverage of data provided to the OECD. Rosstat plans to implement the classification NACE Rev.2 at the beginning of 2015.

550. The OECD seasonally adjusts all series received from Rosstat using X12-ARIMA.

551. Rosstat has indicated that calculation of historical data value-added indexes back to the year 1995 would be possible but at significant cost. The data are classified according to a national classification of economic activities that is compatible with international standards only since 2005. Recognising this limitation, the OECD accepts the reduced historical coverage for Russia.

552. As regards passenger cars registration, the Road Inspection of the Ministry of the Interior of the Russian Federation can provide Rosstat with the annual number of new passenger cars sold and registered, including second-hand passenger cars. Rosstat agreed to explore the feasibility of collecting infra-annual figures from the Ministry of the Interior of the Russian Federation.

553. According to Rosstat, two kinds of “building permits” are available: the permit to allow construction to start and the permit to commission the building once it is constructed. The forms used for the permits for construction allow Rosstat to measure the number of buildings started during the reference period but do not include any specific information on the buildings (areas, facilities, etc.). More detailed information on buildings is available once construction is finished and registered through the buildings permits to commission, but it is not possible to link the two datasets. Rosstat agreed to work with the Secretariat to explore possibilities to meet the complete data requirements.

554. In general, Rosstat does not have good access to administrative records for statistical use. There is a defined legal basis for such access and Rosstat's policies permit use of such records. However, there remain impediments to the sharing of administrative data, in practice and the lack of a co-ordinated system for statistical use of administrative data is one of the recognised challenges that Rosstat is facing. The ability to access more information from administrative registers would help Rosstat to improve the coverage of real indicators, in particular as regards building construction.

Compliance

555. Concepts and definitions used by Rosstat are generally appropriate for the OECD data programs and comply with international standards. Indexes of industrial production are compiled by Rosstat according to three national classifications: the National Classification of Producer Units (OKONKh) for the years before 2005, the All-Russian Classification of Types of Economic Activities (OKVED) for the years after 2005 and the All-Russian Classification of Products (OKPD). The national classifications of economic activities used for the years after 2005 are compatible with the European classification NACE Rev. 1.1. Rosstat should give high priority to the move to the

classification NACE Rev.2. The Secretariat notes that this work is planned for the beginning of 2015. Rosstat is requested to report on developments in future progress reports.

Interpretability (Metadata requirements)

556. Methodological information is available in Russian in the publication *Methodological Principles in Statistics*. Methodological information on production indices is available in English on the IMF SDDS website. Additional definitions and methodology descriptions are available in English for industry, construction and wholesale and retail trade turnover on the English version of the Rosstat website. It is recommended that the Index of Industrial Production (IIP) methodology summary, which is also available on the Rosstat website, be made available in the industry section to facilitate user access to all available metadata. Rosstat is requested to report on developments in future progress reports.

Timeliness

557. Monthly data is released by Rosstat between four weeks and two months after the end of the reference month and, in this respect, compares favourably with the practices of OECD member countries.

Data and metadata transmission

558. Real indicators have been integrated in OECD databases and are regularly updated using the monthly EXCEL file sent by the Department of Foreign Statistics and International Co-operation at Rosstat in accordance with the OECD updating calendar. Data are simultaneously released in English and in Russian in the monthly bulletin released by Rosstat.

559. An advance release schedule is available in English for the industrial production index on the Rosstat website⁵⁹. The Secretariat applauds progress that Rosstat has made in publishing this information in English. However, the Secretariat recommends that Rosstat extend the calendar of fixed and unchangeable release dates for monthly real indicators and other key economic indicators, from the currently available 4 months, to 12 months in advance on the official website. Such advance announcements ensure transparency and strengthen the perception of objectivity of data dissemination.

Overall assessment of the Indexes of Production and Demand

560. In summary, the Russian Federation meets the minimum OECD data requirements for indexes of production and demand in terms of coverage and compliance. In terms of timeliness, Rosstat fully meets OECD requirements.

561. Nevertheless, this assessment identified some areas where further improvements are required or desirable. These were:

- provision of missing series is encouraged (additional series covering value-added in industry, passenger car registrations, building starts and building permits are highly desirable while monthly data on orders in manufacturing are desirable);
- the advance release calendar should be extended from 4 months in advance to one year in advance; and,

⁵⁹ http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/en/sdds/calendar/

- Russia should proceed with plans to adopt the NACE Rev.2 classification, currently scheduled for 2015.

562. Finally, the OECD encourages the Russian authorities to resolve the inter-institutional issues that prevent Rosstat from accessing administrative data for statistical purposes. Such access would improve the coverage of real indicators for the Russian Federation.

CHAPTER 12: SHORT-TERM FINANCIAL STATISTICS

Introduction

563. This chapter presents the review of the Russian Federation short-term financial statistics conducted by the OECD Secretariat.

564. The OECD short-term financial statistics dataset presents four separate subjects: Interest Rates, Share Prices, Monetary Aggregates and Reserve Assets. Financial indicators are subject to high volatility over short periods of time and these movements impact on the non-financial sector of world economies, particularly movements in the financial markets of the United States, Japan and Europe.

Background

565. The Central Bank of Russia (CBR) is responsible for the compilation and dissemination of short- and long-term interest rates and Monetary Aggregates. The Secretariat collects the refinancing rate and information on Reserve Assets from the International Monetary Fund (IMF). Finally, the merged Moscow Interbank Currency Exchange-Russian Trading System stock exchange (MICEX-RTS) is responsible for the dissemination of the share price index. This assessment is based on the data and metadata from these sources that are regularly published in OECD datasets.

Evaluation criteria

566. In its statistical reviews, the Secretariat evaluates the statistics to determine how well they meet OECD needs in terms of coverage, compliance, interpretability, timeliness and data and metadata transmission. These five elements comprise the OECD data and metadata requirements. Below are brief, generic descriptions of these evaluation criteria.

- *Coverage* – the extent to which the statistics meet the requirements of the OECD in terms of variables, detail, frequency, measurement units, historical coverage and availability.
- *Compliance* – the extent to which the statistics comply with the relevant OECD and other international standards.
- *Interpretability (Availability of Metadata)* – the interpretability of data reflects the ease with which the user may understand and properly use the data. The adequacy of the underlying metadata – that is, the definitions of concepts, target populations, variables and terminology, and information describing the limitations of the data, if any – largely determines the degree of interpretability. For the purposes of this assessment, “interpretability” is viewed in a narrow sense as “Availability of Metadata”.
- *Timeliness* – the length of time between the reference period and when statistics are made available to the OECD. The OECD normally has established desirable timeliness targets based on needs and on the typical practices of member countries.
- *Data and metadata transmission* – the ability of the country to deliver data and metadata for integration into the OECD databases.

OECD data and metadata requirements for Short-term Financial Statistics

Coverage

567. The OECD requires monthly short-term financial statistics for the following series:

- Interest rates:

- Immediate interest rate
- Short-term rate (3 month interbank offer rate)
- Long-term rate (10 year government bonds)
- Share Price Index
- Monetary aggregates:
 - Monetary aggregates, narrow money (M1)
 - Monetary aggregates, intermediate money (M2)
 - Monetary aggregates, broad money (M3)
- Reserve assets

568. The OECD requires seasonally adjusted data and prefers that the adjustments be made by the national statistics experts who have better knowledge of local seasonal factors than do international statisticians. However, if a country does not supply seasonally adjusted (s.a.) data or if the series of s.a. data they provide is not sufficiently long, the OECD undertakes the adjustments using X12-ARIMA.

569. The OECD prefers to receive data in national currency units.

570. Countries should provide as long a historical series as possible; ideally, beginning in 1992 or earlier. All data should be available monthly. The OECD presents the data either as an index (currently 2005 is the reference year) or as a level, depending on which type of measure is the most appropriate or useful in the context of economic analysis. The OECD Secretariat calculates annual and quarterly data as averages of monthly figures.

Compliance

571. The OECD is seeking data that comply with the standard definitions and compilation methods, as described below:

- Immediate interest rate: A term to describe call-money rates. Call money and day-to-day loans play a predominant role in interbank money dealings and between banks and money market dealers.
- Short-term rate (3 month interbank offer rate): The three month interbank offer rate is the target concept.
- Long-term rate (10 year government bonds): These rates are principally yields on the secondary market of government securities. Generally the yield is calculated at the pre-tax level and before deductions for brokerage costs and commissions and is derived from the relationship between the present market value of the bond taking into account also interest payments accrued.
- Share Price Index: all-share or broad indices. They are price indices and not return indices, *i.e.* they exclude dividend payments. Where possible, the monthly indices are calculated as averages of daily closing quotations.
- Monetary aggregates, narrow money (M1): The target definition for narrow money covers all coins and notes plus personal money in current accounts that may be used as means of payment. Data should be measured on an end-of-period basis.
- Monetary aggregates, intermediate money (M2): The target definition for intermediate money comprises narrow money (M1), deposits with a maturity of up to two years and deposits redeemable at a period of notice of up to three months. Depending on their degree of similarity to liquid money, such deposits can be converted into components of narrow

money, but in some cases, there may be restrictions involved, such as the need for advance notification, delays, penalties or fees. The definition of M2 reflects the particular interest in analysing and monitoring a monetary aggregate that, in addition to currency, consists of deposits which are liquid.

- Monetary aggregates, broad money (M3): comprises M2 and marketable instruments issued by the monetary financial institutions (MFI) sector. Certain money market instruments, in particular money market fund (MMF) shares/units and repurchase agreements are included in this aggregate. A high degree of liquidity and price certainty make these instruments close substitutes for deposits. As a result of their inclusion, M3 is less affected by substitution between various liquid asset categories than narrower definitions of money, and is therefore more stable.
- Reserve assets: Reserve assets consist of those external assets that are readily available to and controlled by a country's authorities for direct financing of international payments imbalances, for indirect regulation of the magnitude of such imbalances through intervention in foreign exchange markets to affect their currency's exchange rate, and for other purposes. The category of reserve assets defined in the IMF Balance of Payments Manual, Fifth Edition comprises monetary gold, special drawing rights (SDRs), reserve position in the IMF, foreign exchange assets (consisting of currency, and deposits and securities), and other claims.

Interpretability (Metadata requirements)

572. For OECD purposes, complete and clear metadata must be available in one of the official languages of the organisation, English or French. However, to ensure transparency of data and establish the confidence of users in an international setting, it is strongly recommended that metadata be available in English and easily accessible over the internet. The Secretariat requires metadata describing the source and definitions.

Timeliness

573. It is important that countries provide data, or that data be available, at the same time or immediately after they are released nationally. Ideally, monthly data should be available within one to two months after the reference period.

Data and metadata transmission

574. In the medium to longer term, all countries are encouraged to develop the capacity to exchange data and metadata via the SDMX⁶⁰ global data dissemination and exchange standard. This will be the most efficient and effective solution not only for dealing with the OECD but also for responding to demands of other international organisations and exchanging data with major users, too.

575. In the meantime, the OECD is flexible and endeavours to work with each country to find the most efficient and effective solution that will guarantee regular, ongoing transmission of data, in as timely a fashion as possible. Transmission of data in EXCEL spreadsheets or in another electronic format is negotiated and implemented on a case-by-case basis.

⁶⁰ SDMX (Statistical Data and Metadata eXchange) is an initiative to foster standards for the exchange of statistical information sponsored by the Bank for International Settlements (BIS), the European Central Bank (ECB), the Statistical Office of the European Union (Eurostat), the International Monetary Fund (IMF), the OECD, the United Nations (UN) and the World Bank (WB).

Evaluation of Short-term Financial Statistics

576. The OECD Secretariat assessed Russian short-term financial statistics to determine how well they meet the OECD data and metadata requirements.

Coverage

Interest rates

577. The OECD collects an immediate interest rate from the IMF and short- and long-term interest rates from the CBR, beginning respectively in 1995, in 1997 and in 1999. These meet OECD requirements though a longer historical series from the CBR, dating back to 1992, would be preferred.

Share Prices

578. The Moscow Interbank Currency Exchange (MICEX) has calculated the MICEX Index since September 1997 using share prices in Russian roubles. In December 2011, MICEX merged with the Russian Trading System to become, temporarily, MICEX-RTS⁶¹ but the calculation of the MICEX index has continued unchanged. The OECD Secretariat has the MICEX index since September 1997 and it meets OECD coverage requirements.

Monetary Aggregates

579. The CBR provides intermediate money (M2), broad money (M3) but no figures for narrow money (M1). Instead, the CBR calculates according to an even narrower concept, an aggregate for "narrowest money" (M0) which the OECD uses as a proxy for M1. Furthermore, as the CBR provides only non-seasonally adjusted data, the OECD Secretariat performs the seasonal adjustment using the X12-ARIMA method. In April 2012 the CBR informed the Peer Review team that seasonally adjusted data for M2 will be available in the near future. Developments should be reported in a future progress report.

Reserve Assets

580. Reserve Assets in millions of SDRs are collected from the IMF and meet the OECD's requirements.

Compliance

Interest rates

581. The immediate interest rate for Russia collected by the OECD refers to the IMF's refinancing rate at which the central banks lend or discount eligible paper for deposit money banks. Data are typically shown on an end-of-period basis. This series complies with OECD requirements.

582. The short-term interest rate is the weighted average of the interbank loans in Russian roubles by participants in the Moscow Interbank market with maturity of one to three months (31-91 days), weighted by the amount outstanding. Hence, the definition of this indicator meets the OECD requirements.

583. The OECD Secretariat collects two long-term interest rates, with different maturities, from the CBR. The first is a long-term interest rate calculated as an average of yields of government bonds due to mature after 729 days, weighted by the amount outstanding. The second is a 10 years interest rate computed as an average of government bonds yields due to mature after 3650 days, weighted by

⁶¹ News reports indicate that the new united exchange is undergoing a rebranding.

the amount outstanding. Generally, the yield is calculated at the pre-tax level and before deductions for brokerage costs and commissions. These definitions of these two interest rates comply with OECD requirements.

Monetary Aggregates

584. While the CBR provides M0, M2 and M3, rather than M1, M2 and M3, the concepts used comply with international standards and are acceptable to the OECD.

Share Prices

585. The MICEX index (aggregate stock exchange index) is calculated on the basis of actual prices of shares included into the index calculation. Data are re-disseminated on the value of the MICEX index and the trade turnover in millions of Russian roubles and millions of USD. The MICEX index has been constructed as an effective market capitalisation weighted value ratio for the most liquid shares of Russian Federation issuers with daily chaining. It incorporates stocks specific free float factors which are intended to ensure that the weight of a particular stock corresponds to the fraction of the registered capital that is actually available for public trading on the stock exchange. The MICEX index calculation base is reviewed by MICEX no more than once a quarter. Monthly data are averages of daily closing figures. This broad index for share prices in the Russian Federation satisfies the OECD requirements in terms of definition and methodology.

Reserve Assets

586. Reserve assets are obtained from the IMF website. Reserve assets consist of those external assets that are readily available to, and controlled by monetary authorities for direct financing and payment imbalances. Reserve assets comprise monetary gold, SDRs, reserve position in the IMF, foreign exchange assets (consisting of currency and deposit securities) and other claims. This IMF series complies with OECD requirements.

Interpretability (Metadata requirements)

587. Metadata comply with the OECD requirements for short-term financial statistics.

Timeliness

588. Short-term financial statistics for Russia are published within two months after the reference period. This meets OECD needs and compares favourably with timeliness for similar data from OECD member countries.

Data and metadata transmission

589. The Secretariat collects short-term financial statistics and the relevant metadata from the CBR, MICEX and IMF websites. This arrangement works well and the required data and metadata have been integrated into OECD databases for a number of years. Nevertheless, since the CBR makes all the required short-term financial statistics, and the accompanying English-language metadata, available through its own website, the Secretariat will explore the possibility to consolidate the information collected. This would allow the collection and integration of these data to be streamlined and, eventually, to facilitate transmission via SDMX.

Overall assessment of Short-term Financial Statistics

590. Overall, the Russian Federation complies with OECD requirements for short-term financial statistics. Longer historical data for interest rates and share price index would improve their

international comparability. In the case of share prices, however, such indices simply did not exist prior to September 1997.

CHAPTER 13: BUSINESS TENDENCY AND CONSUMER OPINION SURVEYS

Introduction

591. This chapter presents the review of the Russian Federation Business Tendency Surveys (BTS) and Consumer Opinion Surveys (COS) statistics conducted by the OECD Secretariat.

592. Business Tendency and Consumer Opinion Surveys are carried out to obtain qualitative information for use in monitoring the current business situation and forecasting short-term developments. Information from these surveys has proved of particular value in forecasting turning points in the business cycle hence they are used as inputs in the calculation of the OECD Composite Leading Indicators (CLIs). The information collected in BTS is described as qualitative because respondents are asked to assign qualities, rather than quantities, to the variables of interest. It is generally much easier for respondents to give qualitative rather than quantitative information because the former does not require respondents to consult their accounting records. As one of the main advantages of qualitative surveys, the questionnaires can be completed quickly and the results of the survey can be published much sooner than the results of traditional statistical surveys. Tendency and opinion surveys cover a wide range of variables selected for their utility in monitoring the business cycle and include items not covered by quantitative statistics, such as capacity utilisation and views on the overall economic situation.

Background

593. For the Russian Federation, the Gaidar Institute for Economic Policy⁶² ([IEP](#)) is currently the sole official provider of Russian data for the BTS while Rosstat provides one indicator for COS statistics. Recently, the Centre for Business Tendency Studies from the Higher School of Economics (HSE) of Russia, in co-ordination with Rosstat, offered to supply data for the BTS as well, and this is covered in this chapter.

Evaluation criteria

594. In its statistical reviews, the Secretariat evaluates the data and metadata to determine how well they meet OECD needs in terms of coverage, compliance, interpretability, timeliness and data and metadata transmission. These five elements comprise the OECD data and metadata requirements. Below are brief, generic descriptions of these evaluation criteria.

- *Coverage* – the extent to which the statistics meet the requirements of the OECD in terms of variables, detail, frequency, measurement units, historical coverage and availability.
- *Compliance* – the extent to which the statistics comply with the relevant OECD and other international standards.
- *Interpretability (Availability of Metadata)* – the interpretability of data reflects the ease with which the user may understand and properly use the data. The adequacy of the underlying metadata that is, the definitions of concepts, target populations, variables and terminology, and information describing the limitations of the data, if any – largely determines the degree of interpretability. For the purposes of this assessment, “interpretability” is viewed in a narrow sense as “Availability of Metadata”.
- *Timeliness* – the length of time between the reference period and when statistics are made available to the OECD. The OECD normally has established desirable timeliness targets based on needs and on the typical practices of member countries.

⁶²

The Gaidar Institute was formerly known as the Institute for Economy in Transition (IET).

- *Data and metadata transmission* – the ability of the country to deliver data and metadata for integration into the OECD databases.

OECD data and metadata requirements for the Business Tendency and Consumer Opinion Surveys

595. What follows are the OECD data and metadata requirements pertaining to Business Tendency Surveys (BTS) and Consumer Opinion Surveys (COS) statistics, based on the OECD's newly defined core list.

Coverage

596. The OECD data requirements for BTS are for monthly series on:

- Manufacturing sector:
 - Confidence indicator (% balance) - if not provided it can be computed in-house, if the following components are given: Production: future tendency; Order books: level; and, Finished Goods Stocks: level.
 - Employment: future tendency;
 - Production: tendency;
 - Production: future tendency;
 - Order books: level;
 - Finished Goods Stocks: level;
 - Capacity utilisation (rate);
 - Selling prices: future tendency.
- Construction Sector:
 - Confidence indicator (% balance) - if not provided it can be computed in-house, if the following components are given: Orders books: level; and Employment: future tendency.
 - Employment: future tendency;
 - Orders books: level;
 - Business situation: present;
 - Selling prices: future tendency.
- Retail Trade Sector:
 - Confidence indicator (% balance) - if not provided it can be computed in-house, if the following components are given: Business situation: present; Business situation: future tendency; and, Volume of stocks: level.
 - Employment: future tendency;
 - Business situation: present;
 - Business situation: future tendency;
 - Volume of stocks: level;
 - Orders intentions/demand: future tendency.
- Services Sector:

- Business situation: present;
- Business situation: future tendency;
- Employment: tendency;
- Employment: future tendency;
- Demand evolution: tendency;
- Demand evolution: future tendency;
- Confidence indicator (% balance) - if not provided it can be computed in-house, if the following components are given: Business situation: present; Business situation: future tendency; and, Employment: future tendency.

597. In addition, for COS, the following series are required:

- Consumer Prices: future tendency;
- Expected economic situation;
- Consumer Confidence indicator (% balance).

598. The information collected for business tendency surveys is described as qualitative because respondents are asked to assign qualities rather than quantities to the variables of interest. For example, in a business tendency survey, respondents might be asked to assign qualities to the value of their order books such as “higher than normal”, “normal” or “below normal”. Because of the difficulty of interpreting all three percentages, BTS results are normally converted into a single number, either using “balances” (difference between percentages of respondents giving *favourable* and *unfavourable* answers) or “diffusion indices” (expressed as a fraction of *favourable* answers plus half of the fraction of *no change* answers).

599. Usually the series are seasonally adjusted, at least to some extent, by the respondents and resulting in a smooth series free of seasonal variation and noise. This and the fact that they usually do not need revisions facilitate their use in forecasting and, in particular, in predicting turning points in the business cycle. However, if a country specifically does not supply seasonally-adjusted (SA) data, the OECD undertakes the adjustments using X12-ARIMA.

Compliance

600. The OECD requests that definitions and compilation methods comply with the OECD harmonised system for Business Tendency Surveys as described in the publication [Business Tendency Surveys: A Handbook](#) (2003, OECD, Paris). This Handbook is based on a standard framework for business tendency surveys established by the European Commission (EC) Directorate-General for Economic and Financial Affairs during the 1970s. The OECD has co-operated with the EC to adapt the framework to other countries, thus creating a harmonised system.

Interpretability (Metadata requirements)

601. For OECD purposes, complete and clear metadata must be available in one of the official languages of the organisation, English or French. However, to ensure transparency of data and establish the confidence of users in an international setting, it is strongly recommended that metadata be available in English and easily accessible over the internet.

602. The Secretariat requires metadata describing the source, key statistical concepts and data coverage.

Timeliness

603. It is important that countries provide data or that data be available at the same time, or immediately after, they are released nationally. Ideally, monthly data should be available within one month and quarterly data within one quarter after the reference period.

Data and metadata transmission

604. In the medium to longer term, all countries are encouraged to develop the capacity to exchange data and metadata via the SDMX⁶³ global data dissemination and exchange standard. This will be the most efficient and effective solution not only for dealing with the OECD but also for responding to demands of other international organisations and exchanging data with major users, too.

605. In the meantime, the OECD is flexible and endeavours to work with each country to find the most efficient and effective solution that will guarantee regular, ongoing transmission of data. For BTS and COS statistics, it is ideal if data are available and accessible over the internet so that OECD staff can build automated queries to capture the data as soon as they are released. If this approach is not feasible, transmission of data in EXCEL spreadsheets or in another electronic format will be negotiated and implemented on a case-by-case basis.

Evaluation of the Business Tendency and Consumer Opinion Surveys

606. The OECD Secretariat assessed Russian BTS and COS statistics to determine how well they meet the OECD data and metadata requirements. Comments are also included on proposals for provision of variables from alternative sources.

Coverage

607. BTS variables currently provided by the Gaidar Institute for the manufacturing sector cover 1 150 units over all Russian regions. The data come from a survey that is conducted using a stratified sample with strata related to industrial sub-sectors and company size, as measured by the number of employees. Time-series are available on a monthly basis from 1993; an exception applies to “Export order books”, for which the survey switched to a quarterly frequency starting in 2003.

608. No indicators had been supplied for the construction, retail trade and services sectors until November 2012. In April 2012 the Centre for Business Tendency Studies of the HSE, in co-ordination with Rosstat, offered to supply data for the missing series and to replace the manufacturing series provided by the Gaidar Institute. Both Rosstat and the HSE argue that the larger survey panel of Rosstat across a broader set of sectors using a more appropriate methodology yields better quality data. In late 2012, the HSE furnished a preliminary set of data for the missing series, such as those for the construction, retail trade and services sectors.

609. With respect to the services sector, Rosstat and the HSE have long discussed methodologies and began data collection in the second half of 2012. They noted that coverage of the financial services sector is not comprehensive. While they have covered insurance, they have not covered banks. In the file received by the Secretariat in November 2012, the HSE provided very limited information on the services sector. However, the Secretariat has appreciated the new data submission and encourages the HSE to continue providing such data as they become available.

610. Rosstat currently provides one indicator for COS.

⁶³ SDMX (Statistical Data and Metadata eXchange) is an initiative to foster standards for the exchange of statistical information sponsored by the Bank for International Settlements (BIS), the European Central Bank (ECB), the Statistical Office of the European Union (Eurostat), the International Monetary Fund (IMF), the OECD, the United Nations (UN) and the World Bank (WB).

611. For the manufacturing sector, time-series on production (tendency and future tendency), selling prices (future tendency) and orders inflow (tendency) are currently seasonally adjusted by the Secretariat. In its first data transmission, the HSE has provided seasonally-adjusted data for construction, retail trade and services, along with raw series.

612. The OECD Secretariat is in the process of evaluating the newly received data and exchanges with the HSE are ongoing, with a view to establish arrangements for a regular and complete data transmission.

Compliance

613. The BTS and COS data, whether currently available, or proposed, largely meet the OECD guidelines.

614. The information on “order inflow” is based on a survey question on the “demand trend” over recent months rather than specifically on “order inflows”. All other questions fully meet the OECD/EC harmonised questionnaire. All series are monthly survey except for export order books, which moved to a quarterly frequency in 2003.

615. The business confidence indicator is computed as a simple average of the results (balances) for the three questions relating to production future tendency, order books and finished goods stocks (with an inverted sign).

616. Currently, the national classification of economic activities (OKVED) is compatible with the European classification NACE Rev.1.1. Rosstat has scheduled the move to the NACE Rev.2 in 2015. The move is being made in co-operation with the Central Bank of Russia (CBR) and the HSE.

Interpretability (Availability of Metadata)

617. The methodological information on the BTS and COS on the Gaidar Institute, the HSE and Rosstat websites is mainly in Russian. Accessing metadata in English requires users to contact the persons in charge of these statistics at the Institute or at Rosstat. Contacts persons from the Institute and Rosstat provided appropriate metadata in English but the OECD recommends that both bodies disseminate this detailed methodological information in English on their websites. In November 2012, the HSE has provided to the OECD the necessary methodological information in English.

Timeliness

618. BTS and COS data are usually provided one month (or one quarter) after the reference period, as a result, the timeliness meets OECD requirements and compares favourably with OECD member countries and other countries included in OECD publications and online datasets.

Data and metadata transmission

619. The Gaidar Institute regularly sends an EXCEL file with all BTS data at the beginning of each month. Information is extracted from the Institute’s database in English. This transmission arrangement is acceptable to the OECD.

620. Rosstat regularly sends an EXCEL file with COS data at the beginning of each month. The information is partially in English. The transmission arrangement is acceptable but the Secretariat would prefer to receive all information in English.

621. The HSE has completed the OECD templates for data and metadata transmission, in the context of its first data transmission to the Secretariat in November 2012.

Overall assessment of the Business Tendency and Consumer Opinion Surveys

622. Overall, the Russian Federation meets OECD requirements in terms of compliance and timeliness for BTS and COS data. As regards coverage, minimum requirements are met for the manufacturing sector. The OECD looks forward to a regular and complete data and metadata transmission from the HSE. Furthermore, the Secretariat has agreed with Rosstat on an accord to ensure co-ordination of ongoing delivery of data from the non-official producers HSE and Gaidar Institute.